

F. No. 06/26/2023 - DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Trade Remedies
4th Floor, Jeevan Tara Building, Parliament Street, New Delhi-110001

Dated: 26th December, 2024

FINAL FINDINGS
CASE NO. AD-OI-23/2023

Subject: Anti-dumping investigation concerning imports of “Roller Chains” originating in or exported from China PR.

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A. BACKGROUND OF THE CASE

1. Indian Roller Chains Manufacturers Association (hereinafter referred to as the "IRCMA"), on behalf of 12 Indian manufacturers of "Roller Chains" (hereinafter referred to as the "subject goods" or the "product under consideration" or "PUC") filed representations before the Designated Authority (hereinafter referred to as the "Authority") stating that there is a steep decline in production of PUC in India because of significant increase in imports from China PR (hereinafter referred to as the "subject country") at dumped prices.
2. The Authority took cognizance of the information provided by IRCMA and its manufacturer members, and collected import data from customs authority (through DG System) as per Rule 5(4) of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 stated as under:

“(4) Notwithstanding anything contained in sub-rule (1), the designated authority may initiate an investigation suo motu, if it is satisfied from the information received from the (Principal Commissioner of Customs or Commissioner of Customs, as the case may be), appointed under the Customs Act, 1962 (52 of 1962) or any other source that sufficient evidence exists as to the existence of the circumstances referred to in sub-clause (b) of sub-rule (3).”

3. The Authority analysed the trend in imports of the product in the country, both in terms of volume and price, corroborated the same with information contained in various representations and ascertained whether there is sufficient *prima facie* evidence that the product under consideration is being exported from China at a price below estimates of normal value, whether the same is causing injury to the Indian industry and whether an antidumping investigation is required to be conducted to ascertain existence, degree and effect of alleged dumping. The Authority also considered the degree of dumping, the trend in volume of imports, the import price from China and information with regard to possible impact on the Indian industry on the basis of information contained in various representations. The Authority called information with regard to imports of the product under consideration from the customs authorities and adopted the same. The Authority found that there was sufficient evidence regarding dumping, injury, and casual link between such dumped imports and the alleged injury, to justify the initiation of an investigation.
4. Having satisfied itself with regard to existence of sufficient evidence regarding dumping, injury, and casual link between such dumped imports and the alleged injury to justify the initiation of an investigation, the Authority suo-moto initiated the anti-dumping duty investigation concerning imports of "Roller Chains" from China PR vide Notification No. 6/26/2023-DGTR dated 30th September 2023, published in the Gazette of India, Extraordinary, to determine the existence, degree and effect of the alleged

dumping of the subject goods, originating in or exported from the subject country, and to recommend the amount of antidumping duty, which, if levied, would be adequate to remove the alleged injury to the domestic industry.

B. PROCEDURE

5. The procedure described below has been followed with regards to the investigation:

- i) The Authority notified the embassy of the subject country in India about the receipt of the present anti-dumping application before proceeding to initiate the investigation in accordance with Rule 5(5) of the Rules.
- ii) The Authority, on the basis of sufficient *prima facie* evidence submitted by the applicant, *vide* notification no.6/26/2023-DGTR dated 30th September 2023 published a public notice in the Gazette of India Extraordinary, initiating an anti-dumping investigation concerning imports of the subject goods from the subject country to determine the existence, degree and effect of alleged dumping of the subject goods and to recommend the appropriate amount of anti-dumping duties, which if levied, would be adequate to remove the alleged injury to the domestic industry.
- iii) The Authority forwarded a copy of the public notice along with the questionnaires to the embassy of the subject county in India, FICCI, CII, ASSOCHAM, EXCISE LAW TIMES and ICC for wider publication and sensitization of the interested stakeholders to participate in the investigation and gave them the opportunity to make their views known in writing in accordance with Rule 6(2) of the anti-dumping rules. They were advised to reply within thirty days from the date of receipt of notice.
- iv) The Authority provided a copy of the non-confidential version of the application to the responding stakeholders and the embassy of the subject country in accordance with Rule 6(3) of the anti-dumping Rules. A copy of the application was also provided to the other interested parties, as requested.
- v) In response to the initiation notification, the following producers/exporters from China PR have responded by filing a questionnaire response through their respective legal representatives:

| SN | Responding Producer/ Exporter |
|----|---|
| 1. | Zhejiang Bakord Machinery Company Ltd. |
| 2. | Wuyi Shuangjia Chain Co., Ltd. |
| 3. | Zhejiang Hengjiu Transmission Technology Inc. Ltd. |
| 4. | Zhejiang Hengjiu Machinery Group Imp & Exp Co. Ltd. |
| 5. | Anhui Huangshan Hengjiu Chain Transmission Co., Ltd |
| 6. | Jiangxi Hengjiu chain transmission Co. Ltd. |

- vi) In response to the initiation notification, the following importers/users responded by filing a questionnaire response:

| SN | Importer/ User |
|----|--------------------|
| 1. | IFB Industries Ltd |

- vii) Indian Sprocket Manufacturers Association, registered itself as an interested party after finalisation of PCNs.
- viii) The period of investigation for the purpose of the present review is 1st April 2022 to 31st March 2023 (12 months) (hereinafter referred to as the “period of investigation” or “POI”). The injury analysis period included the period of investigation and the preceding 3 years i.e., 2019-20, 2020-21, 2021- 2022.
- ix) The Authority vide para 8 of the initiation notification dated 30th September, 2023 granted an opportunity to the interested parties to present their comments on the scope of the product under consideration and product control number (PCN) within 15 days of initiation which ended on 15th October, 2023. Further, the interested parties were asked to provide details of cost and selling price difference for different parameters and values as suggested in the proposed PCN methodology or as proposed by other interested parties, including the domestic industry. A meeting was also held with the interested parties to discuss the PCN methodology. Accordingly, the Authority vide notification published on 2nd January 2024, proceeded to confirm the scope of the PUC and adoption of PCNs, as given below:

| Sl. No. | Parameter | Values | Code |
|---------|-----------------|---|---|
| 1 | Application/Use | a. Chain for Industrial or Agricultural or any other application other than automotive applications, b. Chains for Bicycle applications, c. Chains for Automotive Motorcycle applications | I- Industrial B- Bicycle A-Automotive |

All interested parties were directed to file questionnaire responses in accordance with the PCN methodology, latest by 16th January 2024. At the request of some of the parties, the time limit was further extended to 25th January 2024.

- x) Economic interest questionnaire (EIQ) responses have been submitted by the following parties:

| SN | Responding parties |
|----|--|
| 1. | Indian Roller Chains Manufacturers Association (Domestic Industry) |
| 2. | IFB Industries Ltd (Importer/user) |
| 3. | Wuyi Shuangjia Chain Co., Ltd. (Exporter) |
| 4. | Zhejiang Bakord Machinery Company Ltd. (Producer/Exporter) |

- xi) The information provided by the interested parties on a confidential basis was examined with regard to the sufficiency of such claims. On being satisfied, the Authority has

accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to the other interested parties. Wherever possible, parties providing information on a confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis.

- xii) Further information was sought from the applicant to the extent deemed necessary.
- xiii) Verification of the domestic industry was conducted to the extent considered necessary for the purpose of the present investigation.
- xiv) A list of all the interested parties was uploaded on the DGTR website along with the request to all of them to email the non-confidential version of their submissions to all the other interested parties along with the investigation team.
- xv) The non-injurious price (hereinafter referred to as 'NIP') based on the cost of production and the cost to make and sell the subject goods in India based on the information furnished by the domestic industry, maintained as per Generally Accepted Accounting Principles (GAAP), has been worked out so as to ascertain whether the present anti-dumping duty is sufficient to remove injury to the domestic industry.
- xvi) In accordance with Rule 6(6) of the AD Rules, the Authority provided an opportunity to the interested parties to present their views during the oral hearings held on 22nd May 2024 and 13th September 2024. The interested parties were requested to submit their written submissions by 20.09.2024 and rejoinder submissions by 27.09.2024. at the latest.
- xvii) A disclosure statement containing the essential facts of the investigation which have formed the basis of the final findings was issued to the interested parties on 17th December, 2024 and the interested parties were allowed time up to 24th December, 2024 to comment on the same. The comments to disclosure statement received from the interested parties have been considered, to the extent found relevant, non-repetitive and supported with evidence in this final findings' notification.
- xviii) Wherever an interested party has refused access to or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has recorded its observation on the basis of the facts available.
- xix) Exchange rate considered for the POI for conversion of USD to Indian Rupees is 1 USD = Rs. 80.90

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

C.1. Views of the other interested parties

- 6. The other interested parties made the following submissions with regard to the scope of the product under consideration (PUC) and like article:
 - i) Original Equipment Manufacturers (hereinafter referred as "OEM") cannot be excluded due to difficulties in analysing import data to exclude OEM products and implementation of potential duties would be difficult.
 - ii) Exclusion cannot be granted based on end use of product.
 - iii) Justification to exclude OEM is not applicable to production by bicycle OEM

manufacturers or for PUC meant for consumption by bicycle OEM manufacturers. If exclusion is granted, roller chain meant for OEM consumption and roller chain produced by OEM both should be excluded.

- iv) Domestic industry does not produce more than one type of chain.

