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**F. No. 6/22/2023-DGTR**  
**Government of India Department of Commerce**  
**Ministry of Commerce & Industry**  
**(Directorate General of Trade Remedies)**  
**4th Floor, Jeevan Tara Building**  
**5, Parliament Street, New Delhi – 110001**

Date: 23 December 2024

**FINAL FINDINGS**  
**Case No. – AD(OI) – 21/2023**

**Subject: Anti-Dumping investigation concerning imports of “Soft Ferrite Cores” originating in or exported from China PR**

**A. BACKGROUND OF THE CASE**

Having regard to the Customs Tariff Act, 1975 as amended from time to time (hereinafter referred as the “Act”) and 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 referred as the “Rules”) thereof.

1. Cosmo Ferrites Limited (hereinafter referred to as the “applicant”) filed an application before the Designated Authority (hereinafter referred to as the “Authority”), on behalf of the domestic industry, in accordance with the Act and the Rules for initiation of an anti-dumping investigation concerning imports of “Soft Ferrite Cores” (hereinafter also referred to as the “product under consideration”, or the “subject goods”) originating in or exported from China PR” (hereinafter referred to as the “subject goods”) from China PR (hereinafter referred to as the “subject country”).
2. The Authority, on the basis of sufficient *prima-facie* evidence submitted by the applicant, issued a public notice vide Notification No. 6/22/2023-DGTR dated 30th September 2023, published in the Gazette of India, Extraordinary, initiating the anti-dumping investigation in accordance with Section 9 of the Custom Tariff Act, 1975 Act read with Rule 5 of the Anti-dumping Rules, 1995 to determine the existence, degree and effect of the alleged dumping of the subject goods, originating in or exported from the said subject country, and to recommend the appropriate amount of anti-dumping duty, which, if levied would be adequate to remove the alleged injury to the domestic industry.

**B. PROCEDURE**

3. The procedure described hereinbelow has been followed with regard to the investigation:

- a. The Authority notified the embassy of the subject country in India about the receipt of the present application before proceeding to initiate the investigation in accordance with Rule 5(5) of the Anti-Dumping Rules.
- b. The Authority issued a public notice dated 30th September 2023, published in the Gazette of India, Extraordinary, initiating an anti-dumping investigation concerning imports of the subject goods from the subject country.
- c. The Authority sent a copy of the initiation notification to the Embassy of the subject country in India, known producers and exporters from the subject country, known importers / users and the domestic industry as per the information made available to it by the applicant and requested them to make their views known in writing within the prescribed time limit.
- d. The Authority also provided a copy of the non-confidential version of the application to the known producers/exporters and to the embassy of the subject country in India, in accordance with Rule 6(3) of the Rules. A copy of the non-confidential version of the application was sent to the other interested parties.
- e. The embassy of the subject country in India was also requested to advise the producers/exporters in its country to respond to the questionnaire within the prescribed time limit.
- f. The Authority forwarded a copy of the public notice initiating the anti-dumping investigation to the following known producers/exporters in the subject country, as made available by the applicant and offered an opportunity to them to make their submissions known in accordance with Rule 6(2) of the Rules:
  - i. TDG Holding Co Ltd
  - ii. Falco Electronics Xiamen Coltd
  - iii. Hangzhou Global-Star Electronic Co Ltd
  - iv. Tongxiang Huayuan Electronic Co Ltd
  - v. Shanghai Magway Magnetic Co Ltd
  - vi. Haining Lingtong Impoert And Export
  - vii. Hangzhou Hongqiao Electronic Technology Co Ltd
  - viii. M S Tak Technology Heyuan Co Lt
  - ix. Hengdian Group Dmegc Magnetics Co Ltd
  - x. Zaozhuang Yiyuan Electronics Technology Co Ltd
  - xi. M S Guangzhou Tongyang Electronics
  - xii. Shenzhen Yimai Supply Chain Management Co Ltd
  - xiii. Xuyi Ouge Electronic Co Ltd
  - xiv. Changxing Chaoneng Technology Co Ltd
  - xv. Ferrics Technology Co Limited
  - xvi. Kinsung International Hk Co Ltd
  - xvii. Yangzhou Rd Co Ltd
  - xviii. BTR Co Ltd
  - xix. Zhongshan Saqiang Import And Export Trading Co Lt
  - xx. Ferroxcube Dong Guan Ltd
  - xxi. Shaanxi Shinhom Enterprises Co Ltd

- xxii. Shunxin International Trading Co Ltd
- xxiii. Falco Electronics Xiamen Co Ltd
- xxiv. Haining Kangming Electronic Co Ltd
- xxv. Ningbo Yinzhou Guanya Import Expo

g. In response to the initiation notification of the subject investigation, the following producers/exporters from the subject country have responded by filing questionnaire response:

- i. Hengdian Group DMEGC Magnetics Co., Ltd.
- ii. Yibin Jinchuan Electronics Co., Ltd.
- iii. Huzhou Haotong Electronic Technology Co., Ltd.
- iv. Tongxiang Huayuan Electronic Co., Ltd.

h. The Authority sent questionnaires to the following known importers / users of the subject goods in India calling for necessary information in accordance with Rule 6(4) of the Rules:

- i. GT Electronic I Pvt Ltd
- ii. Shah Electronics
- iii. Minghao Electronics India Private Limited
- iv. Kaypee Electronics Associates Pvt Ltd
- v. Dongjin Electronics India Private Limited
- vi. Parker Overseas Pvt Ltd
- vii. Siya Overseas LLP
- viii. Speedofer Components Pvt Ltd
- ix. Contact Engineering Madras Private Limited
- x. Ferro Star
- xi. Flare Luminaires Private Limited
- xii. Perfect Electronics Private Ltd
- xiii. Elcompo Electronic Industries Private Limited
- xiv. Dolphin Automation
- xv. Salcomp Manufacturing India Private Limited
- xvi. Utsavagiri Computers Electronic Industries P Ltd
- xvii. FCI OEN Connectors Limited
- xviii. Victor Magnetics Private Limited
- xix. Gursim Techno India
- xx. Apex Wire
- xxi. Jaquar Company Pvt Ltd
- xxii. Vigor Industries
- xxiii. Sansun Opto Electronics Co
- xxiv. Delta Electronics India Private Limited
- xxv. Radhika Opto Electronics Pvt Ltd
- xxvi. Goel Lightings
- xxvii. Samtron Overseas
- xxviii. Ms Electronics

- xxix. Ukb Electronics Private Limited
- xxx. Cherokee India Pvt Ltd
- xxxi. Ace Electro
- xxxii. Calcom Vision Ltd
- xxxiii. Avalon Technology And Services Private Limited
- xxxiv. Eos Power India Pvt Ltd
- xxxv. Igarashi Motors India Ltd
- xxxvi. Svm Private Limited
- xxxvii. K N Enterprises
- xxxviii. Ecoled Illuminations Pvt Ltd
- xxxix. Syrma Technology Private Limited
  - xl. Gt Magnetism Private Limited
  - xli. Gaviranga Enterprises
  - xlii. Just Electrons
  - xlili. S A Electronics
  - xliv. Indo-Tech Magnetism Private Limited
  - xlv. Sunoxer Technologies
  - xlvi. Rahat Shah Electronics
  - xlvii. Victory Devices Private Limited
  - xlviii. Reliance Enterprises
  - xlix. Molex India Private Limited

i. In response to the initiation notification of the subject investigation, the following importers and users have submitted questionnaire responses to the Authority:

- i. Speedofer Components Pvt. Ltd.
- ii. Victor Magnetism Private Limited
- iii. GT Magnetism Private Limited
- iv. Minghao Electronics India Private Limited
- v. YMD Electromac India
- vi. Ferro Star
- vii. Shree Shyam Components
- viii. Siya Overseas LLP

j. The user questionnaire response filed by Ferro Star, Shree Shyam Components and Siya Overseas LLP are found to be incomplete.

k. Further, the following interested parties have also made submissions during the investigation:

- i. China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME)
- ii. Electronic Industries Association Of India (Elcina)

l. The Authority issued economic interest questionnaire (EIQ) to all interested parties and the concerned ministry. Response to EIQ was submitted by the following interested parties :

- i. Cosmo Ferrites Limited (“domestic industry”)
  - ii. Speedofer Components Pvt. Ltd.
  - iii. Prismatic Engineering Pvt. Ltd.
  - iv. Minghao Electronics India Private Limited
  - v. YMD Electromac India
  - vi. Ferro Star
  - vii. Shree Shyam Components
  - viii. Hengdian Group DMEGC Magnetics Co., Ltd. & Yibin Jinchuan Electronics Co., Ltd.
  - ix. Huzhou Haotong Electronic Technology Co., Ltd. & Tongxiang Huayuan Electronic Co., Ltd.
- m. The period of investigation (POI) for the present investigation is from 1st April 2022 to 31st March 2023 (12 months). The injury investigation for the present investigation is April 2019 to March 2020, April 2020 to March 2021, April 2021 to March 2022 and the POI.
- n. The Directorate General of Systems (DG Systems) was requested to provide transaction-wise details of the imports of the subject goods for the past injury investigation period and the period of investigation. The same was received by the Authority and considered for the subject investigation. For the purpose of the present final findings, the Authority has relied upon the DG System import data.
- o. The Authority held two meetings with all the interested parties to discuss the product under consideration and the PCN methodology on 16.01.2024 and 07.02.2024. After receiving inputs from all the interested parties, the Authority vide notification dated 05.04.2024 redefined the scope of the product under consideration.
- p. The Authority made available the non-confidential version of the submissions made by the various interested parties to other interested parties. A list of all the interested parties was uploaded on the DGTR website along with the request therein to all of them to email the non-confidential version of their submissions to all the other interested parties.
- q. In accordance with Rule 6(6) of the Rules, the Authority provided an opportunity to the interested parties to present their views in an oral hearing held on 31.05.2024. Further, a fresh oral hearing was held on 13 September, 2024 due to change in the Designated Authority. The parties, which presented their views in the oral hearing, were requested to file written submissions of the views expressed orally, followed by rejoinder submissions, if any. The interested parties were further directed to share the non-confidential version of the written submissions submitted by them with the other interested parties.
- r. The Authority circulated the disclosure statement containing all essential facts under consideration for making the final recommendations to the Central Government to all interested parties on 7 November 2024. The Authority has examined all the post-disclosure comments made by the interested parties in these final findings to the extent deemed relevant. Any submission which was merely a

reproduction of the previous submission and which had been adequately examined by the Authority has not been repeated for the sake of brevity.

- s. The non-injurious price (hereinafter referred to as the ‘NIP’) has been determined based on the cost of production and reasonable return on capital employed for the subject goods in India, based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure III to the AD Rules, 1995 so as to ascertain whether anti-dumping duties lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- t. The information submitted by the applicant and other interested parties has been examined and verified to the extent deemed necessary and has been relied upon for the present final findings.
- u. The information provided by the interested parties on a confidential basis was examined with regard to the sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims wherever warranted and such information has been considered as confidential and not disclosed to the other interested parties. Wherever possible, the parties providing the information on a confidential basis were directed to provide an adequate summary of the confidential version in a non-confidential version.
- v. The Authority has considered all the arguments raised and information provided by all the interested parties at this stage, to the extent the same are supported with evidence and considered relevant to the present investigation.
- w. 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 considered such parties as non-cooperative and recorded the final findings on the basis of the facts available.
- x. ‘\*\*\*’ in these final findings represents information furnished by an interested party on confidential basis and so considered by the Authority under Rule 7 of AD Rules, 1995
- y. The exchange rate adopted by the Authority for the subject investigation is 1 US\$ = Rs. 81.08.

### **C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE**

- 4. At the stage of initiation, the product under consideration (herein after also referred to as “PUC”) was defined as follows:

*“3.The product under consideration in the present investigation is “Soft Ferrite Cores” originating in or exported from China PR. Ferrite cores are magnetic cores made of ferrites, which are polycrystalline oxides. They belong to a class of materials that exhibit the technically applicable property of ferromagnetism. In a ferromagnetic material, magnetism occurs under an externally applied field. On removals of this field, the material returns to its non-magnetic state. This behaviour is termed as magnetically "soft".*

4. *Soft Ferrites Cores are made from ceramic compounds by mixing, pressing, extruding, and firing large proportions of ferric oxide (Fe<sub>2</sub>O<sub>3</sub>) blended with a small proportion of one or more additional metallic elements such as strontium, barium, manganese, nickel, and zinc. The most common forms of Soft Ferrite Cores are Manganese-zinc ferrite (MnZn) and Nickel-zinc ferrite (NiZn). The product under consideration in the present investigation is limited to Manganese-Zinc-based Soft Ferrite Cores.*

5. *The product under consideration is used to attenuate high-frequency noise levels caused by electronic devices. They are available in a variety of geometries to make them suitable for different industries. Owing to their high magnetic permeability & low electrical conductivity, they are equipped in applications, such as RF transformers, switch mode power supplies (SMPS) & ferrite loop stick antennas. They are used in several applications, including but not limited to, electric vehicles, electric vehicle chargers, mobile chargers, LED drivers, telecommunication devices, solar panels etc.*

6. *The product under consideration is imported under tariff item 85051110 "Ferrite Cores" of the first schedule I to the Customs Tariff Act, 1975. The customs classification is indicative only and is not binding on the scope of the product under consideration in the present petition."*

### **C.1. Submissions made by the other interested parties**

5. The other interested parties have made the following submissions with respect to the product under consideration:
- i. There are discrepancies between the claims made by the applicant regarding the product range manufactured by them and the products actually supplied by them.
  - ii. The quality of the products supplied by the domestic industry is inconsistent and has performance issues.
  - iii. The scope of the PUC cannot be decided based on the product catalogue of the domestic industry. The Authority should restrict the scope of PUC to only EE, PQ and Toroid cores as discussed in the two discussions held by the Authority.
  - iv. The Authority must restrict the scope of PUC to only those geometries actively sold by the domestic industry and used by domestic customers.
  - v. The domestic industry does not possess the tools to manufacture several geometries of EE, PQ and Toroid cores.
  - vi. The domestic industry manufactures only 445 geometries and 12 raw material grades out of the 70 grades under HSN code 85051110. The domestic industry must provide the production data of the geometries and grades produced by it.

- vii. Each geometry of soft ferrite cores is tailored to optimize performance characteristics such as application, frequency, inductance, magnetic flux, thermal stability, and EMI shielding, making them indispensable in designing efficient and effective electronic components and systems. Since applicant does not produce all geometries and ranges, every geometry and range not produced by the applicant must be excluded from the scope of the product under consideration.
- viii. Different applications require different sizes and shapes of ferrite cores. From consumers point of view, different types are not inter-se substitutable. For example, EE1310 cannot substitute EE1313, even if 1310 becomes much cheaper than 1313.
- ix. The performance of ferrite cores can vary with frequency. Specific dimensions and shapes are designed to optimize performance for low, medium, or high-frequency applications.
- x. Different applications generate varying amounts of heat and therefore, ferrite cores are needed to be designed by the producers to meet very specific requirements of the consumers in respect of various sizes to manage thermal dissipation effectively.
- xi. Magnetic properties of ferrite cores, such as permeability and saturation flux density, are influenced by their dimensions. Different applications require specific magnetic characteristics, necessitating a range of core sizes
- xii. Electronic devices have different spatial limitations. To fit into various design constraints, ferrite cores are manufactured in numerous dimensions. Thus, ferrite producers must produce and give very specific size required by the consumers
- xiii. The inductance of a coil wound on a ferrite core depends on the core's size and shape. Designers need a variety of core dimensions to achieve the desired inductance values for different circuits. This again makes different types different product for a consumer.
- xiv. Smaller cores would cost lesser. Therefore, the power supply equipment manufacturers tend to optimise their costs by reducing the sizes to the extent possible.
- xv. Often specific core dimensions for custom applications or prototyping are required which need wide range sizes.
- xvi. There are industry standards for certain applications that dictate the use of specific core sizes.
- xvii. Paragraph 3.10 of the manual of operating procedures provides that the only those items should be included in the product scope which are produced and commercially sold by the domestic industry.
- xviii. CESTAT in Oxo Alcohols Industries' Association vs. Designated Authority held that if the products are not manufactured by the domestic industry, the import of the same could not cause injury to the domestic

industry, and therefore, such products should be excluded from the scope of the product under consideration.