C.2 Views of the domestic industry

7. The domestic industry has made the following submissions with regard to the scope of the product under consideration and like article:
- i) The product under consideration in the present investigation is “Roller Chain”.
 - ii) The subject goods are transacted in various names and the illustrative list of names are as follows:
 - roller chain
 - simplex chain
 - roller chain link:428 H
 - industrial roller chain or industrial rolling chain
 - industrial chain
 - drive chain or chain drive
 - agriculture chain
 - motorcycle chain
 - roller chain lock
 - chain 428
 - chain for bicycles
 - chain 08b
 - chain 12a
 - agriculture feeder chain
 - iii) Roller chains are a type of positive drive chain that consists of a series of inner and outer links connected by rollers, which ride on the teeth of a sprocket that transmits power from one shaft to another.
 - iv) The subject goods are available in a variety of sizes and configurations to suit a variety of applications.
 - v) The raw materials used in the production of the subject goods are typically carbon steel or alloy steel.
 - vi) The product under consideration is classified under Chapter 73 of the Customs Tariff Act under subheading 73151100. The customs classification may kindly be treated as indicative, and not binding on the scope of the product under consideration.”.
 - vii) The applicable basic custom duty is 15% and social welfare charge of 10% on the basic custom duty for the products imported under the HS code 7315 from China PR.
 - viii) The production process of producing the subject goods involves the assembly of five separate parts: outer link plate, inner link plate, pin, roller, and bushing. The two inner plates are held together by two sleeves or bushings upon which rotate two rollers, to make up the inner links. These inner links alternate with outer links which consist of two outer plates held together by pins passing through the bushings of the inner links.
 - ix) The Applicant proposed the following PCN based on application: (a) Industrial; (b)

- Bicycle; and (c) Automotive.
- x) Roller chains meant for consumption by the automotive OEM sector are excluded from the scope of the product under consideration. There are no imports from the subject country in the automotive OEM sector, and consequently no injury in this segment. The absence of subject country imports in the automotive OEM sector signals the lack of dumping. Most Indian producers cater to the replacement market of the automotive segment as the automotive OEM sector requires approvals, which are only held by four Indian producers.
 - xi) There is no difference in the technology adopted by the producers in India and that adopted by the producers in the subject country. The technology adopted by the domestic industry is comparable with the technology adopted by the producers of the subject goods in the subject country. However, every producer fine-tunes its production process based on necessities and available facilities.
 - xii) The subject goods produced by the domestic industry and imported from the subject country are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. The consumers are using the two interchangeably. The goods produced by the domestic industry are like article to the product under consideration imported from the subject country.

C.3 Examination by the Authority

8. The product under consideration (hereinafter also referred to as the “PUC”) as defined at the stage of initiation is as follows:

“4. The product under consideration in the present investigation is “Roller Chains”, (hereinafter also referred to as the “product under consideration” or the “subject goods”). Roller chain is a type of positive drive chain that consists of a series of inner and outer links connected by rollers. The rollers ride on the teeth of a sprocket which transmits power from one shaft to another. Roller chains is one of the most common types of power transmission chains, and it is used in a wide variety of applications, including machinery, conveyors, agricultural equipment, construction equipment, motorcycles, bicycles, and automotive applications. The raw materials for roller chains are typically high-carbon steel or alloy steel. The specific grade of steel used will depend on the desired properties of the chain, such as strength, durability and corrosion resistance.

5. While the product is produced and sold in different sizes and varieties, essentially the types being sold the most are comparable in terms of weight and unit of measurement is taken as Kgs.

6. The product under consideration is classified under Chapter 73 of the Customs Tariff Act under subheading 73151100. The customs classification may kindly be

treated as indicative, and not binding on the scope of the product under consideration.”

9. The Authority provided an opportunity to the interested parties to offer comments on the scope of the product under consideration and PCN methodology. The Authority also held a meeting to discuss the PCN methodology.
10. Based on the comments received, the Authority defined the PUC vide Notice dated 02nd January 2024 published on the DGTR website as follows:

“The Authority had, on 30th September 2023, initiated the said anti-dumping investigation vide Notification No 6/26/2023-DGTR. The interested parties were asked to provide their comments/suggestions on the proposed PCN methodology for the purpose of this investigation within 30 days from the date of initiation of the investigation. Further, the interested parties were asked to provide details of cost and selling price difference for different parameters and values as suggested in the proposed PCN methodology or as proposed by other interested parties, including the domestic industry. A meeting was also held with the interested parties to discuss the PCN methodology.

Having regard to the comments received from the interested parties on the PCN methodology, the Authority adopts the following PCN methodology:”

| <i>S.No.</i> | <i>Parameter</i> | <i>Values</i> | <i>Code</i> |
|--------------|-------------------------|--|--|
| <i>1.</i> | <i>Application/ Use</i> | <i>a. Chain for Industrial or Agricultural or any other application other than automotive applications,</i> <i>b. Chains for Bicycle applications,</i> <i>c. Chains for Automotive Motorcycle applications</i> | <i>I-Industrial</i> <i>B- Bicycle</i> <i>A- Automotive</i> |

11. With regard to the exclusion of PUC meant for automotive OEM sector, the Authority notes that there is no exclusive market for OEMs and replacement market. The domestic industry does not maintain separate records for OEMs and replacement market. Further, there might be chances of circumvention in view of practical difficulty to identify the PUC for OEMs and replacement market. Therefore, the Authority has not excluded PUC meant for OEM sectors.
12. In view of the above, the scope of the PUC is defined as given below:

“The product under consideration in the present investigation is “Roller Chains”. Roller chain is a type of positive drive chain that consists of a series of inner and outer links

connected by rollers. The rollers ride on the teeth of a sprocket which transmits power from one shaft to another. Roller chains is one of the most common types of power transmission chains, and it is used in a wide variety of applications, including machinery, conveyors, agricultural equipment, construction equipment, motorcycles, bicycles, and automotive applications. The raw materials for roller chains are typically high-carbon steel or alloy steel. The specific grade of steel used will depend on the desired properties of the chain, such as strength durability and corrosion resistance.

13. The Authority notes that the goods produced by the domestic industry and imported from the subject country are comparable in terms of physical and chemical characteristics, functions and uses, product specifications, pricing, distribution and marketing, and tariff classification of the goods. The two are technically and commercially substitutable. The Authority holds that the subject goods produced by the domestic industry are like article to the product under consideration imported from the subject country within the scope and meaning of Rule 2(d) of Anti-dumping Rules.

D. SCOPE OF DOMESTIC INDUSTRY & STANDING

D. 1. Views of the other interested parties

14. The other interested parties made the following submissions with regard to the scope of the domestic industry and standing:
- i. The petitioner has inconsistently included and excluded OEM production when calculating total production in India. They asserted that OEM production should be included, as there is no classification in Rule 2(b) of the Anti-Dumping Rules for excluding it. Past findings have treated OEM and After Market (AM) products as like articles, and this precedent should apply to the current investigation. Excluding OEM production could allow imports to evade anti-dumping duties and create enforcement issues. The producer/exporter emphasizes that excluding OEM production would set a problematic precedent for future cases.
 - ii. Applicant has not provided separate information for each category (Motorcycle Chain, Industrial Chain and Bicycle Chain). Applicant should disclose at least the capacity / production of each category chains and the Authority should assess standing of the domestic industry separately for these 3 categories.
 - iii. As per information available in public domain, there are 15 producers who are noted as BIS license holders for production of roller chains and the applicant has not noted the name of 7 producers out of 15. Thus, the applicant has not provided correct information. Assuming the combined production of these 15 producers/BIS License holders as 10,000 MT, share of domestic industry in that case would be further reduced.
 - iv. Websites of Seth Industrial Corporation/Neelam, Avon Bicycle Components (P) Ltd. and Ranjit International (BIS license holders) note that they are the producers of roller chains for bicycles.

- v. The data provided by the domestic industry cannot constitute major proportion and therefore the Applicant does not qualify as Domestic Industry as per Rule 2(b) of the Anti-Dumping Rules.
- vi. The after-sale motorcycle chains demand in Indian market is minimum 8.04 Crore roller chains in numbers, and it is 80400 Tons assuming average weight to be of 1 Kg per chain.
- vii. The main suppliers of the product are LGB, TIDC, DID and Rockman. LGB, TIDC and DID sell in the aftermarket holding 70-75 % of the total business volume. Rockman holds 7-10 % of the market size. The balance of 15% market share is shared by the MSME and other organized players who are using chains from Indian MSME and from China.
- viii. The Indian MSME industry is only manufacturing 2-3 types of Motorcycle chains like 420, 428 and 520 and they do not have the variety like O ring chains and X ring chains which are required by the Indian Market. The only companies manufacturing these are the big corporates who do not sell the chains separately in the aftermarket.
- ix. The Authority has relaxed major proportion requirement only in cases with highly fragmented industry. In the present case, domestic industry is neither fragmented nor comprising of only MSME producers. But in present case, the total production of subject goods in India is by 3 large scale producers. Thus, the industry is neither fragmented nor comprising of all MSME producers.
- x. Sampling is not required as industry is not fragmented or in excessively large numbers. The number of producers is not large enough to warrant sampling.
- xi. The investigation lacks proper examination of eligibility criteria as outlined in relevant rules and notices, and thus the selected companies do not qualify as domestic industry. The producer/exporter contends that the investigation should be terminated on this basis.
- xii. Identified and selected companies do not represent sufficient share of the total production to be sampled companies.