- xix. The methodologies suggested by the domestic industry to differentiate between MnZn soft ferrite cores, NiZn soft ferrite cores, and MgZn soft ferrite cores at Custom ports are impractical and expensive.
- xx. The purpose of the PUC/ PCN meeting was only to understand the scope of the product under consideration and cannot be treated as a hearing, nor can be considered as a decision which has attained finality.
- xxi. There is also a price variation among different geometries of the PUC. Different products cannot be interchangeably used by the consumers . Thus, exclusion of certain geometries from the scope of PUC cannot lead to circumvention of the ADD.
- xxii. Transformer producers are barred from using a non-approved soft ferrite. These are clear and strict instructions from their consumers. Further, it is not for the transformer producers to seek approval of soft ferrite of some producer. Cosmo product is undisputedly not approved by several large end consumers.
- xxiii. If any domestic producer does not produce that particular type (geometry), the transformer producer will have to either import it or not produce the particular transformer
- xxiv. The Authority must consider only the production of the applicant for defining the scope of PUC in the present investigation. The production by other domestic producers is irrelevant.
- xxv. The applicant is a well-established domestic industry and cannot seek protection on geometries not actually produced by it in commercial volumes. Mere competence without any actual production and merchant sales must be considered insufficient to include an item in the definition of the PUC.
- xxvi. Ungrounded soft ferrite core was never included inside the scope of the product under consideration. What was included inside the scope of the product under consideration was soft ferrite core which has the applicable property of ferromagnetism i.e., grounded soft ferrite core. The Authority defined ungrounded soft ferrite core as unfinished product. Unfinished product does not exhibit the properties of finished product. In any case, the applicant has in none of its submissions till this stage sought anti-dumping duty on imports of ungrounded soft ferrite core.
- xxvii. The applicant has not stated that ungrounded soft ferrite is included under the scope of the product under consideration in any of its submissions. The scope of the product under consideration has been enhanced by the Authority after the initiation of the investigation and without being sought by the applicant.
- xxviii. Ground and unground soft ferrite articles do not compete with each other since they are different in terms of usage and physical characteristics. The

unground ferrite core cannot be used in the manufacture of transformers as it lacks the necessary characteristics required for practical application and will not provide the desired electrical properties. Grinding is only a pre-requisite step before the final product is manufactured.

- xxix. The applicant does not have a dedicated factory/setup for grinding and cannot provide the actual information on cost incurred from unground to ground soft ferrite, the net fixed assets required, and the value addition done when converting unground soft ferrite core to ground soft ferrite core.
- xxx. Since Speedofer has a dedicated factory/ setup to undertake the process of grinding, only its data can form the basis for calculation of value addition and the net fixed assets deployed for this.
- xxxi. The grinding process to convert unground soft ferrite core to ground soft ferrite core is not merely an incremental activity. Since each soft ferrite core has to be physically inspected for over a hundred defects, the quality checks performed by Speedofer must be counted as production activity after making unground soft ferrite cores.
- xxxii. The past findings relied on by the applicant do not justify the inclusion of intermediate/penultimate products in the scope of PUC. The facts of the final findings relied on by the domestic industry are different from the facts of the present case.
- xxxiii. The applicant's reliance on the factors analyzed by the Authority in the matter of Ofloxacin to justify inclusion of ungrounded soft ferrite cores is flawed since the value addition from O-Acid to Ofloxacin was below 5%.
- xxxiv. Speedofer Components Pvt. Ltd incurs around Rs \*\*\* per MT cost on imported ungrounded soft ferrite core to convert it into grounded soft ferrite core which amounts to more than 40% value addition. More than \*\*\* people are employed to undertake this exercise.
- xxxv. Producers of grounded soft ferrite core from ungrounded soft ferrite core cannot be unfairly more competitive over the applicant, for the reason that whereas the applicant has reported that it incurs only insignificant costs from ungrounded soft ferrite core to grounded soft ferrite, the stand alone producers would incur significant costs.
- xxxvi. The Authority has not provided any reason for inclusion of unground soft ferrite cores in the scope of PUC in the present investigation in its notice specifying the PCN. The meetings held by the Authority to understand the scope of PUC and PCN cannot be treated as a decision. Thus, the interested parties are free to advance their arguments regarding the scope of PUC.

## **C.2. Submissions made by the domestic industry**

6. The following submissions have been made on behalf of the domestic industry with regard to the product under consideration:

- i. The domestic industry manufactures only MnZn soft ferrite cores. MgZn soft ferrite cores and NiZn soft ferrite cores are excluded from the scope of the PUC in the present investigation.
- ii. MnZn soft ferrite cores are customized products which are manufactured as per the customer's specifications such as geometries, dimensions and compositions. It is not possible to list each type of soft ferrite cores that the domestic industry manufactures or is capable of manufacturing in the domestic industry's catalogue. Certain types of MnZn soft ferrite cores are also manufactured only when a customer places an order with the domestic industry with the required specifications.
- iii. The domestic industry manufactures more than 1500 types of MnZn soft ferrite cores. This can be seen in the product portfolio of the domestic industry.
- iv. The list of products sold and the powders used from 2018-19 till December 2023 shows that the domestic industry has sold more than 1500 types of MnZn soft ferrite cores.
- v. To identify whether an imported soft ferrite core is PUC or NPUC, the Customs Authorities may verify the chemical composition of a soft ferrite core through the material safety data sheets maintained by the manufacturers of soft ferrite cores. The Customs Authorities at the port may differentiate that chemical composition of soft ferrite cores to ascertain PUC and NPUC using the X-ray Fluorescence technique and chemical analysis in an NABL accredited lab to determine the composition of a soft ferrite core.
- vi. The Customs Authorities may also differentiate chemical composition of soft ferrite cores to ascertain PUC and NPUC by testing the electrical resistivity of the soft ferrite core.
- vii. The dimensions of a soft ferrite core can be measured using a vernier caliper. The nomenclature of the dimensions of MnZn soft ferrite is universal.
- viii. The importers/users who are raising issues of quality before the Authority have also purchased PUC from the domestic industry and have sent appreciation mails to the domestic industry for such supplies. In support of the same, the domestic industry has provided sample appreciation emails. These parties are also regularly purchasing the PUC from the domestic industry.
- ix. With respect to the supply issues raised by some of the importers / users, the list of sample transactions with purchase order date, committed delivery date and final invoice dates from previous years have been provided to show that there are no delays in the domestic industry's deliveries to the customers. The domestic industry is also prompt in replying to product enquiries made by customers.

- x. Speedofer's claim regarding 70 grades under HSN code 85051110 is unsubstantiated. Speedofer may also be referring to grades used to manufacture NiZn soft ferrite cores, which is NPUC in the present investigation.
- xi. The domestic industry has been supplying MnZn soft ferrite cores to the major transformer manufacturers in India. In support of the same, the domestic industry has provided the purchase orders along with the invoices of sales made to these transformer manufacturers.
- xii. The Authority should not restrict the scope of PUC in the present investigation based on the volume/value of imported cores. The legal criteria to exclude a type / grade of PUC is well settled i.e., if the domestic industry is not manufacturing / not capable of manufacturing a like article in India and imports of which cannot cause injury to the domestic industry.
- xiii. The PUC is a made-to-order specialized product and not all the geometries are manufactured by the domestic industry in the same ratio. They are manufactured when a customer places an order with the domestic industry with the required specifications.
- xiv. It has never been the practice of the Authority to define the scope of the PUC based on volume/value of imports of the subject goods.
- xv. Narrowing down the scope of PUC based on geometries and dimensions will defeat the entire purpose of the present investigation since it will lead to rampant circumvention by the producers in China PR by altering the product descriptions.
- xvi. The domestic industry has supplied high end PUC to transformer manufacturers like Victor Magnetics Private Limited.
- xvii. The domestic industry does not manufacture soft ferrite cores with mirror finish.
- xviii. In an anti-dumping investigation, quality is not a parameter for seeking exclusions and quality is not relevant in defining the scope of PUC.
- xix. Contrary to claims of the importers, the Authority had not decided to restrict the scope of PUC to EE, PQ and Toroid cores in meetings held for PUC/PCN.
- xx. The claims of Speedofer regarding the lack of tools with the domestic industry is without any substance and should not be entertained.
- xxi. The domestic industry has submitted evidence of supplies made to OEMs in form of invoices of sales made by its transformer division Alisha Coils and Transformers to OEMs, specification and approval sheets of OEMs approving the usage of domestic industry's product, sample invoices of sales made by the domestic industry to OEMs.
- xxii. The purpose of PUC/PCN meetings is to finalize the scope of PUC so that information regarding the revised PUC can be collected from all concerned parties. The assertion by importers/users that the purpose is just to discuss the scope of the PUC/PCN without deciding it is absurd.

- xxiii. Since anti-dumping investigation is a time-bound exercise where the Authority has set deadlines for determining aspects such as the scope of PUC and PCN methodology, any further consideration in this regard will only undermine the findings of the Authority on the scope of PUC which has been formalized after such extensive deliberations by all parties and examination of all submissions by the Authority.
- xxiv. The domestic industry has provided all the requisite evidence as directed by the Authority in all its past submissions and has substantiated its claims; while none of the interested parties have made any substantiated claim backed by any positive evidence for defining the scope of PUC in the present investigation.
- xxv. The submissions by one of the importers and trader of the PUC, Speedofer that unground soft ferrite cores should be excluded from the scope of the PUC in the present investigation should not be entertained as Speedofer's change in position from a manufacturer of the PUC to an importer of the PUC creates serious doubts on the veracity of the information and statements made by Speedofer in the present investigation.
- xxvi. Speedofer has been opposing the anti-dumping application since the beginning of the investigation, irrespective of whether unground soft ferrite cores have been included in the PUC. Therefore, the claims made by Speedofer that that it was supporting the application of domestic industry and started opposing it only when the unground soft ferrite cores was included in the scope of the PUC at a later stage is false.
- xxvii. Speedofer has in its active participation shared false information as it declared itself as one of the manufacturers of the PUC despite performing only last stage grinding operations on imported unground PUC.
- xxviii. Unground soft ferrite cores are the penultimate stage in the production process of soft ferrite cores and is a 'Like Article' to the soft ferrite cores i.e., PUC has no independent uses and have the same raw materials and manufacturing process.
- xxix. The basic property of the soft ferrite core is intrinsic magnetic property which is set during sintering and cannot be altered at any stage of the process. Therefore, the grinding operation does not add nor modify the intrinsic magnetic property of soft ferrite cores i.e., there is no difference in the basic properties of unground soft ferrite core and the PUC.
- xxx. The conversion process of the unground soft ferrite core is the process of grinding, which is simple and inexpensive. The Ld. CESTAT in *Oswal Wollen Mills Ltd. vs. Designated Authority* also recognized that if a product is easily convertible and such a fact is also recognized by exporters, then the products are "like products".
- xxxi. Speedofer carries out one step in the production process, before supplying the PUC to its customers. The Authority has examined similar situations in the past and has held that the intermediate product must be included in

the scope of the PUC regardless of the value addition. There exists a strong possibility of circumvention of measures of unground soft ferrite is excluded from the scope of the PUC in the present investigation. If unground soft ferrite cores are excluded from the scope of the PUC, the importers will continue to import unground soft ferrite cores at dumped prices, carrying out grinding operations in India and the injury to the domestic industry will further intensify, defeating the purpose of the ADD when imposed.

- xxxii. The imports of unground soft ferrite cores are significant in the total imports of the PUC into India and has increased over the injury period to as high as 30%.
- xxxiii. There are no characteristic physical or chemical differences between unground soft ferrite cores and PUC. The crucial properties of the PUC i.e., magnetic properties are set during the sintering process. This shows that the product has been produced post-sintering and the importers importing unground soft ferrite cores are not carrying out any operations regarding the manufacturing of the PUC. Grinding operation is not an incremental process to manufacture finished soft ferrite cores.
- xxxiv. Entities apart from Speedofer such as Gursim Techno India, Kaypee Electronics Associates Pvt Ltd and SS Electronics have imported unground soft ferrite cores and have inhouse grinding facilities in India. The domestic industry has also supplied unground soft ferrite cores in the domestic market to Ferrite Sales Corporation, a trader like Speedofer.
- xxxv. Speedofer and the domestic industry both have employees engaged in the grinding process. But it is not a skill intensive exercise and is just the final stage in the manufacturing of the PUC.
- xxxvi. Speedofer is making profit as it is a beneficiary of dumping of the PUC in India. It has claimed a value addition of 15-20% in previous submissions and has revised it to 40% without any reasoning. The Authority in its Final Findings in the *anti-dumping investigation concerning imports of “Stainless-Steel Seamless Tubes and Pipes” originating in or exported from China PR* has noted that secondary producers who import the PUC and processed it to change its form have shielded themselves from dumping and have benefitted from dumping in India.
- xxxvii. Speedofer has not provided any verifiable quantification of conversion cost incurred by it from unground to ground soft ferrite cores.
- xxxviii. The import price of unground soft ferrite core is dumped prices and selling price of Speedofer will include its profit margin, and hence these values cannot be used to calculate value addition. Comparing the costs of production of ground and unground PUC is the appropriate methodology.
- xxxix. The domestic industry is aware of the conversion cost carried out in the grinding process of unground to ground PUC as it carries out the entire manufacturing process of the PUC, has assets dedicated to grinding and

has sold unground PUC. The cost of conversion from unground to ground soft ferrite core is in the range of 4-5% of the total cost of production depending on the type of soft ferrite core.

- xl. A significant portion of investment is made up to the stage of sintering operations and the grinding operations require very less investment in equipment. Based on the machinery wise detail purchased for various operations involved in manufacturing of the PUC, machinery for grinding operations accounts for less than 5% of the total investment made for the plant and machinery.
- xli. The majority of the value addition in the manufacturing process takes place up to the stage of unground soft ferrite core. Nevertheless, value addition is not the sole criterion to include a penultimate product within the scope and unground soft ferrite cores have to be included in the scope of the PUC.
- xlii. The meaning of manufacturing, though not provided in anti-dumping laws, has been considered by judicial bodies under different laws. The cases of Ujagar Prints (2) v Union of India 1989 (SC) and CST v Rajshree Electronics 1996, both provide that manufacturing refers to application of processes to a commodity, to the point where it becomes something commercially new and distinct from the original commodity. Quality checks done by Speedofer cannot constitute manufacturing as they do not produce a new product.
- xliii. The scope of the PUC has been restricted by the Authority based on the actual production data of the domestic industry, and not the capacity of the domestic industry. The claims that the scope of PUC covers geometries not manufactured by domestic industry are baseless.
- xliv. The importer/users have not provided the geometries they believe are not manufactured by the domestic industry.
- xlv. PUC is a customized product and hence, the price of the same geometry can vary with each customer based on the negotiations. Claims by other interested parties that difference in prices of different geometries remove the possibility of circumvention is baseless.
- xlvi. The importer/users made no representations regarding price differences at the time of PCN submissions.
- xlvii. The final findings in the anti-dumping investigation on imports of Industrial Laser Machines, used for cutting, marking or welding” originating in or exported from China PR provides that where the product is customized, the capability to manufacture becomes relevant and if such types of PUC are in commercial competition with the like article they can be covered under the scope of the PUC, including PUC which have not been produced by the domestic industry. Likewise, the PUC in the present investigation is a customized product.

- xlvi. No submission has been made by the domestic industry to include geometries produced by other producers in the scope of the PUC.
- xlvii. The Authority has not enhanced the scope of the PUC by adding unground soft ferrite cores but has provided a clarification since unground soft ferrite cores are the PUC without finishing and is hence included in the scope. Speedofer's strong opposition since the beginning of the investigation shows that unground soft ferrite cores were always included in the PUC.