D. 2. Views of the domestic industry

15. The domestic industry has made the following submissions with regard to the scope of the domestic industry and standing:

- i) The Association filed a representation on behalf of its seven members who are producers within the Indian industry.
- ii) The roller chain industry in India is fragmented and consists of a large number of domestic producers.
- iii) At the first instance, the association provided the statement of Indian production to the extent the data was available. The production data given was in respect of both member and non-member companies of the association. All producers of the product are not members of the association.
- iv) The association also filed post-initiation submissions on behalf of the members of the association and the other producers in India. The following companies filed complete information along with the post-initiation submissions.
 - a. Advanced Technologies (India)
 - b. K.W. Bicycle Industries

- c. Kayson Wheels (India)
- d. Kayson Cycle
- e. Tegsons (India)
- f. Rockman Industries Limited
- g. Galaxy Chains Pvt. Ltd.
- v) The Authority selected the following companies to provide costing and injury information. These companies provided full information.
 - a. K.W. Bicycle Industries
 - b. Kayson Cycle
 - c. Rockman Industries Ltd.
 - d. Tegsons (India)
- vi) Domestic Industry has submitted that the “major proportion” under Rule 2(b) does not provide for any specific threshold limit. The 25% test is for determining the standing of the application under Rule 5(c). The Authority, nonetheless, always had complete costing information of the seven producers and can consider the same for injury examination to ensure that such examination is not skewed.
- vii) L.G. Balakrishnan & Bros. Ltd. was found to have been engaged largely in the production for OEMs with only little presence in the aftermarket.
- viii) The argument of providing capacity and production PCNs wise is inconsistent with the law. The Authority has to determine injury to the domestic industry in respect of like article to the product under consideration.
- ix) The OEM production refers to production meant for OEM consumption in automobile industry. In the instant case, the OEM production for motorcycles and mopeds, i.e., the auto segment was excluded. This is because none of the OEMs in the automotive sector are importing the subject goods from China. Further, none of the Chinese producers have been approved by automotive OEMs. Hence, the industry did not see the need for a precaution as there is no threat to the OEM industry at present. The domestic industry, requested not to include OEM auto segment in the product scope.
- x) At the time of filing, the domestic industry did not have adequate knowledge and understanding of Indian production at the time of initiation owing to the absence of publicly available information, sensitive nature of information with regard to production, unwillingness of other domestic producers in cooperating with the association and constituents of the present domestic industry.
- xi) The domestic industry provided information on Indian production for the following companies at the time of post initiation submissions.
 - a. Anisha International
 - b. Daido India Pvt. Ltd. (DID)
 - c. Galaxy Conveyors Pvt. Ltd.
 - d. Indo Chains Pvt. Ltd.
 - e. Kalsi Agro Industries
 - f. L.G. Balakrishnan & Bros. Ltd.
 - g. Renold Chain India Private Limited
 - h. Rolcon Engineering
 - i. TIDC India (Tube Investments of India Limited)

- j. Tripcon Engineering Private Limited
- xii) Pursuant to filing the post initiation submission, in preparation for the hearing, the domestic industry revisited the information previously submitted. In reviewing the business activities of the companies identified as domestic producers, it was found that the domestic industry had identified some of the domestic producers of the PUC even though these entities were in fact not engaged in production of the PUC.
- xiii) The manufacturing activities of some of the initially mentioned companies was found to have been very excessively reported.
- xiv) Having revisited the data, it was found that the following producers are not involved in production of the PUC but producers of conveyor chains, which is outside the present scope of the product under consideration:
 - a. Galaxy Conveyors Pvt. Ltd.
 - b. Indo Chains Pvt. Ltd.
 - c. Rolcon Engineering
 - d. Tripcon Engineering
- xv) Daido India Pvt. Ltd. (DID) caters only to the OEM sector, and Anisha International is a trader of the PUC and not a manufacturer.
- xvi) The production by the domestic producers who have filed the complete injury information constitutes “a major proportion” of the total Indian production.

D. 3. Examination by the Authority

16. Rule 2(b) of the AD Rules defines domestic industry as under:

"(b) "domestic industry " means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in which case such producers may be deemed not to form part of domestic industry."

17. Pursuant to the representation filed by the IRCMA on behalf of the producers of the product under consideration and the Authority by taking cognizance of the information provided by the applicant, the investigation has been initiated *suo moto* as per sub-rule 4 of rule 5 of the Customs Tariff (Identification Assessment and Collection of Anti-dumping duty on dumped articles and for determination of injury) Rules 1995, as amended from time to time (hereinafter also referred to as the "Rules").

18. Four applicant companies constituting representative domestic industry with a significant share in production were sampled out of seven applicant companies for providing complete costing information.

19. With regard to the exclusion of OEMs the Authority notes that there is no exclusive market for OEMs and replacement market. The domestic industry does not maintain

separate records for OEMs and replacement market. Further, there might be chances of circumvention in view of practical difficulty to identify the PUC for OEMs and replacement market. Therefore, the Authority has not excluded PUC meant for OEM sectors.

20. The Authority has examined the data submitted by the domestic industry. None of the other interested parties has provided the production details of the PUC. While some claims have been made, they have failed to substantiate their claims with any concrete evidence. Accordingly, as given in the table below, the applicant qualifies the majority proportion criteria to constitute the domestic industry under rule 2(b) of the AD Rules.

| S. No | Particulars | Total POI (MT) | % Share |
|-------|--|----------------|------------|
| | Domestic industry – Participating Companies | | |
| 1 | Advanced Technologies (India) | *** | |
| 2 | Rockman Industries Limited | *** | |
| 3 | Galaxy Chains Pvt. Ltd | *** | |
| 4 | Kayson Cycle | *** | |
| 5 | Kayson Wheels (India) | *** | |
| 6 | K.W Bicycle Industries | *** | |
| 7 | Tegsons (India) | *** | |
| | Total production of the applicants | 11,332 | 28.36 |
| | Production of other Indian Producers | 28,630 | |
| | Total Production in India | 39,962 | 100 |

E. CONFIDENTIALITY

E.1. Views of the other interested parties

21. The submissions of other interested parties with regard to confidentiality are as follows:
- The Applicant has not provided details of the stage-wise manufacturing process, or the names of major raw materials used in the production of the PUC.
 - Domestic sales value, export sales value, average inventory with respect to production and sales, interest and depreciation cost, PBIT total and per unit have been only provided as indexed figures whereas aggregate data must be provided in actual figures.
 - NIP has not been provided, whereas it is to be provided in range.
 - Trade Notice 10/2018 provides disclosure of aggregate information in actual numbers regarding most of the economic parameters when the applicant domestic industry comprises of more than 2 entities.
 - In the present case, the domestic industry comprises of 7 producers. Therefore, actual aggregate figures should have been the provided by the domestic industry. Applicant has claimed excessive confidentiality on various parameters like Domestic Sales Value, Export

Sales Value, Interest Cost, Depreciation Cost, Total PBIT etc.

- vi) Claim of the domestic industry that Zhejiang Bakord Machinery Company Ltd. (Producer) & Wuyi Shuangjia Chain Co., Ltd. (Trader) have not disclosed their sales channel to India in non-confidential version is factually incorrect. Non-confidential version of questionnaire response discloses sales channel to India.

E.2. Views of the domestic industry

22. The submissions of the domestic industry with regard to confidentiality are as follows:

- i) Manufacturing process of the Applicant is business sensitive information, the disclosure of which would provide a competitive advantage to competitors and would have a significant impact on the interest of the Applicant companies in the market.
- ii) Names of major raw materials if disclosed would seriously impact the interest of individual domestic producers.
- iii) Disclosure of the NIP in range would give a competitive advantage to the consumers at the time of quoting prices and will impact the negotiation power of the domestic producer.

E.3. Examination by the Authority

23. The Authority made available the non-confidential version of the information provided by the various parties to all the other interested parties as per Rule 6(7).

24. With regard to confidentiality of the information, Rule 7 of the Rules provides as follows:

“7. Confidential Information:

(1) Notwithstanding anything contained in sub-rules (2), (3) and (7) of rule 6, sub-rule (2) of rule 12, sub-rule (4) of rule 15 and sub-rule (4) of rule 17, the copies of applications received under sub -rule (1) of rule 5, or any other information provided to the designated authority on a confidential basis by any party in the course of investigation, shall, upon the designated authority being satisfied as to its confidentiality, be treated as such by it and no such information shall be disclosed to any other party without specific authorization of the party providing such information.

(2) The designated authority may require the interested parties providing information on confidential basis to furnish nonconfidential summary thereof and if, in the opinion of a party providing such information, such information is not susceptible of summary, such party may submit to the designated authority a statement of reasons why summarisation is not possible.

(3) Notwithstanding anything contained in sub-rule (2), if the designated authority is satisfied that the request for confidentiality is not warranted or the supplier of the information is either unwilling to make the information public or to authorize its disclosure in a generalized or summary form, it may disregard such information.”

25. The information provided by the interested parties on confidential basis was examined with regard to sufficiency of such claims. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to the other interested parties. Wherever possible, the parties providing information on confidential basis were directed to provide sufficient nonconfidential version of the information filed on confidential basis. The Authority also notes that all interested parties have claimed their business-related sensitive information as confidential.