### **C.3. Examination by the Authority**

7. The submissions made by the interested parties and the domestic industry with regard to the product under consideration have been examined as under:
8. Pursuant to the initiation, the opportunity to make comments on the scope of the product under consideration and PCN was provided to all interested parties. Thereafter, the Authority provided opportunities to all interested parties to explain their submissions with respect to PUC/PCN in the discussions held on 16th January 2024 and 07th February 2024.
9. The Authority notes that the domestic industry has excluded Nickel Zinc (NiZn) soft ferrite cores from the scope of the PUC in the application itself on the ground that NiZn soft ferrite cores are not produced by the domestic industry. Accordingly, the Authority had excluded NiZn soft ferrite cores from the scope of the PUC in the initiation notification.
10. Some of the interested parties made the claim that Magnesium-Zinc (MgZn) soft ferrite cores are not produced by the domestic industry in the PUC/PCN discussions & as per the initiation notification, the PUC is limited to only MnZn soft cores only. In response of the same, the domestic industry clarified that it does not manufacture MgZn soft ferrite cores and the same can be excluded from the scope of the PUC.
11. With respect to the claim regarding the exclusion of soft ferrite cores with mirror finish, the domestic industry has accepted that it does not carry out mirror finishing operations and the soft ferrite cores with mirror finish can be excluded from the scope of the PUC.
12. Some interested parties had sought exclusion of MnZn Soft Ferrite Cores used for high end applications. The Authority had requested these parties to provide a list of MnZn Soft Ferrite Cores used for high end applications. However, none of the interested parties provided such lists or any other submissions regarding the same.
13. After considering comments on the scope of the PUC and PCN methodology, the authority issued a notice that was published on the DGTR website on 5 April, 2024. The authority clarified that the scope of the PUC is restricted to the following geometries and length of MnZn Soft Ferrites Cores-

*The Authority restricts the scope of the PUC to the following geometries and length of MnZn Soft Ferrites Cores-*

- a. *EE/E/EF of length 10 mm to 128 mm*
- b. *PQ/EQ of length 20 mm to 71 mm*

- c. *ET of length 24 mm to 35 mm*
  - d. *Toroid (with and without coating) of length 03 mm to 202 mm*
  - e. *UU/UI of length 10 mm to 141 mm*
  - f. *I Bars of length 20 mm to 245 mm*
  - g. *ER of length 11 mm to 67 mm*
14. The Authority notes that Speedofer was opposing the present investigation since the nascent stages of the investigation hence, the claim that Speedofer was supporting the application is incorrect.
  15. The Authority notes that some of the interested parties have claimed that the Authority has enhanced the scope of PUC by including unground soft ferrite cores in the scope of PUC at a later stage. The other interested parties have claimed that what was included inside the scope of the product under consideration was only finished soft ferrite core which does not include ungrounded soft ferrite core. In this regard it is noted that the applicant has included the data of both grounded and ungrounded soft ferrite core in the application and the authority has just clarified the inclusion of the ungrounded soft ferrites core in the notice dated 5<sup>th</sup> April, 2024.
  16. The Indian authority as well as the authorities in other jurisdictions have considered physical, technical and chemical characteristics of the product, its main use and applications, degree of interchangeability, consumer perception, distribution channels, manufacturing process, cost of production etc. as the parameters to define the scope of the product under consideration. The Authority has thus carefully considered arguments raised by all the interested parties and has examined the scope of the product under consideration based on the following parameters:
    - a. Commercial substitutability and manufacturing process;
    - b. Uses, raw materials, and properties of the products;
    - c. The resemblance in terms of properties even though there were substantial impurities in the domestically produced ‘like product’;
    - d. If the product is easily convertible and such a fact is also recognized by exporters; and
    - e. The difference in raw materials has not been considered decisive if the products are commercially / technically substitutable.
  17. Applying these parameters to the facts of the present investigation, the Authority notes that unground and ground soft ferrite cores both fall under the scope of the PUC because:
    - a. Unground soft ferrite cores are the penultimate stage in the production process of soft ferrite cores.
    - b. The domestic industry has claimed that there is no independent use of unground soft ferrite cores, and it has to be converted to ground soft ferrite cores for usage. However, the user industry has disputed and claimed that ungrounded soft ferrite has its independent usage. In this regard, the Authority notes that ungrounded soft ferrite has minimal independent use and limited application. For making the use of ungrounded soft ferrite core, it has to be converted to grounded soft ferrite cores.

- c. The manufacturing process of ground and unground soft ferrite cores is the same. Unground soft ferrite cores are the penultimate stage in the manufacture of ground soft ferrite cores. Grinding is the final and one step process in the entire manufacturing process of the PUC.
  - d. The basic properties of the PUC i.e., its intrinsic magnetic properties, are set during sintering itself. Thus, there is no difference in the basic properties of unground and ground soft ferrite cores.
  - e. The basic raw materials used for manufacturing of the PUC, either ground or unground are ferric oxide, manganese oxide and zinc oxide. None of the interested parties have disputed this fact.
18. In view of the above analysis, the Authority considers it appropriate to include the ungrounded soft ferrite core in the scope of the PUC.
19. The Authority has considered all the submissions of all the interested parties with respect to the value addition. Considering the fact that there is a minimal value addition in conversion of ungrounded to grounded soft ferrite cores, there is no requirement for creating separate PCN for ground and unground soft ferrite cores. Further, no interested party has proposed the PCN for ground and unground soft ferrite cores at the time of finalization of PUC/PCN, therefore, the Authority does not consider it appropriate to propose any PCNs in the present investigation.
20. In view of the above, the authority defines the scope of the PUC as follows;

*The product under consideration in the present investigation is “Soft Ferrite Cores” originating in or exported from China PR. Ferrite cores are magnetic cores made of ferrites, which are polycrystalline oxides. They belong to a class of materials that exhibit the technically applicable property of ferromagnetism. In a ferromagnetic material, magnetism occurs under an externally applied field. On removals of this field, the material returns to its non-magnetic state. This behaviour is termed as magnetically "soft".*

*Soft Ferrites Cores are made from ceramic compounds by mixing, pressing, extruding, and firing large proportions of ferric oxide ( $Fe_2O_3$ ) blended with a small proportion of one or more additional metallic elements such as strontium, barium, manganese, nickel, and zinc. The most common forms of Soft Ferrite Cores are Manganese-zinc ferrite (MnZn) and Nickel-zinc ferrite (NiZn). The product under consideration in the present investigation is limited to Manganese-Zinc-based Soft Ferrite Cores.*

*The product under consideration is used to attenuate high-frequency noise levels caused by electronic devices. They are available in a variety of geometries to make them suitable for different industries. Owing to their high magnetic permeability & low electrical conductivity, they are equipped in applications, such as RF transformers, switch mode power supplies (SMPS) & ferrite loop stick antennas. They are used in several applications, including but not limited to, electric vehicles, electric*

*vehicle chargers, mobile chargers, LED drivers, telecommunication devices, solar panels etc.*

*The product under consideration is imported under tariff item 85051110 “Ferrite Cores” of the first schedule I to the Customs Tariff Act, 1975. The customs classification is indicative only and is not binding on the scope of the product under consideration in the present petition.*

21. The Authority restricts the scope of the PUC to the following geometries and length of MnZn Soft Ferrites Cores-
  - a. EE/E/EF of length 10 mm to 128 mm
  - b. PQ/EQ of length 20 mm to 71 mm
  - c. ET of length 24 mm to 35 mm
  - d. Toroid (with and without coating) of length 03 mm to 202 mm
  - e. UU/UI of length 10 mm to 141 mm
  - f. I Bars of length 20 mm to 245 mm
  - g. ER of length 11 mm to 67 mm
22. The Authority clarifies that the scope of PUC also covers the above-mentioned geometries of MnZn Soft Ferrites Cores when imported in both ground and unground form and with or without finish. The Authority further clarifies that Nickel-Zinc (NiZn) and Magnesium-Zinc (MgZn) Soft Ferrite Cores, Soft Ferrite Cores with mirror finish are not included in the scope of PUC in the present investigation.

#### **D. SCOPE OF THE DOMESTIC INDUSTRY AND STANDING**

##### **D.1. Submissions made by the other interested parties**

23. The other interested parties have made the following submissions with regard to the scope of the domestic industry and standing in the present investigation:
  - i. Speedofer has submitted that it does not only carry out a minor operation of grinding/finishing and primarily functions as a trader but is engaged in significant value addition through precision grinding since 2011.
  - ii. Speedofer's role in the supply chain is not limited to the distribution of products but extends to the creation of specialized ferrite cores, positioning them as a manufacturer in the industry.
  - iii. The Authority retains discretion to decide whether the production by the other producers holds any significance or not as per applicable laws and trade notices.
  - iv. The applicant in its application has not stated that it has considered exported production of TDK India Pvt. Ltd. (“TDK India”) in ascertaining total Indian production and has stated that exports made by TDK India have been excluded for determining standing.
  - v. The applicant’s submission that there is a typographical error in the application should not be admitted since the error is quite significant.

- vi. The total Indian production should be calculated after considering the exported production as well as production which was captively consumed by the Indian producers.
- vii. The applicant has not stated that TDK India is related to TDK China Co., Ltd., which is engaged in the production and sales of the product under consideration in China in its submissions. Thus, it unclear as to how the Authority has noted TDK India should not be considered as an eligible domestic industry under Rule 2(b) as a claim of the applicant in the initiation notification.
- viii. Since the Authority has considered a criterion not claimed by the domestic industry, it cannot be said that notice of initiation has established standing. This is an incurable defect in the present investigation.
- ix. There is no proof that TDK India has acted different. There is no evidence that the applicant has even invited TDK India to join the investigation. If TDK India believes that the product import is not causing injury to Indian industry, it cannot be construed that the same is because of having a related producer in China, who is not even exporting the product to India despite such a significant demand in India.
- x. TDK China Co., Ltd. is not a significant exporter of PUC to India. Also, the fact that TDK India is exporting significant volumes to TDK China Co., Ltd. itself establishes that the Chinese entity is not even a major producer or exporter of the product to India.
- xi. The issue of relationship and import is relevant only in the period of investigation. The eligibility of the domestic industry is required to be seen with reference to the foreign producers who have exported the product to India. If a foreign producer has not exported the product into India, it does not disentitle a domestic producer from being treated as an eligible domestic producer.
- xii. In those situations where a producer is entirely producing for captive purposes, or a producer is predominantly producing for captive purposes cannot be equated with a situation where a producer is predominantly producing for merchant market, with part captive consumption. In the present case, none of the domestic producers is either an EOU or SEZ. The domestic producers are those having domestic production in a DTA unit with significant domestic sales with or without export sales. There may be some producers which may be captively consuming the product in the domestic market in the period of investigation but may decide to sell in the domestic market.
- xiii. If exports of TDK India are excluded, the total production of applicant for exports must also be excluded for determination of standing. If exports made by both domestic producers are excluded, the applicant does not have a standing as domestic industry.

- xiv. By excluding the captive consumption of other producers and including its own or its affiliate captive consumption in ascertaining total Indian production, the applicant has undertaken discriminatory treatment of its own captive consumption and other domestic producers.
- xv. Production meant for captive consumption as well as for exports should also be included while estimating the total domestic production.
- xvi. Rule 5 requires the Authority to determine whether domestic producers expressly supporting the application account for less than 25% of the total Indian production. Thus, there cannot be a “prima facie” satisfaction of the authority regarding standing.
- xvii. Rule 5 requires the Authority to determine whether domestic producers expressly supporting the application account for more than 50% of production of producers supporting or opposing the application and is a pre-initiation requirement. The application proforma requires the applicant to identify the status of these producers - whether supporter, opposer or neutral.
- xviii. The applicant has presumed that there was no opposition to the application and has attempted to justify the same on the grounds that there is no opposition post initiation. The relevant requirement however is whether 50% test was met at the time of initiation.
- xix. The standing of the domestic Industry in the initiation notification provides that only after the exclusion of export sales by TDK India, and captive consumption by CIE Automotive Ltd., the domestic industry holds only 30-40% of the total domestic production.
- xx. The Director General has determined standing on a basis totally different from the basis on which domestic industry had established its standing. Since the basis adopted by the domestic industry and the Director General are not the same, it follows that the applicant had not established standing, on the basis as found by the authority. In other words, the notice of initiation has established the standing not even demanded by the domestic industry. This is an incurable defect in the present investigation.
- xxi. Both applicant and TDK India are involved in imports of ferric oxide. Based on the consumption norms, it can be considered that the production of TDK India has produced around 5600 MT of PUC. Thus, the production of the applicant would constitute below 25% of Indian production.
- xxii. The respondents have quantified production of TDK India by establishing its purchase of raw material which shows that the petitioner has grossly understated production in an effort to show that it meets standing requirements.
- xxiii. The applicant has requested the Authority to not consider information provided by other interested parties to determine the standing because the petitioner is aware that consideration of right facts would establish that the petitioner does not have standing to maintain the present application.

- xxiv. Only if the exports of TDK India are excluded, the share of applicant in the total Indian production will be in the region of 30-40%, which is the percentage claimed by the applicant in the application. Thus, the statement made by the applicant that their production constitutes 30-40% without excluding exports by TDK India is misleading.
- xxv. The applicant has not provided any substantiative evidence of how it has arrived at the production of TDK India and other domestic producers, and the stated percentages of exports made by TDK India.
- xxvi. As per the information collected by the respondents, exports by TDK India are around only 40% of its estimated production. Even as per the website of TDK India, it has exported around only 50-60% of all products produced by them. The information is publicly available and should be relied upon.
- xxvii. The consideration of the applicant regarding 80% exports of the PUC by TDK India without providing any evidence has skewed and distorted the total domestic demand of PUC.
- xxviii. Applicant in its application had claimed that 80% of the total production of TDK India is exported. However, applicant has changed its stance in their written submissions and have now claimed that the TDK India exports 90% of its production.
- xxix. The applicant has also wrongly claimed that for the reason that TDK India are more inclined towards exports and have related parties, its production for the purpose of standing is not significant, important or serious. If exports of a domestic producer make it insignificant or not important, then the same rationale should also be extended by the applicant to their own exports as well.
- xxx. The applicant has considered only 70% of CIE Automotive India Limited's production for estimation of the total Indian production and total Indian demand. The demand has been further skewed as the applicant has not excluded its own captive consumption while calculating total demand. The assessment of captive consumption by CIE Automotive India Limited is also based on assumptions.
- xxxi. Given that the applicant has significant idle capacities and the average shipment time between India and China is more than 30-45 days, the applicant should have manufactured the PUC instead of importing to meet its' requirement. The reason for imports made by the applicant is absence of certain products from within the applicant's product range and that the applicant's own product could not have been used for the intended application.
- xxxii. The petitioner is a regular importer of the subject goods from China PR and has imported substantial quantities of PUC before, during and post the POI. The imports made by the petitioner have also increased during POI. The petitioner has imported a substantial quantity of PUC during the POI,

which has been recorded as a negligible quantity. Thus, the petitioner is not eligible to constitute domestic industry under Rule 2(b) of the AD Rules.

- xxxiii. Imports made by the petitioner are regular imports and not under any duty-free scheme.
- xxxiv. The circumstances claimed by the applicant for seeking relaxation of ineligibility are not exceptional circumstances. Meeting the orders of its customers is a general course of business and the petitioner must ensure that it has enough stock to meet its customers' demands.
- xxxv. The import data of imports made by the petitioner show that the products imported were of so significantly different geometry that it can be contended that the applicant had to import these products because of its own requirement and partly to meet urgent requirement of some customer since it does not manufacture the same. The Authority should investigate why the petitioner imported the material and allowed its own plant to be not utilized for the purpose. It's a case of self-inflicted injury and therefore not the import per se, but the purpose of imports is important.
- xxxvi. The claim by the petitioner that they imported a minimal volume to meet urgent customer orders and for in-house consumption at Alisha Coils and Transformers (ACT) cannot be considered exceptional. The producers/exporters hereby submit that fulfilling customer orders is a standard business practice, and the ability to meet industry demand is questioned when the petitioner struggles to meet its own needs. Furthermore, market intelligence indicates that the petitioner's imports were regular and not under any duty-free scheme, contrary to their suggestion.
- xxxvii. The applicant has identified three other Indian producers of the product under consideration. However, there is another producer Central Electronics Limited ('CEL'), one of the pioneer public companies in India which produces the product under consideration. The respondents request the Authority to examine the same for determination of total Indian production and demand.
- xxxviii. The domestic industry has not sold ungrounded soft ferrite cores in any meaningful quantities in the current investigation period.
- xxxix. Exclusion of ungrounded soft ferrite core can not lead to its imports for the reason that the processing of the same requires investment, availability of technically expert employees and undertaking significant production activities. It would tantamount to development of industry in the same manner as grounded soft ferrite.
- xl. It is incorrect and misleading to state that grinding is not major meaningful step in the overall production.
- xli. The applicant has presented self-serving calculations. Value addition is the difference between the value of output and the value of input.

Therefore any cost that contributes to transforming or enhancing the product should be considered part of the value addition.

- xlii. Machinery, land and building, marketing employees, administrative overheads etc. all form part of the activities of Speedofer. When all these form part of the cost of production of the Speedofer based on which it determines its prices and Authority determines NIP, these cannot be ignored for value addition.
- xlili. The respondents have nowhere stated that the applicant should be considered ineligible because it has imported the product under consideration. The respondents had only sought real justification for such imports.
- xliv. For the fact that the Applicant made imports of NPUC, the respondents request the Authority to verify the veracity of the claim.
- xlv. The Authority is requested to examine the share of the approval from the product produced by the applicant.
- xlvi. The producers/exporters submitted that the reasons provided by the petitioner for importing the subject goods are not exceptional circumstances. In fact, meeting the orders of its customers is a general course of business and the petitioner must ensure that it has enough stock to meet its customers' demand. It is questionable that when the petitioner cannot fulfill its own demand how can it fulfill Indian industry's demand. Thus, imports are imperative.
- xlvii. The petitioner has provided selective import data in the petition. The Authority is requested to consider the DGCI&S data for the subject goods and critically examine the imports made by the petitioner.
- xlviii. The producers/exporters submitted that the data sourced from the secondary sources is not authentic and reliable. The Authority should have called for DGCI&S data for the examination of imports in the present investigation at the time of initiation.
- xlix. The producers/exporters submitted that the selective choice of import data might have also resulted in the so called "minuscule imports" of the petitioner, which otherwise are not miniscule. Therefore, it is necessary that the Authority should firm up the data first and then only proceed with the present investigation. Accordingly, standing of the domestic industry shall also be revisited.

## **D.2. Submissions made by the domestic industry**

- 24. The following submissions have been made by the applicant with regard to the domestic industry and its standing:
  - i. Article 4.1 of the AD Agreement and under Rule 2(b) of the AD Rules defines the term "Domestic Industry" as domestic producers of the like product "*as a whole*" or who's collectively output of the like product constitutes "*a major proportion of the total domestic production*" of that

- product, subject to exclusion of producers who are related to the exporters or importers or are themselves importers of the allegedly dumped product.
- ii. The threshold for initiation of an investigation and standing under Article 5.4 of Anti-dumping Agreement and Rule 5(3) of the AD Rules is that the domestic producers expressly supporting the application must represent twenty-five percent of the total production of the like article by the domestic industry; and second, in case there are any opposing domestic producers of the like article, the proportion of domestic producers supporting the application should be more than fifty percent than the portion of the domestic producers expressing either support for or opposition, as the case may be, to the application.
  - iii. As per the WTO panel in *Argentina – Poultry Anti-Dumping Duties*, the reference to a major proportion under Article 4.1 of AD Agreement suggests that there may be more than one “major proportion” for the purpose of defining “domestic industry”. Since there may be multiple “major proportions”, it is inconceivable that each individual "major proportion" could – or must – exceed 50 per cent. Therefore, it is permissible to define the "domestic industry" in terms of domestic producers of an important, serious or significant proportion of total domestic production. Article 4.1 of the ADA does not require members to define domestic industry in terms of domestic producers representing majority i.e., 50 plus percent of total domestic production.
  - iv. The Ld. CESTAT in the case of *Lubrizol (India) Pvt. Ltd. vs. Designated Authority [2005 SCC OnLine CESTAT 1199]*, major proportion of domestic production means the collective output that constitutes a significant or important share of the total domestic production. The significant share in total production may be less than 50 percent of the total production in India.
  - v. This reasoning has been followed in a myriad of investigations wherein the Authority has observed that since the phrase used is "major proportion" not "majority proportion", there is no express requirement that Applicants must constitute 50% or more of the total domestic production in order to have a major proportion. The Authority has also observed that domestic producers constituting 30-40% of the total production constitute domestic industry.
  - vi. The domestic industry is largely a single product company focused on the production and sale of PUC in the domestic market; and accounts for around 30-40% of the total Indian production of PUC. The domestic industry constitutes more than 25% of the total Indian production and satisfies the requirement of more than 25% of the total production under Article 5.4 of the ADA and Rule 5(3).
  - vii. CIE Automotive Ltd. produces both soft and hard ferrites. The PUC is a miniscule part of the total turnover of CIE Automotive Ltd. CIE

Automotive Ltd. uses its production for its own downstream products and exports significant quantity of PUC. The production of CIE Automotive Ltd. for the purposes of standing is not significant, and the injury to the domestic industry examination will not be distorted if CIE's domestic performance data of the PUC is not included in the injury examination. Therefore, in the petition, the domestic industry had provided the statement of Indian production, including and excluding the captive production of CIE.

- viii. TDK India is a multiproduct company with related producers/exporters in China. TDK India exports 80% of its production of PUC and does not have an interest in the Indian market.
- ix. Since TDK India has acted differently compared to unrelated parties by not coming forward to join the application in spite of the several requests made by the domestic industry, the Authority may consider TDK India for the purposes of standing is not significant, and the injury to the domestic industry examination will not be distorted if TDK's domestic performance data of the PUC is not included in the injury examination.
- x. The performance of Delta indicates that Delta is incurring significant losses.
- xi. There are no domestic producers of like article who have opposed the application. The producers of the PUC are acting neutral. The domestic industry is the only significant, important and serious domestic producer in India.
- xii. The domestic industry is the only serious player in the domestic market of India because other Indian producers are either captive users or exporters of PUC. Therefore, the domestic industry is representative of the injury caused to the domestic industry in India by dumped imports from China. For the purpose of standing, the production of CIE Automotive Ltd., TDK India and Delta Manufacturing Limited is not significant, important or serious.
- xiii. Given the fact that there are no opposing domestic producers in the present case, the percentage of the domestic producers expressly supporting constitutes 100% of the total production of the like article by producers expressly supporting or opposing the application. Hence, the requirement of 50% test under the explanation to Rule 5(3) is satisfied.
- xiv. The claim of 30-40% share in the total Indian production to determine standing of the domestic industry is based on the total Indian production without any adjustment of the export of TDK India and captive consumption of CIE, and hence, the domestic industry satisfies the requirement under Rule 2(b) read with Rule (5) of AD Rules.
- xv. The domestic industry has never excluded the export volume of TDK India from Indian production to determine the standing of the domestic industry. With respect to CIE, the domestic industry has calculated the

domestic industry's share both including and excluding the captive volumes of CIE and in both the situations the share of the domestic industry in the total Indian production is in the range of 30-40%. This is amply clear from Annexure-2.4 of the petition.

- xvi. Annexure 2.4 shows that the domestic industry first considered the total Indian production without adjusting the Indian production for the captive consumption by CIE, and additionally has calculated excluding only the captive consumption by CIE; and the export production of TDK India was never excluded.
- xvii. In the past anti-dumping investigations, the Authority has calculated the standing including and excluding captive consumption. In the case of *Pig Iron Mfrs Asscn. v/s Designated Authority, Min. of Commerce*, the Ld. CESTAT ruled that captive consumption is to be treated as a separate market while computing domestic industry and producers using their production for captive purposes are to be excluded from the scope of domestic industry marketing their products in the domestic market.
- xviii. The Authority must not consider the information provided by other interested parties regarding the production of other Indian producers without confirmation from the other Indian producers and without verification. The interested parties should also disclose the actual numbers and the source to the domestic industry for making comments on the same.
- xix. The domestic industry in its pre-initiation clarifications had claimed that TDK India may be considered an ineligible domestic producer due to its affiliations in China. This claim has been noted by the Authority in its initiation notification. The Authority did not consider TDK India as ineligible as its share was included in the total production of India. The claims of domestic industry have been noted in the initiation notification in several past investigations.
- xx. CEL has stopped its operations of manufacturing soft ferrite cores 20 years ago and is presently a customer of domestic industry for soft ferrite cores. They manufacture ferrite substrates which is not the PUC.
- xxi. After ensuring absence of opposition, the Authority initiates an investigation when *prima facie* the applicant has a standing, and once the investigation is open, other producers can oppose the application.
- xxii. The methodology provided by the other interested parties to determine the production of TDK India based on imports of ferric oxide is flawed because of the following reasons:
  - The import of ferric oxide does not mean that the entire ferric oxide imported by TDK India has been utilized to manufacture PUC in the POI.
  - TDK India also manufactures MnZn Soft Ferrite Cores, NiZn Soft Ferrite Cores, Permanent Magnets and Ferrite Powder, all of which

require ferric oxide as a major raw material. The other interested parties have not made any adjustments on account of this.

- The other interested parties have neither accounted for the consumption of ferric oxide for those geometries of MnZn soft ferrite cores covered under scope of PUC nor have they suggested any methodology for segregation of the same.
- The interested parties have done double counting of ferric oxide imports by considering both imports cleared under warehoused and ex bond bills of entry.
- The PUC cannot be manufactured without manganese oxide, which also has to be imported since the quality required for manufacturing the PUC is not available in India. TDK India has imported only 1,008 MT of manganese oxide in the POI. Applying the SION and considering that 0.0340 Kg of manganese oxide is required for manufacturing 1 kg of MnZn soft ferrites, TDK India could have manufactured only 3,316 MT of MnZn soft ferrites. It is also not possible to account the scope of PUC restricted to certain geometries in this data.
- The imports of ferrite powder by TDK India cannot be directly considered to determine the quantity of MnZn soft ferrite cores being manufactured. SION is different for ferrite powder and ferric oxide, which the interested parties have failed to consider. Moreover, as per market intelligence available with the applicant, TDK India imported only 26.35 MT of ferrite powder, which can be used to manufacture only 21.08 MT of MnZn soft ferrite cores.
- TDK India has also exported 414 MT of ferrite powder in the POI to its related entities. 311 MT ferric oxide must have been used to manufacture this ferrite powder. This has not been accounted for by the interested parties.
- If the methodology applied by the interested parties is considered and production is determined based on the imports of ferric oxide, the production of Delta Manufacturing Limited would be nil since Delta Manufacturing Limited has not imported ferric oxide in the POI.

xxiii. The interested parties have not accounted for several adjustments prerequisite for determining the production of TDK India and has just based their calculation on the imports of ferric oxide.

xxiv. Without prejudice to the above submissions, if the Authority wishes to calculate the PUC production of TDK India and other domestic producers based on the imported input, the following methodology should be considered by the Authority:

- xxv. The Authority should consider the imports of Mn<sub>3</sub>O<sub>4</sub> and not the imports of Ferric Oxide as the basis to calculate the production of the Manganese Soft Ferrite or the PUC due to the following reasons-
- The quality of Mn<sub>3</sub>O<sub>4</sub> required for manufacturing of the Manganese Soft Ferrite is not available in India. Therefore, Mn<sub>3</sub>O<sub>4</sub> is imported by the producers of the Soft Ferrite Cores in India. The domestic industry has met all its requirements of Mn<sub>3</sub>O<sub>4</sub> by importing only and the same can be verified with the costing data of the domestic industry.
  - Mn<sub>3</sub>O<sub>4</sub> is only used in manufacturing of Manganese-Zinc Soft Ferrite Cores whereas Ferric Oxide is used in manufacturing of Manganese-Zinc Soft Ferrite Cores, Nickle-Zinc Soft Ferrite Cores and Permanent Magnets. Consideration of manganese oxide to calculate the production eliminates the possibility of overlap of production of other products such as NiZn soft ferrite cores and permanent magnets.
  - The per unit cost on account of Mn<sub>3</sub>O<sub>4</sub> constitutes the highest cost in the total raw material cost of MnZn Soft Ferrite Cores and second highest in terms of the quantity as compared to Ferric Oxide.
- xxvi. Since Delta has not imported Ferric Oxide, Mn<sub>3</sub>O<sub>4</sub> and ferrite powder, and considering the logic given by the importers/users, the Authority should consider the nil production of Manganese-Zinc Soft Ferrite Cores for Delta. However, the Annual Reports of Delta Manufacturing Limited shows otherwise. Therefore, it may be assumed that Delta has procured ferrite powder from either TDK India or CIE Automotive India Limited. In this case, the domestic industry has suggested the following methodologies to ascertain the production of MnZn soft ferrite cores for the other Indian producers:
- Ascertain the turnover of Manganese-Zinc Soft Ferrite Cores using the segment reporting for Soft Ferrite given in the Audited Annual Account of Delta.
  - The average domestic selling price of the domestic industry should be considered to arrive at sales quantities. Since there is no information available with respect to the change in inventory, the sales quantity MnZn Soft Ferrite Cores can be considered as production quantity of MnZn Soft Ferrite Cores of Delta.
  - The production quantity of MnZn Soft Ferrite Cores of Delta so arrived should be adjusted in the production quantity of either TDK India or CIE or nil production should be considered for Delta. Else, to the extent of Delta's production, it will amount the double counting of production both in Delta and CIE/TDK.

- Alternatively, the imports of manganese oxide made by TDK India and CIE in the POI may be considered to arrive the production of MnZn Soft Ferrite Cores in the POI. For this purpose, the consumption factor of 0.3040 given in the SION can be used. In this case, there is no need to adjust Delta's production because this production already includes the production done by Delta.
- xxvii. Without prejudice, the domestic industry has also provided various methodologies to arrive at the production of all other Indian producers based on the imports and exports of ferric oxide, manganese oxide and ferrite powder. The production of the applicant remains above 25% of the total Indian production in all these scenarios.
- xxviii. Without prejudice, additional methodology for the calculation of TDK India's production based on the turnover of soft ferrites has been provided by the domestic industry:
  - Total turnover of the soft ferrites reported in the Annual Report is subtracted with the export value of soft ferrites made by TDK India to arrive at the domestic sales value.
  - The domestic sales value arrived at is divided by the average selling price of the domestic industry to calculate the domestic sales of soft ferrites.
  - The export sales value of TDK India has been divided by the rate for the transaction which has been reported in Kgs.
  - The domestic sales quantity and export sales quantity so arrived has been considered as production in the absence of any concrete information available with respect to the inventory of soft ferrites lying with TDK India.
- xxix. If TDK India's production is calculated with the additional methodology, the share of domestic industry remains 30-40%, including or excluding captive, satisfying threshold given in Rule 2(c) read with Rule 5.
- xxx. The domestic industry has imported the miniscule quantities of the PUC in 2021-22 and POI from the subject country to meet the urgent demand and orders of certain customers that the domestic industry was unable to manufacture. No imports were made by the domestic industry in the other years of the injury period from the subject country. The imports made in 2020-21 are not imports but the return of the products the domestic industry had exported.
- xxxi. The imports made by the domestic industry in 2021-22 and the POI is less than 1% of its own production, its own sales, total Indian production demand in the country.
- xxxii. The domestic industry is not a regular importer of the PUC and is focused primarily on the manufacturing and selling of the PUC in India. The miniscule imports made by the domestic industry during the POI in terms of its own production and sales and total imports of the PUC from the

subject country are negligible to disentitle it from being treated as eligible domestic industry.

### **D.3. Examination by the Authority**

25. The issues raised by the other interested parties and the domestic industry with respect to the domestic industry's standing have been examined below-
26. Rule 2(b) of the Anti-Dumping 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 such case the term ‘domestic industry’ may be construed as referring to the rest of the producers”.*
27. The application was filed by Cosmo Ferrites Limited. Apart from Cosmo Ferrite Limited, there are 3 other domestic producers of the PUC in India namely:
  - a. TDK India Pvt Ltd.
  - b. CIE Automotive India Limited
  - c. Delta Manufacturing Limited
28. None of the other domestic producers have either supported or opposed the application filed by the applicant. The Authority notes that the applicant has claimed that it constitutes 30-40% of the total Indian production in the POI and the same was considered by the Authority for the initiation of the present investigation.
29. With respect to the submission made by other interested parties that applicant has presumed that there was no opposition to the application and has attempted to justify the same on the grounds that there is no opposition post-initiation, the Authority notes that it has not received any opposition from any other Indian producer of the PUC.
30. The other interested parties have submitted that the Authority has erred in initiation of the present investigation claiming that there cannot be a *prima facie* satisfaction of the Authority with respect to standing of the domestic industry. The Authority notes that none of the other domestic producers have participated in the present investigation to either support or oppose the investigation. The Authority sent intimation letters to all other domestic producers to share the data of their production in the application proforma after initiation of the investigation but except TDK India, no response was received. TDK India vide email dated 29 November, 2023 has communicated that it exports more than 80% of the total manufactured goods outside India and is not interested in participating in the present investigation. Later in June 2024 also, the Authority sought such information from the domestic producers and responses were received only from TDK India Ltd wherein they stated that the total production of “Manganese-Zinc (MnZn) Soft Ferrite Cores of their company for the period from 1st April 2022 to 31st March 2023 (12 months) was \*\*\* M Tons and therein captive consumption was NIL. They further reiterated that they do not wish to participate in

the investigation. It is to be noted that TDK India has not opposed the application filed by the applicant.