F. OTHER MISCELLANEOUS ISSUES

F.1 Views of the other interested parties

26. The following submissions have been made by the other interested parties with regards to public interest and other issues:

- i) Due to the efforts of DPIIT and BIS, lot of sprockets entrepreneurs are entering the Roller chain manufacturing in a big way, but the same would require 1.5-2 years to reach production stage as the projects right now are in the machine procurement stages.
- ii) The other interested parties have submitted that as per Authority of Advance ruling Tamil Nadu order - ORDER No. 17 /AAR/2018 DATED: 29.10.2018, it has been clearly stated that all kinds of chain would be sub classified under 73151100 and they cannot be classified under 8409 or 8714 as parts of other commodities.
- iii) It is further submitted that as India is gaining pace in the export market, it is not just the OEM but also lot of sprocket manufacturers, merchant exporters and traders which are gaining momentum in the export market. The same shall be affected if quality chain is not available. The same can be seen from the table given below:

| Financial Year | Total Value of Export of Chain and Sprocket Kit, Sprocket and Chain under 8714 and 7315 (in Million USD) |
|-----------------------|---|
| 2019-2020 | 81.68 |
| 2020-2021 | 81.05 |
| 2021-2022 | 111.04 |
| 2022-2023 | 99.11 |
| 2023-2024 | 104.99 |

F.2 Views of the domestic industry

27. The following submissions have been made by the other domestic industry with regards to public interest and other issues:

- i) In the case of motorcycle chains, the imports are made under HS code 87141090 also (in addition to imports under Chapter 73). The description of this HS code is - “Others, Of Motorcycle (including mopeds), Parts and accessories of vehicles of headings 8711- 8713”. This classification is for parts and accessories.
- ii) Domestic Industry has submitted that BIS quality control order does not cover all roller chains.
- iii) The importers can circumvent the order by classifying industrial roller chains into non-standard industrial roller chains or motorcycle chains.

F.3 Examination by the Authority

28. The Authority notes that the quality control order issued by the bureau of Indian standards covers the industrial roller chains and parts thereof and it does not include other type of chains. Moreover, the investigation by the authority pertains to the fairness of trade and quality control measures by the BIS Authority are not relevant in this context.

29. The Authority has analysed the PUC based on description under Custom Tariff Head Code 7315 (four-digit level) on the basis of data obtained from DG System. It is further noted that CTH Code 8714 is classification for parts and accessories. Further, the basic custom duty is same in both the codes and also there is miniscule import of the PUC in the CTH code 8714.

30. The Authority also notes that the present investigation pertains to the fairness of trade and not to promote exports competitiveness.

G. ASSESSMENT OF DUMPING AND DETERMINATION OF NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

G. 1 Views of the other interested parties

31. No submission has been made by other interested parties with regard to the normal value, export price, and dumping margin.

G. 2 Views of the domestic industry

32. The submissions of the domestic industry with regard to the normal value, export price, and dumping margin are as follows:

- a. China should be considered as a non-market economy, in line with the position taken by the Authority in previous cases, and by the investigation authorities in other countries. Chinese producers’ costs and prices cannot be relied upon for the determination of normal value.
- b. The Authority shall follow Para 1-6 of Annexure I for the determination of normal value

only if the Chinese companies establish that their costs and price information is such that individual normal value and dumping margin can be determined. If the Chinese companies are not able to demonstrate that their costs and price information can be adopted, the Designated Authority shall reject the claim of individual dumping margin.

- c. Paragraphs 1 to 6 of Annexure I of the Rules do not apply to the computation of normal value for imports from China PR unless a producer/exporter shows sufficient evidence that he is operating under market economy conditions. As a result, the normal value for China PR has to be determined in terms of Para 7 of Annexure I of the Rules.
- d. Relevant data was not available for the price in a market economy third country and constructed value in a market economy third country. The price from a third country to other countries, including India, could also not be considered as the subject goods are majorly being imported into India from China PR and imports from other countries are very low in volume.
- e. Thus, the normal value has been constructed based on the estimates of the cost of production in India, after the addition for selling, general, & administrative expenses. Adjustments were made to this price to include conversion costs based on the domestic industry's information, a reasonable profit margin, and SGA.
- f. Export price must be determined considering the volume and value of imports for the period of investigation adopted from the published DG System data after due adjustments are made to determine the ex-factory price.
- g. The dumping margin is not only above the *de minimis* levels, but also significant for the subject country.

G. 3. Examination by the Authority

G. 3. 1. Determination of Normal Value

33. Under Section 9A(1)(c) of the Act, normal value in relation to an article means:

- i. the comparable price, in the ordinary course of trade, for the like article when meant for consumption in the exporting country or territory as determined in accordance with the rules made under sub-section (6); or*
- ii. when there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either-*

(a) comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or

(b) the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for

profits, as determined in accordance with the rules made under sub-section (6):

Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transhipped through the country of export or such article is not produced in the country of export or there is no comparable price in the country of export, the normal value shall be determined with reference to its price in the country of origin.

34. Article 15 of China's Accession Protocol in WTO provides as follows:

"Article VI of the GATT 1994, the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 ("Anti-Dumping Agreement") and the SCM Agreement shall apply in proceedings involving imports of Chinese origin into a WTO Member consistent with the following:

"(a) In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology, that is not based on a strict comparison with domestic prices or costs in China based on the following rules:

(i) If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;

(ii) The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.

(iii) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO Member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.

(iv) The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with

subparagraph (b) to the Committee on Subsidies and Countervailing Measures.

(v) Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event; the provisions of subparagraph (a)(ii) shall expire 15 years after the date of accession. In addition, should China establish, pursuant to the national law of the importing WTO Member, that market economy conditions prevail in a particular industry or sector, the nonmarket economy provisions of subparagraph (a) shall no longer apply to that industry or sector. "

35. It is noted that the provisions contained in Article 15(a)(ii) have expired on 11.12.2016. However, the provisions under Article 2.2.1.1 of the WTO read with an obligation under 15(a)(i) of the Accession Protocol require the criterion stipulated in para 8 of Annexure I of India's AD Rules to be satisfied through the information/data to be provided in the supplementary questionnaire for claiming the market economy status.
36. At the stage of initiation, the Authority proceeded as per the information made available by some of the domestic producers on the cost of production of the subject goods with due addition of selling, general and administrative expenses, and profits. Upon initiation, the Authority advised the producers/exporters in China PR to respond to the notice of the initiation and provide information relevant to the determination of their market economy status. The Authority sent copies of the supplementary questionnaire to all the known producers/exporters for rebutting the presumption of a non-market economy in accordance with criteria laid down in Para 8(3) of Annexure-I to the Rules and furnish relevant detailed information. The Authority also requested the Government of China PR to advise the producers/exporters in China PR to provide the relevant information.
37. None of the exporters/producers contested the Non-Market Economy status of China. Thus, in view of the above position and in the absence of rebuttal of the non-market economy presumption by any Chinese exporting company, the Authority considers it appropriate to treat China PR as a non-market economy country in the present investigation and proceed with para 7 of Annexure-I to the Rules for determination of normal value in case of China PR.
38. Para 7 of Annexure I of the Rules reads as under:

"In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if

necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.”

39. Para 7 lays down a hierarchy for the determination of normal value and provides that normal value shall be determined on the basis of the price or constructed value in a market economy third country, or the price from such a third country to other countries, including India, or where it is not possible, on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted, if necessary, to include a reasonable profit margin. Thus, the Authority notes that the normal value is required to be determined having regard to the various sequential alternatives provided under Annexure 7. There is no evidence of price or constructed value prevailing in a market economy third country brought forward by any interested party. Apart from the subject country in the present investigation, imports into India from other countries are low in volume. Thus, imports into India from the market economy third country could not be considered for determination of normal value.

40. Therefore, the Authority has determined the normal value for the subject imports in China on the basis of “price actually payable in India” as stipulated in para 7 of Annexure-I to the AD Rules, 1995. It has been computed based on the cost of production of the domestic industry, with reasonable addition for selling, general and administrative expenses, and profits. The normal value so determined is given below in the dumping margin table.

G. 3.2. Determination of Export Price

41. The DG system custom tariff head data at four-digit level (7315) is analysed on the basis of description of the PUC at four-digit level and whenever unit of measurement is in numbers, the same have been converted into Kg as per the appropriate conversion factor.

42. The following producers/exporters from China PR participated in the present investigation and filed their questionnaire response. The responses by these producers/exporters have been examined hereunder:

- i. Jiangxi Hengjiu Chain Transmission Co. Ltd, Anhui Huangshan Hengjiu Transmission Co. Ltd and Zhejiang Hengjiu Transmission Technology Inc. Ltd**

43. Jiangxi Hengjiu Chain Transmission Co. Ltd. (also referred to as “Jiangxi”), Hengjiu Transmission Technology Inc. Ltd (“Hengjiu Transmission”) and Anhui Huangshan Hengjiu Transmission Co. Ltd (Anhui Huangshan) are related producers in China and have exported the subject goods to India through Zhejiang Hengjiu Machinery Group Imp & Exp Co. Ltd. The above producers except Hengjiu Transmission have also exported the subject goods directly to India. All the companies have provided the relevant information in the prescribed exporters questionnaire format.
44. As per the response filed, Jiangxi has exported industrial roller chain *** MT and ***MT automotive roller chains to India during the POI. Anhui Huangshan and Zhejiang Hengjiu have exported *** MT and *** MT of industrial roller chain respectively to India during the POI.
45. All the companies have provided the relevant information in the form and manner required and have claimed adjustments on account of Ocean freight, Insurance, Inland freight, Port Charges and Bank Charges, wherever applicable.
46. The Authority has undertaken desk verification of the information submitted by the above-mentioned exporters and examined the claims of participating exporters. The claims have been allowed. Accordingly, the net export price at ex-factory level for above mentioned exporters has been determined after allowing the due adjustments and the same is mentioned in the dumping margin.

ii. Zhejiang Bakord Machinery Co. Ltd. and Wuyi Shuangjia Chain Co. Ltd.

47. Zhejiang Bakord Machinery Co. Ltd. (“Zhejiang Bakord”) is the producer in the subject country and has sold the subject goods to unrelated customers in India through Wuyi Shuangjia Chain Co. Ltd (“Wuyi Shuangjia”). Both parties have provided the relevant information in the prescribed exporters questionnaire format. It is also noted that Wuyi Shuangjia has also exported the PUC manufactured by other non-cooperative producers.
48. As per the response filed, Wuyi Shuangjia has exported ***MT of industrial roller chain to unrelated customers in India manufactured by Zhejiang Bakord during the POI.
49. Zhejiang Bakord and Wuyi Shuangjia provided the relevant information in the form and manner required and has claimed adjustments on account of Ocean freight, Insurance, Inland freight, Port Charges and Bank Charges, wherever applicable.
50. The Authority has undertaken desk verification of the information submitted by Zhejiang Bakord and Wuyi Shuangjia. The Authority examined the claims of both the companies and accordingly, the claims have been allowed. Accordingly, the net export

price at ex-factory level for Zhejiang Bakord has been determined after allowing the due adjustments and the same is mentioned in the dumping margin.

iii. Non-cooperating producers/exporters

51. The Authority has determined the export price for the producers/exporters from China PR after considering the volume and value of imports from China PR based on DG Systems data. In view of non-availability of facts from the non-cooperating producers, appropriate adjustments have been made for ocean freight, inland freight, insurance, handling charges, commission, discount, credit cost and bank charges, etc. The export price so determined is stated in the below – mentioned dumping margin table.

G.3.3. Dumping Margin

52. Considering the normal value and export price determined, as explained above, it is noted that the dumping margin is negative for participating exporters/producers and positive and above *de minimus* for others.

Dumping margin Table

| S. No. | Producer | Country | CNV (Rs/Kg) | NEP (Rs/Kg) | DM (Rs/Kg) | DM % | DM % Range |
|--------|---|---------|----------------|----------------|---------------|------|---------------|
| 1 | Zhejiang Bakord Machinery Co. Ltd | China | *** | *** | *** | *** | Negative |
| 2 | Jiangxi Hengjiu Chain Transmission Co. Ltd. Anhui Huangshan Hengjiu Transmission Co. Ltd. Zhejian Hengjiu Transmission Technology Inc. Ltd. | China | *** | *** | *** | *** | Negative |
| 3 | Others | China | *** | *** | *** | *** | 5-15 |

H. ASSESSMENT OF INJURY AND EXAMINATION OF CAUSAL LINK

H.1. Views of the other Interested Parties

53. The following submissions have been made by the other interested parties with regard to injury and causal link:

- i) Respondents highlighted that despite issues with the domestic industry's standing, its performance has improved significantly during the injury investigation period, with increased capacity, production, stable domestic sales, a rise in selling price from 100 to 135 index points, and more than doubled PBIT and PBIT per unit. Thus, even if the economic parameters provided are accurate, there is no material injury to the domestic industry in terms of volume or price parameters.
- ii) Paragraph 16 of the initiation notification notes prima facie injury to the Domestic Industry due to low-capacity utilization, declining sales, and losses. However, this does not align with the petitioner's data submitted on April 8, 2024. The petitioner did not address price undercutting, and while imports increased during the investigation period, domestic sales and Profit Before Tax also improved.
- iii) The decline in capacity utilization is linked to ongoing capacity expansions rather than imports, as capacity utilization would have remained stable without such expansions. Thus, the petitioner's data contradicts the assertions in the initiation notification.
- iv) The petitioner has frequently altered data during the investigation, raising doubts about its reliability. Initial data showed an increase in sales realization surpassing cost growth, yet revised data inexplicably reflect significant financial losses. Contradictory trends, such as rising PBDIT alongside declining PBIT and PBIT, suggest inconsistencies.
- v) Given stable production and sales, and improving cash profits, these economic indicators do not substantiate claims of injury caused by imports. The Authority is urged to critically evaluate these discrepancies to ensure the integrity of the investigation.
- vi) The domestic industry has reported increased costs of sales and selling prices, while the landed price of imports is below its cost of sales. It only sells products when it can recover its costs. The industry has highlighted its performance in areas like capacity, utilization, market share, profitability, and return on investments. Respondents argued that the domestic industry's performance had significantly improved and such positive trends should not be overlooked during the injury investigation period.
- vii) The domestic industry cannot separate the assessment of actual material injury into categories. The Anti-dumping Rules recognize three types of injury: actual material injury, threat of injury, and retardation of industry establishment. The performance of the domestic industry, including capacity, production, sales, profitability, and other economic parameters, should be considered collectively.
- viii) If the domestic industry's claims of price undercutting were valid, it would have struggled to maintain or grow its domestic sales during the investigation period. Additionally, the domestic industry acknowledged that imports from other countries, demand, exports, technological changes, and trade restrictions were not factors causing injury.

H.2 Views of the domestic industry

54. The following submissions were made by the domestic industry with regard to injury and causal link:

- i) The Indian industry falls in the MSME sector, which is fragmented in nature, as well as unorganised, making it all the more vulnerable. Dumped imports from China have severely injured the domestic industry.
- ii) The domestic industry is facing injury through the adverse volume effect of imports.
- iii) The domestic industry, being in the MSME sector, operates with a profit margin of 2-2.5%, and hence cannot reduce prices lower to face competition.
- iv) Volume of the imports of subject goods from China have increased significantly over the injury period.
- v) Despite sufficient capacity in the country to cater to the domestic demand, the imports are surging.
- vi) Capacities with the domestic industry are grossly underutilised.
- vii) Imports increased in relation to production and consumption in India. Imports in absolute terms and relative terms have increased and is significant.
- viii) Imports are being made at a significantly low price, and landed prices of imports hence are undercutting the prices of the domestic industry.
- ix) Cost of sales and selling price has increased over the injury period.
- x) While there appears to be no price suppression, it may be seen that the landed price of imports is significantly below the costs and selling price of the domestic industry in the POI.
- xi) Capacity with the domestic industry has increased over the injury period. Such increase in capacity is largely by new domestic producers.
- xii) Production and sales of the domestic industry increased till 2021-22 and declined in the POI, due to increase in dumped imports.
- xiii) Imports of the product had increased significantly in 2021-22, the effect of which was felt in 2022-23.
- xiv) Capacity utilisation of the domestic industry increased from the base year to 2021-22 but declined significantly in the POI. The decline in capacity utilisation has been faced by those domestic producers who have not enhanced their capacities.
- xv) Capacity utilisation of the domestic industry is significantly low throughout the injury period which further declined in the POI.
- xvi) Market share of the Indian industry as a whole has declined.
- xvii) Profitability, PBIT, cash profits, and ROI of the domestic industry improved. The adverse impact of dumped imports has been on the volume parameters. By maintaining its profitability, the domestic industry has taken a hit on its volume parameters.
- xviii) Inventories with the domestic industry doubled over the injury period while the production declined.
- xix) Number of employees declined while salary and wages and productivity per day increased.
- xx) Majority of the domestic producers are MSME producers and hence the effect of imports is not on the prices of the domestic industry. MSME producers cannot afford to sell at losses.
- xxi) The demand has increased significantly in the POI, and thus, it is evident that possible contraction in demand is not a cause of injury to the domestic industry.
- xxii) The pattern of consumption with regard to the product under consideration has not

undergone any change.

- xxiii) The economic parameters provided by the domestic industry are only for their domestic performance. Thus, the export performance of the domestic industry is not a possible cause of injury to the domestic industry.
- xxiv) The technology as well as the production process for producing the product under consideration has not undergone any significant development. The domestic industry has recent technology for production of the product. Possible developments in technology could not have been the cause of injury to the domestic industry.

H.3 Examination by the Authority

- 55. Rule 11 of the Rules read with Annexure II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on the domestic producers of such articles. In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, inventory, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the Rules.
- 56. The Authority has taken note of the submissions made by the interested parties and has examined various parameters in accordance with the Rules after duly considering the submissions made by the interested parties. The injury analysis made by the Authority hereunder addresses the various submissions made by the interested parties in relevant paras.
- 57. The Authority notes that most of the imports consist of industrial roller chains and other imports where type of chains was not specified. There is no import of bicycle chains under the HS code 7315 during the POI. Further the imports of motorcycle chains in numbers are converted into Kgs.
- 58. The submissions made by the interested parties with regard to injury and causal link which have been considered relevant by the Authority are examined and addressed as under on the basis of data submitted by the domestic industry.

H.3.1 Assessment of Demand/ Apparent Consumption

59. The Authority has defined for the purpose of the present investigation, demand or apparent consumption of the subject goods in India as the sum of domestic sales of the applicant, other domestic producer sales and imports from all sources. The demand for the PUC is as follows:

| Qty In MT | | | | |
|-------------------------------|-------------|-------------|-------------|-------|
| Country | 2019 - 2020 | 2020 - 2021 | 2021 - 2022 | POI |
| CHINA | 9480 | 22108 | 18658 | 8712 |
| Other Countries | 2 | - | - | 31 |
| Grand Total | 9,482 | 22,108 | 18,658 | 8,743 |
| China shares of total imports | 100 | 100 | 100 | 100 |
| Sales of domestic industry | *** | *** | *** | *** |
| Sales of other producers | *** | *** | *** | *** |
| Total Demand | *** | *** | *** | *** |
| Total Demand Trend | 100 | 144 | 134 | 100 |

It is observed that demand has increased before the POI but it is decreased in the POI compared to the base year i.e., 2019 – 2020. Further China continues to garner almost 100 % of the total imports.