31. With respect to the submission made by other interested parties that there is no evidence that the applicant has even invited TDK India to join the investigation, the Authority notes that TDK India has informed the Authority, it is not interested in joining the application.
32. With respect to the submission made by other interested parties that the applicant is obligated to consider the entire production while estimating total domestic production in the country, the Authority notes that the applicant has provided the total Indian production of the PUC in the application. The Authority has also considered the total Indian production for the purpose of determining standing in the present investigation.
33. The other interested parties have raised concerns with respect to the standing of the applicant in the present investigation, claiming that the domestic industry has erred in determining its share in the total Indian production by excluding the export volume of TDK India from Indian production to determine the standing of the domestic industry. The Authority had sought clarification from the domestic industry in this regard. The domestic industry submitted that it had inadvertently stated that the production of TDK India for their affiliate exports had been excluded to determine the standing in their application. The domestic industry clarified that it has never excluded the export volume of TDK India from the total Indian production to determine the standing of the domestic industry, which can also be seen in Annexure 2.4 of the application.
34. The other interested parties have submitted that the Authority has erred by excluding the production volume of TDK India while determining standing for the purpose of initiation in the initiation notification. The Authority notes that it has only noted the claim of the domestic industry made in the pre-initiation clarifications provided by the domestic industry. The Authority notes that it did not consider TDK India as an ineligible domestic producer at the time of initiation and the total Indian production determined at the time of initiation included the total production of TDK India.
35. With respect to the submission made by other interested parties that TDK China Co., Ltd. is not a significant exporter of PUC to India and TDK India exports significant volumes to TDK China Co., Ltd., the Authority notes that the total production of TDK India has been considered in the determination of the total Indian production of the PUC and TDK India has been treated as an eligible domestic producer.
36. With respect to the arguments to calculate the standing including captive consumption, the Authority notes that the domestic industry has only provided the calculation for determination of standing including and excluding the captive consumption of CIE Automotive India Limited.
37. The other interested parties have also claimed that Central Electronics Limited is also a manufacturer of PUC. The Authority notes the submission of the domestic industry that Central Electronics Limited has shut down its operations and is currently a customer of the domestic industry. The domestic industry has claimed that it has sold the goods to this entity.

38. Some other interested parties have submitted that the applicant does not constitute domestic industry since its production constitutes less than 25% of the total Indian production. The interested parties have claimed that the actual production of TDK India is much higher than the production considered by the applicant in its application. To this effect, the interested parties have submitted that ferric oxide is the major raw material for the production of PUC and since ferric oxide is not available in India, imports are the only source of procuring ferric oxide. The interested parties have applied the SION for soft ferrite cores on the total imports of ferric oxide by TDK India and have determined that the production of TDK India is around 5600 MT, which would lead to the share of the applicant dropping below 25% of the total Indian production.
39. The Authority notes that the domestic industry has also provided various methodologies to arrive at the production of all other Indian producers based on the imports and exports of ferric oxide, manganese oxide and ferrite powder and annual reports of Delta and TDK India.
40. A communication was sent to TDK India to ascertain their production, TDK India replied on 20 June, 2024 that they do not wish to participate in the subject investigation. Further, they stated that the total production of “Manganese-Zinc (MnZn) Soft Ferrite Cores for the period from 1st April 2022 to 31st March 2023 (12 months) of their company was \*\*\* M Tons and the captive consumption was nil. The detail provided is approximately the same as mentioned by the domestic industry in its petition.
41. Barring domestic industry, none of the interested parties provided any information to ascertain the production of any other producer in India. The Authority has considered the information provided by the applicant and the information of TDK India to ascertain total Indian production. Some interested parties have submitted that 50% test has not been qualified by the applicant under Rule 5(3) of the AD Rules. The 50% test is applied by the Authority only where there is opposition to the application filed by the domestic industry. In case there is no opposition to the application, it can be considered that the 50% criteria are also fulfilled by the domestic industry. The Authority further notes that there is no opposition by other Indian producers in the present investigation. Therefore, a 50% test need not be applied in the present investigation.
42. The other interested parties have also submitted that the applicant is a regular importer of the PUC and thus, is not eligible to constitute domestic industry in the present investigation. The Authority notes that the domestic industry has made imports in 2021-22 and the POI. The applicant has claimed that it imported to cater to urgent needs for its division – Alisha Coils & Transformers. The domestic industry further stated that the it has imported \*\*\* MT during the POI & the imports made are even less than 1% of the Indian demand &/or production. The Authority notes that the imports made by the applicant do not disentitle it from constituting domestic industry in the present investigation.

43. Thus, the evidence on record shows that the applicant commands a major proportion in the total domestic production of India. Further, the applicant constitutes 30-40% of the total Indian production. Accordingly, the Authority notes that the applicant constitutes domestic industry within the meaning of Rule 2(b) of the Rules and considers that the application satisfies the criteria of standing in terms of Rule 5(3) of the Rules.
44. The interested parties and the domestic industry have made reference to several decisions of the judicial bodies and the past findings of the authority to substantiate their arguments. There is no doubt that the Authority can refer to the previous decisions as it provides valuable insights, however, it is pertinent to note that each case is distinct and warrants independent consideration.

## **E. CONFIDENTIALITY**

### **E.1. Submissions of the other interested parties**

45. The following submissions have been made by the other interested parties with regard to the confidentiality:
  - i. A private company is not required to disclose financial information to the public. Therefore, the financial statement is not freely available in the public domain. Trade Notice 10/2028 is silent about the financial statement of user/importer industries and its requirements to disclose to the other interested parties.
  - ii. Annexure- 3 contains transaction-wise details of purchase PUC made by the respondents. This information is not available in the public domain and is not susceptible to summarization. Trade Notice 10/2018 does not instruct that the information of Annexure- 3 to be disclosed to the other interested parties in any form.
  - iii. The respondents will disclose name of currency, and exchange rates for the purchase of product under consideration only if the Authority directs.
  - iv. The description reported in Appendix-1 contains details of the different geometries imported by Speedofer. The information is business sensitive information. Confidentiality on the description of the product imported is claimed in line with the practice allowed by the Authority.
  - v. The description reported in Appendix-4 contains details of the different geometries sold by Speedofer. The information is business sensitive information. Description of the product re-sold is claimed confidential in line with the practice allowed by the Authority.
  - vi. Costing methodology of the applicant is business sensitive information that cannot be disclosed. In fact, the applicant has itself claimed it completely confidential but raising allegations on the respondents.
  - vii. There is no inconsistency between the information provided in Annexure-4 and Annexure- 5. Since there is no resale of the PUC during the period of investigation, the information has not been reported.

- viii. The applicant has in para 181-184 of the written submission claimed that the quality concerns made by the users/consumers have already been addressed. The applicant has provided evidence of certain email correspondence but has claimed them completely confidential. Since these submissions pertain to email communications with the respondents (who have authorised us to appear on their behalf), these should be disclosed to us. Claiming these as confidential highly undermines the credibility of the applicant comments and has also prevented respondents from commenting on the submissions.
- ix. The respondents had in the rejoinder submissions filed dated 17th June 2024 requested disclosure of these communications. The respondents vide email dated 5th August 2024 filed a letter and again requested disclosure of these communications. Instead of providing adequate reply to the submissions of the respondents, the applicant just brushed aside the submissions on account of them being belated.

## **E.2. Submissions of the domestic industry**

- 46. The following submissions have been made by domestic industry with regard to confidentiality:
  - i. Yibin Jinchuan Electronics Co., Ltd., Tongxiang Huayuan Electronic Co., Ltd., Hengdian Group DMEGC Magnetics Co., Ltd. and Huzhou Haotong Electronic Technology Co., Ltd. have claimed confidentiality on the list of products sold/produced during the POI without providing a justification for the same in their EQRs.
  - ii. Yibin Jinchuan Electronics Co., Ltd. Tongxiang Huayuan Electronic Co., Ltd., Hengdian Group DMEGC Magnetics Co., and Huzhou Haotong Electronic Technology Co., Ltd. has claimed complete confidentiality on the list of related companies involved in PUC in their EQRs.
  - iii. Yibin Jinchuan Electronics Co., Ltd., Hengdian Group DMEGC Magnetics Co., and Huzhou Haotong Electronic Technology Co., Ltd. has claimed complete confidentiality on the manufacturing process for the PUC.
  - iv. Yibin Jinchuan Electronics Co., Ltd., Hengdian Group DMEGC Magnetics Co., and Huzhou Haotong Electronic Technology Co., Ltd. have claimed complete confidentiality over their channels of distribution in their EQRs.
  - v. In Appendix-3B of their EQR, Yibin Jinchuan Electronics Co., Ltd. and Huzhou Haotong Electronic Technology Co., Ltd. has claimed complete confidentiality with respect to all the particulars such as description of product, terms of payment, delivery terms and exchange rate for the export of PUC during the POI.
  - vi. Hengdian Group DMEGC Magnetics Co. has claimed all adjustments for export price comparability as confidential without any due justification. Further, in its Appendix-3A, Hengdian Group DMEGC Magnetics Co. has

- reported certain adjustments under the category ‘any other deduction’ and claimed the entire Appendix-3A as confidential which prevents the applicant from understanding the basis and nature of such adjustments.
- vii. The exporter has claimed excess confidentiality in their exporter’s questionnaire response.
  - viii. Victor Magnetics Pvt. Ltd., Minghao Electronics India Private Limited, GT Magnetics Private Limited, and Speedofer have claimed excessive confidentiality by not disclosing their audited financial statements for the year 2021-22 and 2022-23 in their UQRs.
  - ix. In Appendix-1, Speedofer has claimed confidentiality on the description of the product imported by it. The disclosure of this information is essential to determine whether Speedofer is also importing the PUC in any other form for trading.
  - x. Under Appendix-4, Speedofer has claimed confidentiality on the description of the product resold by it. The disclosure of this information is essential to determine whether Speedofer is also importing the PUC in any other form for trading.
  - xi. YMD Electromac India, Victor Magnetics Pvt. Ltd., Minghao Electronics India Private Limited and GT Magnetics Private Limited have claimed complete confidentiality in Annexure-3 without even disclosing the name of currency, delivery terms and exchange rate for the purchases of PUC during the POI.
  - xii. YMD Electromac India, Victor Magnetics Pvt. Ltd., Minghao Electronics India Private and GT Magnetics Private Limited have claimed complete confidentiality over Annexure-4 but have not provided any information relating to resale of PUC in Annexure-5 of the UQR. This raises doubts on the nature of these parties as users or traders.

### **E.3. Examination by the Authority**

47. The submissions made by the other interested parties and the domestic industry with regard to the confidentiality have been examined as under-
48. The Authority made available non-confidential version of the information provided by various parties to all interested parties as per Rule 6(7) of the AD Rules.
49. With regard to confidentiality of information, Rule 7 of Anti-Dumping 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 parties providing information on confidential basis to furnish non-confidential 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.”*

50. The domestic industry has raised the issues of confidentiality claims of the other parties. The user industry provided its reply justifying the confidentiality claimed. The information provided by the interested parties on confidential basis was examined with regard to sufficiency of the confidentiality 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 confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis. The Authority made available the non-confidential versions of the evidence submitted by the various interested parties in the form of public file.
51. A list of all the interested parties was uploaded on DGTR’s website along with the request to all parties therein to email the non-confidential version of their submissions to all other interested parties.

## **F. MISCELLANEOUS ISSUES**

### **F.1. Submissions made by the other interested parties**

52. The other interested parties have made the following miscellaneous submissions in the present investigation:
- i. The import data sourced from the secondary sources is not authentic and reliable.
  - ii. The petitioner cannot be selective while considering the import data as per their convenience. The imported products whether imported in kgs, pcs or pairs are competing in the same market with the PUC in the Indian industry. The petitioner should have considered the whole import data for HSN Code 85051110 for the examination of the dumping and injury and all the analysis shall be based on the same. However, the import considered in the petition is vitiated and understated. the petitioner should also be asked by the Authority to disclose the conversion methodology used for converting the subject goods into weight.
  - iii. The selective choice of import data might have also resulted in the so called “minuscule imports” of the petitioner, which otherwise are not miniscule.

## F.2. Submissions made by the domestic industry

53. The domestic industry has made the following miscellaneous submissions in the present investigation:
- i. There is no requirement under law or trade notice issued by authority for the domestic industry to file an importer's questionnaire response if it has imported PUC.
  - ii. The Authority should not accept the submissions of the importers/user who have not filed the importer/user questionnaire. The Ld. CESTAT in *Merino Panel Products v Designated Authority* has held that it is incumbent on the importer to establish they are an interested party, under section 2(c), by furnishing information as required in the questionnaire. Only four users have filled the questionnaire response and only their submissions can be accepted.
  - iii. There is no entity named Rory Electronic Pvt. Ltd, and hence, any submissions made on behalf of this party should be discarded by the Authority.
  - iv. Tongxiang Huayuan Electronic Co., Ltd., Yibin Jinchuan Electronics Co., Ltd. and Hengdian Group DMEGC Magnetics Co., Ltd. have not reported the geometry of the PUC in their Appendices. If the geometry is not provided by these exporters, the Authority will never be able to determine and verify whether the transactions reported by these exporters even pertain to the geometries covered in the scope of the PUC.
  - v. In the absence of geometry detail, the Authority will not be able to verify the correctness of the geometry reported by these exporters in the export transactions. Each geometry has different weight; therefore, to verify the accuracy of the weights reported, the reporting of geometry is must.
  - vi. Exporters have neither provided the weight per unit in their appendices nor the calculation methodology for converting the data for pieces/pairs to weight.
  - vii. Tongxiang Huayuan Electronic Co., Ltd. has stated in the EQR that it has not produced the PUC but has only exported the PUC produced by its related producer Huzhou Haotong Electronic Technology Co., Ltd. to India. However, Tongxiang claims to be a manufacturer of the PUC on its website, with South Asia as 50% of its market.
  - viii. Despite claiming on the website that it exports the PUC to all over the globe, Tongxiang Huayuan Electronic Co., Ltd. has not reported any sales to third countries in their EQR.
  - ix. No relative value in the finished product and quantification of impact of ADD has been provided by any of the users in the UQR, which is the most important information a user can provide to show the impact of ADD on their downstream products.
  - x. The PUC is used in transformers meant for different applications. Therefore, the impact of the ADD on different types of transformers will

be different. However, none of the user has given the segregation of cost of production and selling price of different transformers. This information will not enable the Authority to calculate the impact of ADD on different transformers.

- xi. No user has provided the geometry of soft ferrite cores and weight per piece regarding the purchases of PUC during the POI and the calculation methodology for converting the import data in MT in their questionnaire responses.
- xii. Siya Overseas LLP, Ferro Star and Shree Shyam Components have filed empty questionnaire responses, with reply to only a few questions in the questionnaire response. Most of the responses in the importer questionnaire responses are blank without providing any due justification of the same.
- xiii. Speedofer has filed an IQR in the present investigation which is riddled with inconsistencies. Considering these inconsistencies, we request the Authority to kindly reject the IQR filed by Speedofer.

### **F.3. Examination by the Authority**

- 54. The miscellaneous submissions made by the other interested parties and the domestic industry have been examined as below-
- 55. As regards the concerns expressed by the interested parties regarding the import data used by the applicant in its petition, the Authority for the purpose of the present investigation, has relied upon DG Systems data.
- 56. The Authority notes that submissions have been filed on behalf of 12 importers/users. However, only 7 importers/users have filed questionnaire responses in the present investigation. Out of the 7 importers/users, Siya Overseas LLP, Ferro Star and Shree Shyam Components have filed grossly deficient responses. The authorization letter of these users is with the Authority and these parties had registered withing the prescribed time limit. The submissions made by these parties are same as submissions made by the other users. Therefore, consideration or non-consideration of their submissions does not have only material impact on the investigation.
- 57. The domestic industry has raised certain concerns with the respect to the questionnaire responses filed by the exporters in the present investigation. The domestic industry submitted that Tongxiang Huayuan Electronic Co., Ltd., Yibin Jinchuan Electronics Co., Ltd. and Hengdian Group DMEGC Magnetics Co., Ltd. have reported the geometry of the PUC and have provided the weight per unit in their appendices. The Authority notes that it had sought certain information/clarification from the exporters which have been provided by the producer/exporters. The EQRs are found satisfactory and considered by the Authority.
- 58. As regards the claim of the domestic industry that the users participating in the present investigation have not provided the relative value of the PUC in the finished products manufactured by them nor have they provided the quantification of the impact of ADD if imposed on their downstream products. The Authority notes that the information on share of the product under consideration in the total cost of the downstream product is

part of the response filed by the users. Further, the users through written submissions and letters also provided the impact of anti-dumping measures.