H.3.2 Volume effect of dumped imports on domestic industry

a) Imports in absolute and relative terms

60. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in the dumped imports, either in absolute terms or in relation to production or consumption in India. For the purpose of the injury analysis, the Authority has relied upon the transaction-wise data of DG System. The import volumes of the subject goods and share of the same during the injury investigation period are as follows:

| Particulars | Unit | 2019 - 2020 | 2020 - 2021 | 2021 - 2022 | 2022 - 2023 |
|---------------------------------------|------|-------------|-------------|-------------|-------------|
| Import Volume | | | | | |
| Imports from China PR | MT | 9,480 | 22,108 | 18,658 | 8,712 |
| Imports from Other Countries | MT | 2 | - | - | 31 |
| Total Imports | MT | 9,482 | 22,108 | 18,658 | 8,743 |
| Subject imports in relation to | | | | | |
| Total imports | % | 99.98 | 100.00 | 100.00 | 99.65 |
| Indian demand | % | 31 | 50 | 45 | 28 |

61. It is seen that:

- a. Imports from China has decreased in the POI.
- b. Imports from the subject country constitute almost the entirety of the total imports into India throughout the injury period and 100% in the POI.
- c. Imports remained significant over the injury period in relation to consumption in India.

H.3.3. Price effect of dumped imports on domestic industry

62. In terms of Annexure II (ii) of the Rules, with regard to the effect of the dumped imports on prices, the Authority is required to consider whether there has been a significant price undercutting by the dumped imports as compared with the price of the like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree.

63. Accordingly, the impact on the prices of the domestic industry on account of dumped imports of the subject goods from the subject country has been examined with reference to price undercutting and price suppression/depression, if any. For the purpose of this analysis the cost of sales and the net sales realization (NSR) of the domestic industry have been compared with the landed price of the subject imports.

a) Price undercutting

64. With regards to the effect of the dumped imports on prices, it is required to be analysed whether there has been significant price undercutting by the dumped imports as compared to the price of the like article in India, or whether the effect of such imports is otherwise to depress the price or prevent price increases, which otherwise would have occurred in the normal course. The same has been examined in the table below:

| Particulars | Unit | 2019-20 | 2020-21 | 2021-22 | POI |
|-------------------------|-------|---------|---------|---------|-------|
| Landed Value of imports | Rs/MT | *** | *** | *** | *** |
| Net Sales Realisation | Rs/MT | *** | *** | *** | *** |
| <i>Trend</i> | | 100 | 103 | 125 | 132 |
| Price Undercutting | Rs/MT | *** | *** | *** | *** |
| | % | *** | *** | *** | *** |
| | Range | 30-40 | 100-200 | 100-200 | 10-20 |

65. It is seen that the price undercutting is positive and significant throughout the injury period.

b) Price Suppression or Depression

66. For the purpose of analysing price suppression and depression effect of the dumped imports on the domestic industry, the Authority has compared the cost of sales & selling price of the domestic industry with the landed price of subject goods.

| Particulars | Unit | 2019-20 | 2020-21 | 2021-22 | POI |
|-----------------------|-------------|----------------|----------------|----------------|------------|
| Cost of sales | Rs/MT | *** | *** | *** | *** |
| Trend YoY | % | 100 | 101 | 125 | 126 |
| Net Sales Realisation | Rs/MT | *** | *** | *** | *** |
| <i>Trend YoY</i> | % | 100 | 103 | 125 | 132 |

67. It is seen that the cost of sales and selling price of the domestic industry increased over the injury period and increase in selling price is more than increase in cost of sales. There is no price suppression seen in the Indian market.

H.3.4. Economic parameters of the domestic industry

68. Annexure II to the Rules provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth and the ability to raise capital investments. Accordingly, various injury parameters relating to the domestic industry are discussed herein below.

69. The performance of the applicant in the POI has been compared with its performance in the base year and its performance in the previous years.

a) Capacity, Production, Capacity Utilization and Sales

70. The performance of the domestic industry with regards to capacity, production, capacity utilization and sales is as follows:

| Particulars | Unit | 2019-20 | 2020-21 | 2021-22 | POI |
|----------------------------|-------------|----------------|----------------|----------------|------------|
| Capacity | MT | *** | *** | *** | *** |
| <i>Trend</i> | | 100 | 104 | 111 | 112 |
| Production | MT | *** | *** | *** | *** |
| <i>Trend</i> | | 100 | 108 | 113 | 106 |
| Capacity Utilisation | % | *** | *** | *** | *** |
| <i>Trend</i> | | 100 | 104 | 102 | 95 |
| Sales of Domestic Industry | MT | *** | *** | *** | *** |
| <i>Trend</i> | | 100 | 109 | 114 | 106 |

71. It is seen that demand for PUC has not increased in the POI. The capacity of the domestic industry has increased. The applicant has capacity to meet almost the entire demand for the subject goods in the country.

72. The market share is given in the table below:

b) Market Share in Demand

| Particulars | Unit | 2019-20 | 2020-21 | 2021-22 | POI |
|-----------------------------------|------|---------|---------|---------|------|
| Applicant Domestic Sales | MT | *** | *** | *** | *** |
| Applicant* | % | *** | *** | *** | *** |
| <i>Trend</i> | | 100 | 109 | 114 | 106 |
| Sales of Other Domestic Producers | MT | *** | *** | *** | *** |
| Subject country Imports | MT | 9480 | 22108 | 18658 | 8712 |
| Subject country Imports | % | 31 | 50 | 45 | 28 |
| <i>Trend</i> | | 100 | 233 | 197 | 92 |
| Imports from other countries | MT | 2 | 0 | 0 | 31 |
| Imports from other countries | % | 0 | 0 | 0 | 0 |
| <i>Trend*</i> | | 100 | 0 | 0 | 1718 |
| Total Demand | MT | *** | *** | *** | *** |
| <i>Trend</i> | | 100 | 144 | 134 | 100 |

* *Trend is rounded off.*

73. It is seen that the market share of the subject country imports has come to slightly below the level of base year in the POI. Applicant's share in demand has slightly increased over the injury period as compared to base year 2019-20.

c) Profitability, Cash profits, and Return on Capital Employed

74. The profit, profitability, cash profits, profit before interest (PBIT), and return on investment of the domestic industry over the injury period has been analysed as follows:

| Particulars | Unit | 2019-20 | 2020-21 | 2021-22 | POI |
|---------------------------------------|-------|---------|---------|---------|--------|
| Import price from China | Rs/MT | 112234 | 59066 | 78023 | 164698 |
| Cost of Sales | Rs/MT | *** | *** | *** | *** |
| <i>Trend</i> | | 100 | 101 | 125 | 126 |
| Selling price | Rs/MT | *** | *** | *** | *** |
| <i>Trend</i> | | 100 | 103 | 125 | 132 |
| Profit before interest and tax (PBIT) | Rs/MT | *** | *** | *** | *** |
| <i>Trend</i> | | 100 | 186 | 97 | 733 |
| PBIT as % of cost | % | *** | *** | *** | *** |
| <i>Trend</i> | | 100 | 185 | 116 | 603 |

| | | | | | |
|-------------|-------|-----|-----|------|-----|
| Cash Profit | Rs/MT | *** | *** | *** | *** |
| Trend | | 100 | 120 | 27.6 | 398 |
| ROCE | % | *** | *** | *** | *** |
| Trend | | 100 | 195 | 89 | 671 |

75. It is seen that:

- a. The domestic industry's cost of sales has increased over the injury period and commensurately selling price has also increased.
- b. The domestic industry's performance has improved as compared to base year in terms of profit before tax, cash profit and return on capital employed.

d) Inventory

76. The data relating to inventory position of the domestic industry over the injury period and POI is given in the table below:

| Particulars | Unit | 2019-20 | 2020-21 | 2021-22 | POI |
|-------------------|------|---------|---------|---------|-----|
| Opening Inventory | MT | 100 | 111 | 118 | 165 |
| <i>Trend</i> | | 100 | 111 | 118 | 164 |
| Closing Inventory | MT | 111 | 118 | 165 | 179 |
| <i>Trend</i> | | 100 | 106 | 148 | 161 |
| Average Inventory | MT | 106 | 115 | 142 | 172 |
| <i>Trend</i> | | 100 | 109 | 134 | 163 |

77. The Authority notes that level of inventories with the domestic industry has increased substantially from 2021 – 2022 to the POI.

e) Employment, Wages and Productivity

78. The position with regard to employment, wages and productivity of the domestic industry is as follows:

| Particulars | Unit | 2019-20 | 2020-21 | 2021-22 | POI |
|----------------------|--------|---------|---------|---------|------|
| No of employees | Nos. | 616 | 577 | 574 | 556 |
| <i>Trend</i> | | 100 | 94 | 93 | 90 |
| Salaries & Wages | ₹ Lacs | 2155 | 2280 | 2513 | 2528 |
| <i>Trend</i> | | 100 | 106 | 117 | 117 |
| Productivity Per day | MT/Day | 30 | 32 | 34 | 31 |
| <i>Trend</i> | | 100 | 108 | 113 | 106 |

79. The Authority notes that the number of employees of the domestic industry has decreased over the injury period. The salaries paid have registered an increase. Further, the productivity has also shown a slightly increasing trend.

f) Growth

80. The information with respect to growth of the petitioner is given below:

| Particulars | Unit | 2020-21 | 2021-22 | POI |
|----------------------|-------------|----------------|----------------|------------|
| Capacity Utilization | % | 4 | -2 | -7 |
| Production | % | 8 | 5 | -6 |
| Sales | % | 9 | 4 | -7 |
| Average Inventory | % | 9 | 23 | 22 |
| ROI | % | 195 | -218 | 613 |

81. It is seen that there is deterioration in economic parameters of the domestic industry in growth on year-on-year in 2021-22.

g) Magnitude of Dumping and Dumping Margin

82. It is seen that dumping margin is negative for participating producers/exporters and positive and above *de minimus* for others.

I. NON-ATTRIBUTION ANALYSIS (OTHER FACTORS)

83. Para (v) of Annexure – II to the AD Rules, 1995 requires the Authority to establish that the domestic industry is suffering injury due to the dumped imports. At the same, the Authority is required to examine factors other than the dumped imports that could have impacted the performance of the domestic industry so that the injury caused by other known factors is not attributable to the dumped imports of the subject goods. The relevant factors in this respect include the volume of subject goods not sold at dumped prices, contraction in demand or changes in the pattern of consumption, trade restrictive practices, changes in technology, the export performance of the domestic industry and the productivity of the domestic industry. The aforementioned factors have been examined below:

a. Volume and prices of imports from third countries

84. It is seen that almost entirety of the imports of the subject goods are entering India from the subject country. In any case, the volume of non-subject imports is miniscule in the POI. Therefore, imports from other countries are not a cause of material injury suffered by the domestic industry.

| Particulars | Unit | 2019-20 | 2020-21 | 2021-22 | POI |
|--------------------|-------------|----------------|----------------|----------------|------------|
| Import Volume | | | | | |
| Subject Country | MT | 9480 | 22108 | 18658 | 8712 |
| Other Countries | MT | 2 | 0 | 0 | 31 |
| Total | MT | 9482 | 22108 | 18658 | 8743 |

b. Contraction in Demand

85. There is no contraction in demand over the injury investigation period.

c. Changes in pattern of consumption

86. It is seen that there are no changes in the pattern of consumption for the product under consideration over the injury period that could have caused injury to the domestic industry.

d. Conditions of competition and trade restrictive practices

87. None of the interested parties have argued or brought forth any evidence regarding any trade restrictive practices that could have impacted the domestic industry's performance. The Authority notes that the investigation has not shown any change in the conditions of competition or any trade restrictive practices.

e. Developments in Technology

88. It is seen that there are no significant changes in technology.

f. Export performance of the domestic industry

89. It is noted, however, that the applicant's export sales have not been a significant portion of its total sales. Further the financial performance has been considered separately for domestic sales. Thus, the applicant's export performance has not impacted the applicant's domestic sales performance.

g. Performance of other products

90. The domestic industry is the sole producer of the PUC; hence performance of other products is not relevant in the present investigation.

FACTORS ESTABLISHING CAUSAL LINK

91. After examining the factors enumerated above, the Authority holds that the domestic industry has not suffered injury in the POI due to other factors. Further, the following factors show that the injury to the domestic industry is due to the subject imports:

- i. The average import prices went up from 2019-20 to the POI. Nevertheless, throughout the injury period, the average import prices from the subject country were consistently lower than the Indian producer's prices. Thus, the imports are undercutting the prices of the domestic industry.
- ii. It is seen that the market share of the subject country imports has come to slightly below the level of base year in the POI. Applicant's share in demand has slightly increased over the injury period as compared to base year 2019-20.
- iii. Although, the production, capacity and domestic sales volume have slightly increased over the injury period but the capacity utilization has decreased during POI as compared to base year.
- iv. Despite the applicant holding sufficient capacity to cater to the existing demand, the domestic industry barely holds a share of 36% in the Indian market.
- v. The domestic industry has reported loss in 2019-20 and improved in 2020-21 and deteriorated again 2021-22. They have reported profit in POI. Similar trend for PBIT as % of cost and ROCE is also evident. Overall financial performance of the domestic industry has remained poor during injury investigation period.
- vi. The average inventories of the applicant have increased during the POI as compared to the base year.

92. The above analysis indicates that the domestic industry is suffering material injury due to increasing dumped imports of PUC into India from the subject country. There exists a strong causal relation between the increase in dumped imports of the subject goods originating in or exported from the subject country and the material injury suffered by the domestic industry.

J. MAGNITUDE OF INJURY MARGIN

93. The Authority has determined the NIP for the domestic industry on the basis of principles laid down in the Rules read with Annexure III, as amended. The NIP of the product under consideration has been determined by adopting the information/data relating to the cost of production provided by the domestic industry for the POI. For determining the NIP, the best utilisation of the raw materials and utilities has been considered over the injury period. Best utilisation of production capacity over the injury period has been considered. Extraordinary or non-recurring expenses have been excluded from the cost of production. A reasonable return (pre-tax @ 22%) on average capital employed (i.e., average net fixed assets plus average working capital) for the product under consideration was allowed as pre-tax profit to arrive at the NIP as prescribed in Annexure III to the Rules. The NIP has been considered for comparing the landed price from the subject country for calculating the injury margin.

94. Based on the landed price and the NIP determined as above, the injury margin as determined by the Authority is positive as provided in the table below:

Injury Margin Table

| S No | Producer | Country | NIP | LV | IM | IM | IM |
|------|--|---------|---------|---------|---------|-----|----------|
| | | | (Rs/Kg) | (Rs/Kg) | (Rs/Kg) | % | Range |
| 1 | Zhejiang Bakord Machinery Co. Ltd | China | *** | *** | *** | *** | Negative |
| 2 | 1. Jiangxi Hengjiu Chain Transmission Co. Ltd. 2. Anhui Huangshan Hengjiu Transmission Co. Ltd. 3. Zhejian Hengjiu Transmission Technology Inc. Ltd. | China | *** | *** | *** | *** | Negative |
| 3 | Others | China | *** | *** | *** | *** | 5-15 |

K. INDIAN INDUSTRY’S INTEREST & OTHER ISSUES

K.1 Impact on downstream industries (Public Interest Impact)

K.1.1 Views of the other interested parties

95. Imposing anti-dumping duties on roller chain imports may harm downstream industries in India. Roller chains are vital in automotive, manufacturing, agriculture, and construction sectors. Increased costs due to duties could elevate production expenses and reduce the competitiveness of Indian products. Additionally, as demand for roller chain grows with India’s industrial expansion, duties might lead to supply shortages and project delays. Therefore, it is crucial for the Authority to consider these broader economic impacts and refrain from recommending anti-dumping duties to safeguard the long-term interests of all stakeholders.

96. There is no evidence of dumping or injury from imports of the products under investigation from China PR. Recommending anti-dumping measures would be detrimental to both the Indian domestic industry and its downstream sectors. They argue

that anti-dumping measures should protect fair trade, but misapplication could create an unfair environment and harm long-term industry interests.

K.1.2 Views of the Domestic Industry

97. The primary downstream user of subject goods are the industrial sector, automotive sector, and bicycle sector. These sectors consist of majorly organised players, who are big in the market. Considering the scale of their operations, the imposition of duties would hardly make any impact.
98. Imposition of duties would not only remedy the Indian industry but also create demand for upstream producers who have capacities far beyond Indian demand.
99. The Applicant determined the cost of the subject good used in a bicycle typically priced at Rs. 6000/-, wherein the cost of roller chains would amount to approximately Rs. 52.77, merely 0.88% of the total cost. Similarly, the Applicant determined the cost of the subject good used in a motorcycle typically priced at Rs. 65,000/-, wherein the cost of roller chains would amount to approximately Rs. 195, merely 0.3% of the total cost. The impact of roller chains in the industrial sector is negligible as compared to the cost of the machines itself.

K.1.3 Examination by the Authority

100. The Authority notes that the purpose of imposition of anti-dumping duty, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of anti-dumping measures does not aim to restrict imports from the subject country in any way. Trade remedial investigations are intended to restore equal competitive opportunities in the domestic market by ensuring a level playing field for domestic producers by the imposition of appropriate duties against trade distorting imports. At the same time, the Authority is aware that the impact of such duties is not limited to only the domestic producers of the PUC but also affects the users and consumers of the PUC.
101. The Authority issued initiation notification inviting views from all the interested parties, including importers, consumers and others. The Authority also prescribed a questionnaire for the users/ consumers to provide relevant information about the present investigation including any possible effects of anti-dumping duty on their operations. Information was sought on, *inter-alia*, interchangeability of the product supplied by various suppliers from different countries, ability of the domestic industry to switch sources, effect of anti-dumping duty on the consumers, factors that are likely to accelerate or delay the adjustment to the new situation caused by imposition of anti-dumping duty.