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

### **G.1. Submissions made by the other interested parties**

59. The following submissions have been made by the other interested parties regarding normal value, export price and dumping margin:
- i. Designation of China PR as a Non-Market Economy (NME) is not in accordance with applicable laws and procedures.
  - ii. The relevant provision in Section 15 of China's accession protocol which allowed for treatment of China PR as an NME has expired on 11th December, 2016. Therefore, there is currently no provision prevailing which allows the Authority to treat China PR as an NME in any investigation.
  - iii. The Authority should determine the normal value in accordance with Article 2 of the Anti-Dumping Agreement
  - iv. The Authority should apply the data on costs and prices provided by the Company in this response for the determination of the normal value rather than applying analogue country data in this instigation.
  - v. The applicant has quantified dumping margin as high as 80-90% and injury margin as 40-50%. It is also relevant to point out that the applicant itself has quantified impact of anti-dumping duty by considering 15% anti-dumping duty. In other words, the applicant is aware that its claim of injury margin is exaggerated (which implies absence of adequate and accurate information in the application). If injury margin is considered as 15% and dumping margin as 80%, the difference between cost of production adopted for CNV and NIP would still increase further. Evidently, highly inaccurate data has been presented to the authority.

### **G.2. Submissions made by the domestic industry**

60. The following submissions have been made by the domestic industry regarding normal value, export price and dumping margin in the present investigation:
- i. As per Article 15 (d) of the Accession Protocol, the expiration of the provisions of Article 15(a) subparagraph (ii) does not lead to an automatic conclusion that China PR would be granted a Market Economy Status. China PR obligation to establish, under the national law of the importing WTO Member that it is a market economy, for the provisions of subparagraph (a) to be terminated has not yet been discharged.
  - ii. China PR has been consistently treated as an NME both by the Indian Authority and investigating authorities in other countries in all anti-dumping investigations in the last three years. On this basis, China PR may be validly treated as an NME for the purposes of the present

- investigation and Authority should determine normal value for China under NME conditions, unless proved otherwise by specific producers/exporters from China.
- iii. None of the participating exporters have claimed market economy status in the present investigation.
  - iv. The Authority must construct 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 of margin; since the information required for the construction of normal value based on the price or constructed value in the market economy third country, or based on the price from such a third country to other country, is not available with the domestic industry and has not been provided by any other interested party as well.
  - v. In the present investigation, the Authority must construct normal based on the domestic industry's cost of production and include a reasonable profit margin on it.
  - vi. Out of the approximately 92 producers/exporters from China who have exported the PUC to India over the injury period, only 2 groups have participated in the present investigation. The top 9 exporters constitute more than 80% of the exports of the PUC in the POI.
  - vii. The participation of the exporters/producers from the subject country is minimal, which implies that the remaining exporters have not participated as their dumping margin will be higher than the dumping margin claimed by the domestic industry in the application.
  - viii. None of the participating producers/exporters have denied dumping in the present investigation. Since the participation of exporters from the subject country is at the lower end, the actual dumping margin for some of the exporters/producers will be much higher than the claim of dumping margin made by the domestic industry in the application.
  - ix. The dumping has intensified over the injury period. In the present investigation, the import prices of the PUC were not moving in tandem with the change in the major input prices.
  - x. Contrary to Speedofer's claims that there is no dumping of the PUC from China in the country. However, its own supplier from China has not participated in the present investigation to prove that there is no dumping.
  - xi. The dumping margin for Speedofer's suppliers in China is more than the dumping margin claimed in the application. It is clear that Speedofer is involved in dumping practices and is a beneficiary of dumping in India, and the claim made by it that there is no dumping is factually incorrect.

### **G.3. Examination by the Authority**

#### **G.3.1 Determination of normal value**

##### **Examination of Market Economy Treatment**

61. The submissions made by the domestic industry and the other interested parties have been examined as below-
62. The Authority sent questionnaires to the known producers / exporters from the subject country, advising them to provide information in the form and manner prescribed by the Authority. The following groups of producers/exporters have filed response to the exporter's questionnaires:
  - i. Huzhou Haotong Electronic Technology Co., Ltd. (producer) and Tongxiang Huayuan Electronic Co., Ltd. (exporter)
  - ii. Yibin Jinchuan Electronics Co., Ltd. (producer/exporter) and Hengdian Group DMEGC Magnetics Co., Ltd. (producer/exporter)
63. The Authority notes that none of the producers/exporters have filed a response to the relevant questionnaire to claim market economy treatment.

**Normal value for China PR**

64. Article 15 of China's Accession Protocol to the 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.*

*(b) 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.*

*(c) 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.*

*(d) 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 non-market economy provisions of subparagraph (a) shall no longer apply to that industry or sector.*

65. The applicant has relied upon Article 15(a)(i) of China's the Accession Protocol as well as para 7 of the Annexure I. The applicant has claimed that producers in China PR must be asked to demonstrate that market economy conditions prevail in their industry producing the like product with regard to the manufacture, production and sale of the product under consideration. It has been stated by the applicant that in case the responding Chinese producers are not able to demonstrate that their costs and price information are market-driven, the normal value should be calculated in terms of provisions of Para 7 and 8 of Annexure- I to the Rules.
66. It is noted that while the provision contained in Section 15 (a)(ii) has expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO Anti-dumping Agreement read with the obligation under Section 15(a)(i) of the Accession Protocol require criterion stipulated in paragraph 8 of Annexure I of the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming market economy treatment. It is noted that since the responding producers/exporters from China PR have not submitted response to the supplementary questionnaire the normal value computation is required to be done as per the provisions of paragraph 7 of Annexure I of the Rules.
67. As none of the producers from China PR have claimed determination of normal value on the basis of their own data/information, the normal value has been determined in accordance with paragraph 7 of Annexure I of the Rules, which 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 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. 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 the selection. Account shall also be taken within time limits; where appropriate, of the investigation*

*if any made in similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.”*

68. The Authority notes that under the provisions of para (7) of Annexure I, the normal value may be determined on the basis of price or constructed value in a third country, or the price from such country to other countries, including India. However, when such basis is not possible, only then the Authority can determine normal value on any other reasonable basis, including the price paid or payable in India.
69. As per paragraph 7 of Annexure I to the Rules, the Authority may move to the third method of determining normal value on any reasonable basis, when it has exhausted the first method, that is, price or constructed value in third country, and second method, that is, price from third country to other countries, including India. However, it is noted that no reliable information/evidence has been provided by the parties for the construction of the normal value on the basis of the first two methods. Imports from third country to India is almost nil, since the subject country has almost 100% share in imports. In the absence of the information/evidence, it is not possible for the Authority to determine normal value on the basis of the first or second method. Therefore, the Authority has decided to construct normal value based on the third method, i.e., *on any other reasonable basis* by considering the cost of production in India along with reasonable profits. The normal value so determined is provided in the dumping margin table below.

### **G.3.2 Determination of Export Price**

#### **a. Export price for cooperating producers/ exporters**

##### **i. Huzhou Haotong Electronic Technology Co., Ltd. (producer) and Tongxiang Huayuan Electronic Co., Ltd. (exporter)**

70. Huzhou Haotong Electronic Technology Co., Ltd. (Haotong) is a producer of the subject goods in China PR. Haotong has exported the subject goods through its related trader Tongxiang Huayuan Electronic Co., Ltd. (Tongxiang) to un-related customers in India.
71. During the POI, Haotong has exported \*\*\* MT of invoice value \*\*\* US\$ of the subject goods to India. The producer/exporter has claimed adjustments on accounts of inland transportation, port expenses, credit cost and bank charges. Accordingly, the net export price at ex-factory level so determined is as shown in the Dumping Margin table below.

##### **ii. Yibin Jinchuan Electronics Co., Ltd. (producer/exporter) and Hengdian Group DMEGC Magnetics Co., Ltd. (producer/exporter)**

72. Yibin Jinchuan Electronics Co., Ltd. (Yibin) and Hengdian Group DMEGC Magnetics Co., Ltd. (Hengdian) are both producers and exporters of the PUC. However, Yibin has exported the PUC to India through its related producer/exporter Hengdian.

Hengdian has exported the PUC directly to unrelated customers in India. Since the companies are related, the Authority has determined the dumping margin for the group.

73. During the POI, Hengdian group has exported \*\*\* MT of invoice value \*\*\* US\$ of the subject goods to India through Hengdian. The producer/exporter has claimed adjustments on accounts of ocean freight, inland insurance, transportation, credit cost, packing expense etc. Accordingly, the net export price at ex-factory level so determined is as shown in the Dumping Margin Table below.

**b. Export price for non-cooperating producers/exporters**

74. The export price for all other producers and exporters that have not participated in the present investigation has been determined on the basis of facts available.

**G.3.3. Determination of Dumping Margin**

75. Considering the normal value and export price for the subject goods, the dumping margin for the subject goods from the subject country is determined as follows:

S. No.	Particulars	Normal Value (USD/MT)	Export Price (USD/MT)	Dumping Margin (USD/MT)	Dumping Margin (%)	Dumping Margin (Range)
1	Huzhou Haotong Electronic Technology Co., Ltd. (producer)	***	***	***	***	60-70
2	Yibin Jinchuan Electronics Co., Ltd. and Hengdian Group DMEGC Magnetics Co., Ltd.	***	***	(***)	(***)	(40-50)
3	Others	***	***	***	***	70-80

76. The dumping margin is more than de-minimis for Huzhou Haotong Electronic Technology Co., Ltd., the producer/exporter from China PR.

**H. EXAMINATION OF INJURY AND CAUSAL LINK**

**H.1. Submissions made by the other interested parties**

77. The other interested parties have made the following submissions regarding injury:
- i. The legal standard under the AD Rules is deterioration/decline in performance with respect to various injury parameters listed in the AD Rules. In the present investigation, the petitioner has not been able to show deterioration in various injury parameters but has rather shown improvement.
  - ii. There is no law which requires the Authority to examine performance and compare it with “could have been performance”. The emphasis in the AD

- Rules is on “deterioration”. The Authority cannot examine whether the performance has not improved to the extent it could have improved.
- iii. Decline or deterioration in performance of the domestic industry in respect of the various injury parameters listed under the rules is must before the Director General can come to a conclusion that the domestic industry has suffered material injury as a result of imports.
  - iv. The legal requirement as per para (iv) of Annexure II is to analyze the natural 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, ability to raise capital investments.
  - v. Though the domestic industry has faced financial losses, mere existence of financial losses is not sufficient to conclude injury if the losses have significantly reduced over the injury period.
  - vi. Cosmo Ferrite Limited has been in losses for more than a decade now. Had dumping been the reason, they would have not suffered losses in past.
  - vii. The increase in selling price post POI in absence of a proportionate increase in raw material prices shows that the performance of the domestic industry must have improved post POI.
  - viii. It was the applicant who claimed that 2021-22 was an exceptional year. The onus is on the applicant to provide reason and how it should be addressed/ adjusted. If the year 2021-22 is excluded, it would be seen that none of the parameters show that the petitioner has suffered injury.
  - ix. Since the fiscal year 2021-22 witnessed abnormal conditions contributing to exceptional profits, the authority should not base its assessment solely on the abnormal performance of the domestic industry during this period. Instead, the Authority may evaluate trends from the base year, 2019-20, which provides a more representative baseline for assessing the domestic industry's overall performance.
  - x. There has been no significant increase in the dumped imports, either in absolute terms or relative terms in the present case. Imports have declined from the year 2021-22 to POI. The imports in relation to consumption are lowest in the POI.
  - xi. Increase in exports made by producers constituting 90% of the total exports should imply that the exports of the major producers of the base year have now declined, and this is the reason for their non-participation. The fact is that the imports from the subject country has declined. The legal requirement is that the Authority should consider volume of dumped imports from the subject country.
  - xii. Even though the imports were highest in the year 2021-22, the domestic industry’s economic performance was the best in the year 2021-22. This

shows that there is no nexus between the imports and injury to the domestic industry.

- xiii. Despite the price undercutting being the highest in the year 2021-22, the domestic industry's economic performance was the best in the year 2021-22. This shows that the prices of the domestic industry were not governed by the import prices.
- xiv. There is no nexus between the imports and the applicant's sales. Had the imports been a cause of price suppression, FY 2021-22 would show highest losses when the imports were at their highest volume level and highest price undercutting level. There is no price suppression due to imports of product under consideration from China PR.
- xv. The applicant has increased both domestic sales and export sales. However, the applicant has increased the selling price only with respect to export sales. Thus, profitability of the applicant has increased in respect of exports while the petitioner has claimed losses in domestic market. This implies that the focus of the petitioner has undergone a material change in line with the focus of other domestic producers, such as TDK, wherein the industry is keen to export because of better prices being received as compared to domestic market.
- xvi. The applicant's claim regarding loss of sales is baseless since the imports into India have declined and the sales volumes of the domestic industry have shown increase over the injury period. Furthermore, the applicant is consistently increasing its exports from India.
- xvii. An objective analysis of lost sales will require information and evidence on the sales that have been lost by the domestic industry. This would require information on orders placed by the consumers, which did not materialise into sales because the consumers thereafter purchased the imported material. Evidence of lost sales is not statistical. It is actual documents and evidence of lost sales. An analysis comparing the newly set up capacity with the domestic sales does not mean lost sales.
- xviii. Delta between the import price into India and the raw material price into China has increased in the period of investigation when compared to 2019-20 and 2020-21. The applicant cannot contend that delta has declined when compared to the year 2021-22, because the applicant itself has claimed 2021-22 as an exceptional year.
- xix. The applicant has claimed that in 2021-22, domestic sales were more than breakeven sales and it could achieve breakeven point which resulted in profits. The domestic sales in the period of investigation are higher than the domestic sales in 2021-22. Such being the case, profitability could not have suffered on this account.
- xx. Contrary to the claims of the petitioner, the prices of raw materials have declined in the POI. The respondents have provided the import price of ferric oxide for the imports made by the domestic industry in this regard.

- xxi. The landed price of imports from the subject country remained at same level in 2020-21. However, the applicant was able to increase its own selling price by 26%. This shows that the increase in the selling price was despite no increase in import price.
- xxii. The expansion of capacity by the applicant despite operating at idle capacities in the injury period has resulted in injury in the POI.
- xxiii. There is no co-relationship between production and sales since the sales did not increase with the increase in production and vice versa.
- xxiv. The applicant has not considered its own captive consumption and captive consumption of CIE Automotive India Ltd. and has exaggerated the export sales of TDK India Pvt. Ltd. to inflate the market share of imports and show lower demand. If the correct sales are taken into consideration, the market share of imports will be lower than of the Indian producers.
- xxv. The applicant is utilizing a significant portion of its production of the PUC for captive uses within its in-house division, namely Alisha Coils and Transformers. The applicant has not provided the details of captive consumption of the PUC by Alisha Coils and Transformers. If the captive sales of the applicant are included in the total demand for the product under consideration, the market share of imports will be lower than of the Indian producers.
- xxvi. Even if the data provided by the applicant for the injury period is considered, the market share of imports is lowest in the POI and that of the applicant is highest.
- xxvii. The performance of the applicant in terms of profitability has improved. The applicant made significant profits in the year 2021-22 and has provided the reason that it was able to procure the raw material at lower prices.
- xxviii. The information on profitability in the period of investigation after considering the depreciation and interest cost of 2021-22 provided by the applicant shows that if depreciation and interest cost are considered at level of 2021-22, then the applicant would be in profit.
- xxix. Post period of investigation data is not relevant in determining the injury to the domestic industry. Examination of post period of investigation data is relevant in specific special circumstances.
- xxx. The applicant has provided no justification for price of exports being much higher despite competing with the Chinese producers in the same markets.
- xxxi. The applicant's average inventory as no. of days of production and no. of days of sales has declined. The applicant has been able to sell its inventory over the injury period. As the domestic sales increased, the imports declined.
- xxxii. As claimed by the domestic industry, FY 2021-22 was abnormal because of an increase in the price of raw materials, ferric oxide and manganese oxide; disruption in the supply chain due to COVID outbreak; and floods

- in China. The Authority must not consider the abnormal performance of the domestic industry in abnormal circumstances and examine the trend from the base year FY 2019-20 which clearly shows that the performance of the domestic industry improved.
- xxxiii. Both applicant and respondents have contended that 2021-22 was an abnormal period and should be disregarded for the injury analysis. The applicant has sought exclusion on the grounds that it earned higher profits because of supply chain issues and that it was holding raw material at lower price. However, the applicant has been unable to justify its increase in selling price vis-à-vis the increase in costs and increase in import prices.
- xxxiv. Contrary to the claims of the applicant, the import price of ferric oxide has declined in the period of investigation as compared to the preceding year. Even when ferric oxide declined, the applicant has increased its selling price, particularly after initiation of present investigations.
- xxxv. The Soft Ferrite Core market has experienced steady growth driven by increasing demand. Accordingly, the sales of the petitioners, other Indian producers and imports from China (subject country) have all increased to meet the demand. Imports came down sharply in the POI, which shows that imports from China PR are coming only to fulfill the demand and supply gap in India and not to cause any injury to the domestic industry. Thus, there is no volume effect caused by imports from China PR during the period of investigation
- xxxvi. The cost of the investigated products in China is lower to that of India due to cost advantage with respect to the raw materials and level of manufacturing, larger capacities, efficient sintering equipment, low cost of electricity, and management.
- xxxvii. The petitioner increased its capacity and its production of the PUC during the POI. However, its capacity utilization declined during period of investigation by 13%. With the increase in capacity during the POI, its capacity utilization has declined. Had the petitioner not increased the capacity, its capacity utilization must have increased and achieved the optimum level.
- xxxviii. It is unclear how the number of employees could change merely due to updates in import data or alterations in the Product Under Consideration.
- xxxix. The losses claimed by the petitioner during the injury period have come down during the POI showing that there is no injury to the domestic industry. It is evident from the Annual Report of the petitioner which shows that the profitability of the petitioner has increased substantially during the period of investigation.
- xl. The petitioner's increase in capacity indicates a significant expansion which typically requires substantial capital investment, which indicates that the petitioner has been successful in raising the necessary funds.