102. The Authority had prescribed an Economic Interest Questionnaire which was sent to all the user industries of the investigation.
103. The opposing interested parties have not provided any quantifiable and/or verifiable information on the likely impact of anti-dumping duty on the downstream industry and end customers. The analysis regarding impact on downstream industry is done based on the responses received from the respondents.
104. The Authority notes that ensuring fair competition would not only enhance the performance of the existing industry but would also provide an opportunity for other producers to begin operations in the country. The impact on the downstream industry is negligible and therefore, any imposition of ADD would not impact the users of the product.
105. The essential facts gathered during the course of the investigation, and as established on the basis of information received from various sources are hereby being disclosed in order to enable various interested parties to offer their comments on these facts so gathered. The Designated Authority will, however, make the final determination on various aspects of the investigation on the basis of the comments received thereof from the interested parties to this disclosure statement to the extent they are relevant.

L.POST DISCLOSURE COMMENTS

L.1 Views of the other interested parties

106. The following post disclosure submissions have been made by the other interested parties:
- i. Sampling of four domestic producers was adopted despite objections from other interested parties, as it argues the industry does not meet the criteria of fragmentation requiring sampling. They further contest the adequacy of the sampled producers' infrastructure and ability to meet production and quality standards, raising safety and market concerns. Therefore, the domestic industry must consist of producers representing at least 25% of total domestic production as per Rule 2(b) and Rule 11(2) of the AD Rules.
 - ii. The Authority determined normal value using domestic production costs but noted negative dumping margins for cooperative producers/exporters. It is suggested that for the residual category of producers, the Authority can use as facts available for non-cooperating/participating producers/exporters in China based on the export prices of both the participating producers on a weighted average basis. If this methodology is adopted then the dumping margin would be negative for all the producers.

- iii. Declining import volumes and demand, coupled with minimal price undercutting, evidences that there is no injury caused by the imports. Domestic producers' profitability, sales, and market share show positive trends, undermining claims of injury. Parameters such as production, capacity utilization, profits, and return on investment reflect a healthy state of the domestic industry.
- iv. The use of best information available in terms of paragraph 8 of Article 6 under Annexure II to the anti-dumping agreement simply stands for the purpose that the use of facts available should solely be done for the purpose of replacing information that may be missing, in order to arrive at an accurate determination but not as a punishment.
- v. As per Annexure II to the AD Rules, 1995 which states that the “...*authority shall consider whether there has been a significant price undercutting by the dumped imports as compared with the price of like product in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increase*” is not fulfilled, the injury to the domestic manufacturers cannot be attributed to the imports of subject goods from the subject country.

L.2 Views of the domestic industry

107. The following post disclosure submissions have been made by the domestic industry:
- i. Imports intended for the automotive OEM sector should be excluded as no evidence of dumping or injury exists in this segment. Domestic producers catering to this segment do not face competition from Chinese imports.
 - ii. Injury is caused by underutilization of domestic capacity and price undercutting by imports. Imports dominate the market, leading to production declines and inventory build-ups in the domestic industry. Non-subject imports are negligible, and no contraction in demand or changes in consumption patterns are observed.
 - iii. Anti-dumping duty should be imposed in USD for five years to account for rupee depreciation and ensure effective protection.

L.3 Examination by the Authority

- 108.** The Authority has examined the post disclosure submissions made by the interested parties and notes that majority of the comments are reiterations which have already been suitably examined and adequately addressed in the relevant paras of the final findings. The same are not being repeated in the post-disclosure examination by the Authority for the sake of brevity.
109. As regards the contention that the production of domestic producers forming part of domestic industry does not constitute more than 25% of Indian production, it is noted that the Authority has considered all the information available on record and has found that production of participating companies constitutes more than 25%. As regards the contention that the present industry does not constitute fragmented industry, authority considers that barring one producer, all the producers are in the MSME category. Further, some of the companies are having quite limited operations. The Authority also notes that

the production of sampled companies collectively constitutes 91.56% of the production of domestic industry.

110. As regards determination of export price for non-cooperating exporters based on questionnaire response of cooperating exporters, the Authority notes that non-cooperative exporters/producers did not avail of the opportunity to submit actual export price with the Authority and have preferred non-cooperation. Therefore, it is reiterated that in view of non-availability of facts from the non-cooperative producer/exporters, export price has been determined for those non-cooperating exporters on the basis of facts available as per Rule 6(8) and with the consistent practice of the Authority.
111. With regard to the exclusion of PUC meant for automotive OEM sector, the Authority notes that there is no exclusive market for OEMs and replacement market. Therefore, the Authority has not excluded PUC meant for OEM sectors.

M. CONCLUSION

112. Having regard to the contentions raised, submissions made, information provided and facts available before the Authority as recorded above and on the basis of the above analysis of dumping and consequent injury to the domestic industry, the Authority concludes as follows:
- i) The scope of the product under consideration is “Roller Chains” originating in or exported from China PR.
 - ii) The subject goods are classified under Chapter 73 of the Customs Tariff Act under subheading 73151100.
 - iii) Pursuant to the representation filed by the IRCMA on behalf of the producers of the product under consideration, the Authority initiated the investigation *suo moto* as per sub-rule 4 of rule 5 of the AD rules by taking cognizance of the information provided by the applicant.
 - iv) The Authority has examined the data submitted by the domestic industry and the applicant qualifies the majority proportion criteria to constitute the domestic industry under rule 2(b) of the AD Rules.
 - v) The subject goods exported from China PR and the article manufactured by the domestic industry are ‘like article’ to each other in terms of Rule 2 (d) of the AD Rules, 1995.
 - vi) The product under consideration has been exported to India at a price below the normal value, resulting in dumping. The dumping margin is negative for participating exporters/producers and positive and above *de minimus* for others.
 - vii) Imports from the subject country constitute almost the entirety of the total imports into India throughout the injury period and 100% in the POI.
 - viii) It is seen that the market share of the subject country imports has come to slightly below the level of base year in the POI. Applicant’s share in demand has slightly increased over the injury period as compared to base year 2019-20.
 - ix) The average import prices went up from 2019-20 to the POI. Nevertheless, throughout the injury period, the average import prices from the subject country

were consistently lower than the Indian producer's prices. Thus, the imports are undercutting the prices of the domestic industry.

- x) Although, the production, capacity and domestic sales volume have slightly increased over the injury period but the capacity utilization has decreased during POI as compared to base year.
- xi) Despite the applicant holding sufficient capacity to cater to the existing demand, the domestic industry barely holds a share of ***% in the Indian market.
- xii) The domestic industry has reported loss in 2019-20 and improved in 2020-21 and deteriorated again 2021-22. They have reported profit in POI. Similar trend for PBIT as % of cost and ROCE is also evident. Overall financial performance of the domestic industry has remained poor during injury investigation period.
- xiii) The average inventories of the applicant have increased during the POI as compared to the base year.
- xiv) The dumped imports have adversely affected the growth of the domestic industry in respect of both volume and price parameters.
- xv) As the PUC is imported in various units such as pieces, number, Kg, length, etc. It will be appropriate to consider ad-valorem duty.

N. RECOMMENDATIONS

113. After examining the submissions made by the interested parties and issues raised therein and considering the facts available on record, the Authority concludes as follows:

- i. The product under consideration has been exported to India from the subject country below their normal values.
- ii. The domestic industry has suffered material injury.
- iii. Material injury has been caused by the dumped imports of subject goods from the subject country. The Authority notes that the investigation was initiated *suo moto* and notified to all interested parties and adequate opportunity was given to the domestic industry, exporters, importers and other interested parties to provide positive information on the aspects of dumping, injury and the causal link. Having initiated and conducted an investigation into dumping, injury and causal link thereof in terms of the Anti-Dumping Rules and having established a positive dumping margin as well as material injury to the domestic industry caused by such dumped imports, the Authority is of the view that imposition of definitive anti-dumping duty is necessary to offset dumping and injury concerning the imports of subject goods originating in or exported from subject countries. Therefore, the Authority recommends imposition of definitive anti-dumping duty on imports of the subject goods originating in or exported from subject countries in the form and manner described hereunder for the period of 5 years from date of imposition.
- iv. Having regard to the lesser duty rule followed by the Authority, the Authority recommends imposition of ad-valorem anti-dumping duty equal to the lesser of

the margin of dumping and the margin of injury on imports of subject goods originating in or exported from the subject countries, so as to remove the injury to the domestic industry.

114. Accordingly, definitive anti-dumping duty on the subject goods with sub Heading of Tariff Item in column (2), the description is specified in column (3), originating in the country as specified in the corresponding entry in column (4), exported from the country as specified in the corresponding entry in column (5), produced by the producers as specified in the corresponding entry in column (6) and imported into India, an anti-dumping duty at the rate equal to the amount as specified in the corresponding entry in column (7) of the Table below is recommended to be imposed from the date of the notification which may be issued by the Central Government in this regard.

| S. No. | Sub Heading of Tariff Item | Description of Goods | Country of Origin | Country of Export | Producer | Duty as % of CIF |
|---------------|-----------------------------------|-----------------------------|--------------------------|--------------------------------|---|-------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1. | 73151100 | Roller Chains | China PR | Any country including China PR | Zhejiang Bakord Machinery Co. Ltd | NIL |
| 2. | -do- | -do- | China PR | Any country including China PR | Jiangxi Hengjiu Chain Transmission Co. Ltd. | NIL |
| | | | | | Anhui Huangshan Hengjiu Transmission Co. Ltd. | |
| | | | | | Zhejian Hengjiu Transmission Technology Inc. Ltd. | |
| 3. | -do- | -do- | China PR | Any country including China PR | Others | 6.34% |

O. FURTHER PROCEDURE

115. An appeal against the present order of determination and recommendations shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Act.



Darpan Jain
(Designated Authority)