- xli. The petition deliberately fails to address several crucial issues which impacted the domestic industry independently from the imports originating in the country concerned. Such reasons include internal problems, depressed market conditions globally, fluctuations in the price of raw materials, impact of the pandemic COVID-19, Russia Ukraine War, shutdown of the plant etc.
- xlii. The claim regarding a return on Capital Employed of 22% or more on gross fixed assets to arrive at the reasonable return for working out the Non-Injurious Price is highly inflated and are not in accordance with the Law.
- xlili. The applicant has failed to establish causal link between the alleged dumped imports and the injury. Most of the economic parameters of the applicant have shown an improvement. Further, the relation between the alleged dumped imports and the injury caused to the applicant is not linear.
- xliv. It is the duty of the domestic industry to show that cause of injury is dumped imports. Existence of causal link cannot be assumed automatically.
- xlv. The products provided by the applicant is not approved by prominent electronic companies. This can be seen from the decline in export sales of the applicant in comparison to FY 2021-22 and 2020-21.
- xlvi. Imports have not impacted the prices of the applicant. In cases where the applicant's quality is approved, the respondents have sourced the product from the applicant despite the import being available at lower prices.
- xlvii. The absence of full product profile with the applicant required by the downstream industry is preventing the applicant from further increasing its sales and market share.
- xlviii. The applicant has not taken any steps for getting its product approved by the customers and thus, the users have no option but to import.
- xliv. The applicant had been supplying unground soft ferrite cores to Speedofer Components Pvt. Ltd. in the past but stopped supplying after quality issues were raised by Speedofer Components Pvt. Ltd. The applicant has not taken any steps to address the quality concerns raised by the users or develop a larger product portfolio.
  - 1. The applicant has a higher cost of production due to internal deficiencies. Since the cost of raw materials is only 30% of the total cost of production, any efficient producer would have established itself in the domestic market. Moreover, contrary to the claims of the applicant, the cost of raw materials has declined in the POI.
  - li. The applicant has been unable to keep up with the developments in technology and in eventual end products.
  - lii. Automobile, aeronautics and defense industries demand zero-defect components and the product supplied by Cosmo is not approved by any automobile manufacturer for these applications.

- liii. The applicant has cited past practices of the Authority claiming that Authority has in past several investigations found that domestic industry suffered injury despite improvement in certain economic parameters, however facts of those cases are not similar to the present case.
- liv. The producers/exporter submitted that as stated by the petitioner above, the prices of major raw materials (Ferric oxide and Manganese oxide) had shot up significantly. However, the domestic industry had entered a supply contract with its raw material suppliers before the prices increased drastically. Therefore, the domestic industry was able to procure the raw materials at a lower price consistently for several months but sell the PUC in the domestic market at increased prices in line with the increased prices at the same of sale, thereby leading to an exceptional year of profits. The Authority is hereby requested to note that this opportunity was not available with the other producers/exporters. Therefore, the petitioner earned exceptionally well. Comparison of the same with the outcome of business in normal circumstances is not at all reasonable and justified. The Authority therefore, shall not make comparison based on this period.
- lv. The Authority shall examine the trend from the base year, i.e., 2019-20 which clearly shows that the performance of the domestic industry has improved.
- lvi. Sales of the petitioners, other Indian producers and Imports from the subject country, China, all have increased in tandem with the increase in demand. In fact, imports have come down sharply during the POI with the decline in demand as compared to previous year. This shows that imports from China PR are coming only to fulfill the demand and supply gap in India and not to cause any injury to the domestic industry. Thus, there is no volume effect caused by imports from China PR during the period of investigation.
- lvii. Landed value of imported products from China has been showing fluctuations due to the exchange rate and production of raw materials for the investigated product powder unit price decline. The dollar against the Chinese yuan exchange rate in April 2022 was 1:6.3, in November 2022 was 1:7.25, in March 2023 was 1:6.98. The raw materials used in the production of the investigated products, namely, the powders, also witness the decline in the prices. The decline in the unit price of raw materials during the investigation period led to the decline in the unit price of the products under investigation, which is a natural market rule, and the Chinese exporters did not dump the products under investigation.
- lviii. The level of manufacturing and sintering process of raw material powder of the PUC in India lags behind that of China and the cost of raw material powder of the Investigated Products in China is lower than that of India.
- lix. The supply of iron red, the raw material required for the raw material powder of the investigated products in China is sufficient and its price is

lower, iron red accounts for 70% of the composition of the powder and iron red is an ancillary product of the steel mills and the steel production capacity of China is larger and hence has an unmatched advantage over India.

- ix. China has a more advanced and efficient sintering equipment in its mills and the low cost of electricity in China makes the energy cost of the PUC relatively low.
- lxi. The factories in China producing the investigated products are highly automated and the cost of labor required to produce the investigated products is low.
- lxii. The factories in China have a single specification, which reduces the frequency of mold replacement and lowers the cost of mold consumption and management costs.
- lxiii. The Domestic Industry evidently asserts that its performance was outstanding in 2021-22 due to factors like soaring raw material prices, disruptions caused by COVID-19 in the supply chain, and floods in China. The producers/exporters hereby submit that such performance should be regarded as abnormal. These events gave the domestic industry an edge over competitors, resulting in unusually high profits. Consequently, the producers/exporters urge the authority not to use this period for comparison and instead evaluate the domestic industry's progress from the stable base year of 2019-20 to provide an accurate assessment of its improvement over time.
- lxiv. In the updated injury information, the petitioner seems to have manipulated the data, increasing the number of employees to 27 for 2021-22, whereas it remained at 23 for the POI. The Authority is urged to thoroughly scrutinize the authenticity of the data provided by the petitioner.
- lxv. The applicant is producing only the subject goods and hence its Annual report uploaded on the website is presumed to be showing actual performance of the Company. It is evident from the Annual Report of the petitioner which shows that the profitability of the petitioner has increased substantially during the period of investigation.
- lxvi. The producers/exporters submitted that the increase in the petitioner's installed capacity from 100 to 143 indicates a significant expansion in their production capabilities. This expansion suggests that the petitioner has invested in infrastructure, technology, or other resources to increase their capacity to manufacture goods. Such expansion typically requires substantial capital investment, which indicates that the petitioner has been successful in raising the necessary funds.
- lxvii. The producer/exporter submitted that any injury allegedly suffered by the domestic industry has been caused by factors other than imports from China PR.

- lxviii. The producers/exporters submitted that there are inflated claims of return on capital employed.

## **H.2. Submissions made by the domestic industry**

78. The domestic industry has made the following submissions regarding injury:
- i. Certain injury parameters have shown improvement in the FY 2021-22 owing to exceptional circumstances:
    - Prices of raw materials shot up. However, the domestic industry was able to rely on old contracts with its raw materials suppliers and procure them at a lower cost but sell the PUC in the domestic market in line with the increased prices at the time of sale, leading to exceptional profits.
    - Recovering from the COVID 19 Pandemic, China faced bottlenecks in the supply chain, congestion at ports, lack of transportation, and increased freight rates. China's COVID policy also led to whole shipping terminals being shut down in case of COVID detection.
    - Provinces in China were affected from floods and the In-Fa Typhoon, which severely disrupted supply chains, operations and closure of air, sea and rail cargo transportation hubs.
    - There was a rise in demand of PUC, but China producers were unable to capture it, which allowed the domestic industry to increase its domestic sales.
  - ii. The Chinese exporters charged higher prices during this period which can be seen from the fact that landed prices were at its highest in this year. Although the imports from China also increased in this year but due to supply chain disruptions, the Chinese exporters had limited ability to cater to the increased Indian demand. This gave the domestic industry some respite from dumped imports and enabled it to cater to the increased Indian demand at remunerative prices which were above its cost of production leading to a profitability situation.
  - iii. None of the interested parties have suggested how to make adjustments if FY 2021-22 is to be excluded from the injury analysis.
  - iv. The improvement in FY 2021-22 can be observed industry-wide and not just with the domestic industry. Transformer manufacturers participating in the present investigation were also able to capitalize the situation and earn profits in FY 2021-22.
  - v. It is a well-established understanding that it is not necessary that all parameters of injury show deterioration. The Authority considers all injury parameters and, thereafter, concludes whether the domestic industry has suffered injury or is likely to suffer injury on an overall basis due to dumping. Further, they have quoted several investigations in the past wherein despite improvement in certain economic parameters, the Authority has held that the domestic industry is injured.

- vi. Despite the increase in demand, the domestic sales of the domestic industry have declined. The subject imports have not only taken away the increased demand but also eaten the sales of the domestic industry. The increase in sales of the domestic industry is far below the increase in demand.
- vii. The performance with respect to NPUC is irrelevant in an anti-dumping investigation because the claim is to examine the injury on PUC. If this approach is taken, then a multiproduct company which is injured in one sector and not injured in another will never be able to approach the Authority for protection from dumped imports.
- viii. Export performance is not relevant in an anti-dumping investigation. Although the domestic industry's export volume declined during the POI, this was not considered in determining the impact of dumped imports and the extent of injury suffered by the domestic industry. The domestic industry has provided financial performance data solely related to the PUC domestic sales.
- ix. The imports from China have increased in absolute terms and were significant throughout the proposed injury period with a decline in the POI. However, the subject imports have shown an increase in the POI from the base year. The imports from China in relation production in India increased over the injury period.
- x. Despite the capacity expansion in the POI, the domestic industry could not utilize the same because of dumped imports.
- xi. The submissions regarding capacity additions done at the end of the POI are baseless. Capacity additions were operational for a major time in the POI.
- xii. The difference between the selling price and the major raw material cost of the domestic industry has declined significantly in the POI due to aggressive dumping from China.
- xiii. The increase in raw material prices is being considered from the base year. The apparent increase in consumption of Ferric oxide by domestic industry is due to the raw material inventory it purchased in 2021-22 but could not utilize in that year.
- xiv. The domestic industry has provided its actual purchase data of the raw materials as per its books to the Authority. Based on the actual purchase quantity and value of ferric oxide and Mn<sub>3</sub>O<sub>4</sub>, the decline in prices of Ferric Oxide and MN<sub>3</sub>O<sub>4</sub> in the POI is not significant, and the impact of this decline is less than 1% on the total cost of sales of the PUC.
- xv. The submissions made by the importer/users deliberately reported lower ferric oxide prices to mislead the Authority. The volume of imports in 2022-23 matches with the data provided by the domestic industry but the price reported by importer/users is lower than the actual import price.

- xvi. The increase in the sales in FY 2021-22 of the domestic industry is far below the increase in the demand and the majority share of increased demand has been taken away by the dumped imports.
- xvii. Out of the approximately 92 producers/exporters in China, only 13 exporters of PUC in the subject country constitute 92% exports volume of the PUC of the total exports to India in the POI. The imports from these 13 producers/exporters have increased significantly in the POI over the injury period, showing that the said 13 producers/exporters who had been prominent in the POI were not prominent in the base year and have captured a significance market demand of the PUC in India over the injury period.
- xviii. The exports of the PUC from China to India have significantly increased during the POI in comparison to the base year. This proves beyond doubt that there is volume effect in the present case.
- xix. The price undercutting was not only positive but also significant. The selling price of the domestic industry and the import prices have increased. However, the increase in the import price is far below the increase in the raw material prices.
- xx. The selling prices of the domestic industry and imports prices have increased from the base year. However, the increase in import prices is not in tandem with the increase in raw material costs. Analyzing the rise in selling prices without accounting for fluctuations in raw material costs and sales expenses is fundamentally flawed.
- xxi. The existence of price undercutting is the relevant criterion to determine the price effect and not the degree of the price undercutting.
- xxii. Since the price undercutting is calculated based on average import price and average domestic selling price of the domestic industry, there may be some sales and the import price which might not be taking place at the same point of time, resulting in different price undercutting than the average price undercutting.
- xxiii. It is evident that the cost of input cost in China shows increase in the POI whereas the landed price of imports has declined sharply. As a result, the delta of the subject imports shows a significant decline in the POI. Despite the costs of raw material going up significantly during the POI, the price of exports to India has seen a decreasing trend.
- xxiv. With the increasing demand in India and the increase in market share of imports, if the exporters continue to export the PUC at lower prices, it will significantly impact the domestic industry's performance since much of the demand is now being catered to by the Chinese exporters.
- xxv. The domestic industry has been forced to sell its PUC in the domestic market at below its cost of sales thereby incurring losses in all the years except in the year FY 2021-22 which was an exception. Further, there is

no reason to sell the product below the cost of production other than the dumped imports.

- xxvi. The cost of sales of domestic industry increased in the POI as compared to previous year because of the increase in the input prices, whereas the selling price of the domestic industry has declined in the POI as compared to previous year and further declined in spite of increase in the raw material prices. Therefore, the landed prices of imports are significantly suppressing the prices of the domestic industry.
- xxvii. The production of the PUC of the domestic industry has increased in the injury period with some decline in the POI, but the capacity utilization of the domestic industry has been low throughout the injury period.
- xxviii. There is a huge gap between the actual sales and the sales quantity required to achieve the breakeven except in the year 2021-22.
- xxix. The profit in FY 2021-22 shows that the dumped imports from China, the domestic industry can cater to the demand of users in India by enhancing its production and domestic sales. The customers prefer the dumped imports rather than buying from the domestic industry only due to the imports being at cheaper dumped prices.
- xxx. The profit, cash profits and return on capital employed of the domestic industry have been negative throughout the injury period except in 2021-22. While the losses of the domestic industry declined in the period of investigation, the losses are at significant levels.
- xxxi. The fact that losses have declined over the injury period does not imply that the domestic industry is no longer injured, rather that the domestic industry has remained injured throughout the period. The plausible cause of these losses is admittedly only dumping.
- xxxii. The increase in interest and depreciation cost are due to the increase in the capacity in the POI. The same has been approved by the statutory and the cost auditor.
- xxxiii. The increase in expense has been reported to the Authority based on the audited financial statements of the domestic industry and has been duly verified by the Authority. Contrary to the claims of other interested parties, the domestic industry is still in losses after considering the depreciation and interest costs due to capacity expansion.
- xxxiv. The average inventory of the domestic industry was consistent throughout the injury period. At the end of most months, closing inventory was much higher than the closing inventory at the end of the POI.
- xxxv. In the POI, production has shown negative growth whereas the domestic sales, inventory and market share show growth. The price parameters have returned to negative growth as in the POI.
- xxxvi. The domestic industry had made new investments to its manufacturing unit and increased its capacity to cater to the increasing demand in the financial year 2021-22 which shows that the domestic industry wants to

ramp up capacities. The dumping has severely impacted the ability of the domestic industry to further increase the capacity and meet the entire demand in India since the profits have again turned into losses after opening of the supply chain issues from China.

- xxxvii. The export price of all the geometries is much higher than the domestic selling price. This shows that the domestic industry's inability to fetch a remunerative price in the domestic market is due to dumped imports in the country. Therefore, the domestic industry is incurring losses in the domestic market.
- xxxviii. The domestic industry's losses have further increased in the post POI period due to a significant decline in the prices.
- xxxix. Domestic industry has two units – CFR and ACT, which are the part of the same legal entity, but separate accounting records are maintained for each of them. Hence, the sale of soft ferrite to ACT is shown as domestic sales and not captive consumption.
  - xl. Domestic sales volume has been estimated based on market intelligence. TDK has nowhere provided that it has exported 50-60% of all it produces. There is no positive evidence to show that TDK exports were only 40% or that the domestic industry has understated TDK's production.
  - xli. The legal standard is that all performance parameters need not show deterioration to establish injury and in previous anti-dumping investigations, the domestic industry was held to be injured despite improvement in some economic parameters.
  - xlii. Reduction in losses does not indicate that there is no injury, but rather the presence of losses itself indicates injury due to dumped imports.
  - xliii. Burden of proof to show that the injury is suffered by factors other than dumped imports lies on the interested parties, which have provided no positive evidence to this regard.
  - xliv. The increase in raw material prices is being considered from the base year. The apparent increase in consumption of Ferric oxide by domestic industry is due to the raw material inventory it purchased in 2021-22 but could not utilize in that year.
  - xlv. Since PUC is customized, its prices are affected by factors other than import price. The conclusion based on indexed data does not signify that there is no correlation between import prices and domestic industry prices.
  - xlvi. No positive evidence has been provided to show that there is no correlation between production and sales of the domestic industry, or there are "other factors" involved.
  - xlvii. The CCCME and exporters argued for FY 2021-22 to be excluded from injury analysis. No positive evidence has been provided that domestic industry increased its prices beyond reasonability. Reasons for increase in prices has been given by domestic industry.

- xlvi. Chinese exporters having advantages does not justify dumping the subject goods in India.
- xlix. It has been the consistent practice of the Authority to consider 22% ROCE while determining NIP.
  - 1. The domestic industry has provided the approvals from certain OEMs to whom its transformer division, Alisha Coils and Transformers has supplied transformers using the PUC manufactured by the domestic industry. The domestic industry has also provided the specification sheets of certain OEMs, wherein the PUC supplied by the domestic industry has been approved for usage. Even in the post POI period, Alisha Coils and Transformers has continued supplying transformers using the Soft Ferrite Cores supplied by the domestic industry. The domestic industry has also supplied the PUC to public sector units such as through a trader.
    - li. None of the interested parties have provided any substantial evidence showing that the PUC supplied by the domestic industry is not meeting their quality standards as compared to the imported PUC.
    - lii. The domestic industry has addressed all the unsubstantiated quality issues raised by the interested parties in its submissions. The domestic industry has also provided proof of supply made to these interested parties. The domestic industry has resolved all the issues submitted by Victor Magnetics Private Limited.
    - liii. The importers/users have failed to provide “positive evidence” in their submissions as required under Article 3.1 of the ADA, and the WTO Panel Reports in Pakistan – BOPP Film (UAE) and Korea – Pneumatic Valves.
    - liv. The initial burden of proof lies on the importer/users to provide evidence on the issues alleged by them, as is a well-established principle in law which has been recognized by WTO.
    - lv. Imports from the subject countries constitute almost 98-99% of the total imports into India. Barring imports from the subject countries, imports from other countries are below de-minimis limits and therefore, imports from the other countries cannot be a cause of injury to the domestic industry.
    - lvi. The demand for the subject goods has increased over the injury period with an insignificant decline in the POI. Since there are significant unutilized capacities lying with the domestic industry, therefore, the possible decline in demand cannot be a reason of injury to the domestic injury.
    - lvii. The pattern of consumption in India has not changed with respect to the PUC. Therefore, the injury to the domestic industry is not due to the same.
    - lviii. There are no trade restrictive practices/competitions that can be considered germane to the material injury suffered by the domestic industry.

- lix. There has been no injury caused to the domestic industry on account of changes in technology.
- lx. Though the domestic industry's export volume has declined in the POI, its export performance has not been considered when determining the effect of the dumped imports and the extent of the injury. Therefore, the injury claimed in the petition cannot be attributed to the export performance.
- lxi. The domestic industry is majorly involved only in the production and sales of PUC. The injury claimed in the petition pertains to the PUC only and does not include the profitability of any other products.
- lxii. The parameters proposed by importer/users have never been applied to establish causal link.
- lxiii. Existence and significant price undercutting is relevant, but it's degree is not. The improvement in price undercutting was due to market conditions and COVID-19.
- lxiv. The importer/users using the defense of MSMEs when they have failed to provide positive evidence to show that injury was caused by something other than the dumping of PUC signifies that no such evidence exists.
- lxv. The scope of PUC is restricted based on actual production data of the domestic injury. Absence of full product file is not a criteria for injury to the domestic industry.
- lxvi. Approvals and invoices of sales by the domestic industry or ACT to OEM and public sector companies is on record. Given the wide usage of PUC, domestic industry cannot be expected to have approvals from all consumers.
- lxvii. The claim that the injury to domestic industry is due to its inability to gain approval because of limited operations has no merit.
- lxviii. The importers/users have submitted that the domestic industry has not reported its own captive consumption in the application. In this regard, it is submitted that the domestic industry has two units namely CFR division and Alisha Coils and Transformers ('ACT'). ACT is involved in the production and sale of transformers.
- lxix. The importers/users have again failed to appreciate that the imported quantity does not equate to actual consumption and at the imported price. The consumption price of ferric oxide in the books of the domestic industry shows increase due to the raw material inventory lying with domestic industry, which was purchased in 2021-22, when the prices were high, but it could not be utilized in the same year.
- lxx. The domestic industry highlighted that the interested parties have provided opposite views with respect to the consideration of 2021-22 in injury analysis. The entire arguments of the imports/users are based on the abnormal performance of the domestic industry in 2021-22, whereas CCCME and the exporters have argued for exclusion of 2021-22 from the injury analysis.

- lxxi. The importers/users have made false allegations that domestic industry has imported PUC throughout the injury period. The data on record of imports made by the domestic industry clearly shows that they have imported the PUC only in 2021-22 and 2022-23. The transactions reported in the year 2020-21 are not the imports but the return of the exported product. Further, the imports made by the domestic industry are below 1% of its production, sales and the demand in the country.
- lxxii. The domestic industry submitted that the existence and significant price undercutting is the norm, and not the degree of price undercutting. They further submitted that the domestic industry was able to improve despite the significant price undercutting due to the market conditions prevalent in the period. Covid 19 had played a major role that year.
- lxxiii. The domestic industry's production declined compared to the previous year. According to WTO law, any increase in production must be evaluated alongside the increase in demand to determine injury. The industry's production has not matched the rising demand in India due to the presence of dumped imports of PUC, indicating injury.
- lxxiv. Reduction in losses does not indicate that there is no injury, but rather the presence of losses itself indicates injury due to dumped imports. Profit in one year due to abnormal and extraordinary circumstances is not sufficient to claim that the domestic industry has not suffered material injury.
- lxxv. The other interested parties have been selective in the analysis of certain volume and price parameters by comparing the POI performance of the domestic industry with the base year and completely ignored intervening trends of injury period. This selective approach contradicts judicial precedents and undermines the purpose of evaluating data over the full four-year injury period.
- lxxvi. The Appellate Body in the United States – Definitive Safeguard Measures on Imports of Wheat Gluten from the European Communities (WT/DS166/AB/R) also notes that the causal link may exist even when factors other than dumped imports are affecting the situation of the domestic industry.
- lxxvii. None of interested party has provided any evidence or brought forward any other “known” factor before the Authority to show that there is no causal relationship in the present investigation between the dumped imports and the injury due to domestic industry on account of the profits in the FY 2021-22.
- lxxviii. In absence of any positive evidence to show that the domestic industry has been injured by factors other than the dumped imports, it would be highly inappropriate to note that there is no causal link in the present investigation due to the economic parameters of the domestic industry in an abnormal year.

### **H.3. Examination by the Authority**

79. Rule 11 of the Rules read with Annexure II to the AD Rules, 1995 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 domestic producers of such articles...*”. Further, 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 Anti-Dumping Rules.
80. The Authority has examined the arguments and counterarguments of the interested parties with regard to injury to the domestic industry. The injury analysis made by the Authority hereunder addresses the various submissions made by the interested parties:
81. With regard to the submissions of the other interested parties that certain economic parameters of the domestic industry have shown an improvement, the Authority notes that it is not necessary for all parameters to show deterioration for the Authority to determine whether the domestic industry is facing material injury. The Authority notes that the material injury to the domestic industry is due to the dumped imports despite an improvement in FY 2021-22 due to exceptional circumstances.
82. As regards the submission of the interested parties that 22% return on capital employed is not acceptable, the Authority notes that such is the consistent practice of the Authority in all previous investigations conducted.
83. With respect to the approvals of PUC supplied by the domestic industry from OEMs, the Authority notes that the domestic industry has submitted evidence of supplies made to OEMs in form of sample invoices of sales made by its transformer division Alisha Coils and Transformers to OEMs, approvals from certain OEMs to whom its transformer division, sample invoices of sales made by the domestic industry to OEMs. The domestic industry has also provided the sample invoices of sales made to public sector units.
84. With respect to losses to the domestic industry in the POI on account of increase in depreciation and interest cost, the Authority notes that, if the depreciation and interest cost of the POI is replaced with the depreciation and interest cost of FY 2021-22, the domestic industry is still in losses.
85. With respect to the claim of the other interested parties that the capacity of the domestic industry was expanded towards the end of the POI and should be considered proportionately, the Authority notes that the expanded capacity of the domestic industry has been considered appropriately.

86. With respect to the claim of the other interested parties that salary and wages of the domestic industry have increased over the injury period, the Authority has considered the data as per Domestic Industry's audited books of accounts. Further the Authority has taken the cognizance of the submissions of the domestic industry that its temporary profitability allowed it to restore employee wages, and increments, and expand capacity to meet growing demand.
87. With respect to the claim that the domestic industry is utilizing a significant portion of its production of the PUC for captive uses within its in-house division, namely Alisha Coils and Transformers and has not provided the details of captive consumption of the PUC, the Authority notes that the domestic industry has two divisions, CFR division and ACT division. As per the GST regulations, the sale made by CFR division to ACT division is considered as supply and thus, is subject to GST and reported as sales in the books of CFR division and purchases in the books of ACT division. The domestic industry has also provided the GST invoices for the sales of PUC made ACT division. The Authority further notes that the demand calculation for the PUC includes the sales of the PUC made by the domestic industry to ACT division, therefore, there is no error in calculation of the demand for the PUC. Further, the NSR claimed by the domestic industry also includes the sales made to the ACT division. It is also noted by the Authority that the selling price to ACT division is comparable with the prices of the unaffiliated customers.

### **H.3.2. Volume effect of the dumped imports**

#### **a) Assessment of demand/apparent consumption**

88. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports, either in absolute terms or relative to production or consumption in India. For the purpose of injury analysis, the Authority has relied on the transaction wise import data procured from DG Systems. The demand/apparent consumption so calculated is as under:

<b>Particulars</b>	<b>Units</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>POI</b>
Sales of the domestic industry	MT	***	***	***	***
Trend	Index	100	81	95	129
Sales of other Indian producers	MT	***	***	***	***
Trend	Index	100	100	100	113
Subject imports from China	MT	1,979	2,276	2,874	2,160
Imports from other countries	MT	30	36	50	28
Total Demand	MT	***	***	***	***
Trend	Index	100	103	120	114

89. It is seen that the demand increased till 2021-22 and then declined marginally in the POI. The sales of the domestic industry have increased over the injury period.

However, the sales of the domestic industry have not increased commensurate with the available capacity. Over the injury period, a significant demand has been met by imports despite the idle capacities lying with domestic industry.

**b) Import volume from the subject country relative to production and consumption in India**

90. The Authority has analyzed the imports from the subject country both in absolute terms and relative terms by comparing the imports with the domestic production & demand for each year of injury investigation period:

Particulars	UOM	2019-20	2020-21	2021-22	POI
Imports from China	MT	1,979	2,276	2,874	2,160
Indian Demand	MT	***	***	***	***
Trend	Index	100	103	120	114
Indian Production	MT	***	***	***	***
Trend	Index	100	100	110	112
Subject country import in relation to -					
Indian Demand	%	***	***	***	***
Trend	Index	100	113	122	96
Indian Production	%	***	***	***	***
Trend	Index	100	117	133	98

91. It is seen that the volume of imports from China PR have increased over the injury period with a slight decline in the POI. The imports from the subject country have been significant throughout the injury period. The imports from the subject country relative to production and consumption remained significantly high despite significant capacities remaining unutilized with the domestic industry.
92. The imports in relation to production and consumption increased till 2021-22 but has declined in the period of investigation.

**H.3.3. Price effect of the dumped imports**

93. 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.

**a) Price undercutting**

94. Price undercutting has been determined by comparing the net sales realization of the domestic industry with the landed price of the imports for the period of investigation.

Particulars	UOM	2019-20	2020-21	2021-22	POI
Landed Price	Rs/MT	2,16,967	2,27,701	2,89,471	274,618

Net Selling Price	Rs/MT	***	***	***	***
Price undercutting	Rs/MT	***	***	***	***
Price undercutting	%	***	***	***	***
Price undercutting	Range %	0-10	30-40	60-70	35-45

95. It is noted that the landed price of the imports is much below the domestic selling price of the domestic industry and resulted positive price undercutting in injury period and POI.

**b) Price suppression/depression**

96. In order to determine whether the effect of imports is to depress prices to a significant degree or prevent price increases which otherwise would have occurred, the information given by the domestic industry for the changes in the costs and prices over the injury period has been compared with the landed prices of the subject imports.

Particulars	Unit	2019-20	2020-21	2021-22	POI
Cost of Sales	Rs/MT	***	***	***	***
Trend	Index	100	99	121	131
Selling Price	Rs/MT	***	***	***	***
Trend	Index	100	126	205	166
Landed Price	Rs/MT	2,16,967	2,27,701	2,89,471	2,74,618
<b>Increase/(decrease)</b>					
Cost of Sales	Rs/MT		(***)	***	***
Selling Price	Rs/MT		***	***	(***)
Landed Price	Rs/MT		10,734	61,770	-14,853

97. It is seen that while the cost of sales increased by INR \*\*\* per MT in the POI the selling price declined by INR \*\*\* per MT. In spite of increase in the cost of sales in the POI, the selling price of the domestic industry declined significantly due to the decline in landed prices of imports. The Authority also notes that the selling price of the domestic industry is below the cost of sales over the injury period except FY 2021-22.

**H.3.4 Economic parameters of the domestic industry**

98. Annexure II to the Anti-Dumping Rules requires that the determination of injury shall involve an objective examination of the consequent impact of dumped imports on domestic producers of such products. With regard to consequent impact of dumped imports on domestic producers of such products, the Rules further 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, ability to raise capital investments. The various injury parameters relating to the domestic industry are discussed herein below.

**a) Production, capacity, capacity utilization and sales volumes**

99. Capacity, production, sales and capacity utilization of the domestic industry over the injury period were as below:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Installed Capacity	MT	***	***	***	***
Trend	Index	100	100	100	143
Plant Production	MT	***	***	***	***
Trend	Index	100	102	125	124
Capacity Utilization	%	***	***	***	***
Trend	Index	100	102	125	87
Production of PUC	MT	***	***	***	***
Trend	Index	100	101	128	125
Domestic sales of PUC	MT	***	***	***	***
Trend	Index	100	81	95	129

100. The Authority notes that the production of the PUC of the domestic industry has declined in the POI as compared to previous year in spite of expansion of capacity.

**b) Market share**

101. Market share of the domestic industry and of imports is shown in table below:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Share of subject country	%	***	***	***	***
Trend	Index	100	112	121	96
Share of other countries	%	***	***	***	***
Trend	Index	100	116	138	80
Share of domestic industry	%	***	***	***	***
Trend	Index	100	79	79	113
Share of other Indian producers	%	***	***	***	***
Trend	Index	100	97	83	98
Total Indian producers	%	***	***	***	***
Trend	Index	100	90	82	104
Total	%	100%	100%	100%	100%

102. It is seen that the market share of the domestic industry has improved in the POI compared to the previous years but has remained significantly lower than the capacity available with the domestic industry.

**c) Inventories**

103. Inventory position of the domestic industry over the injury period is given in the table below:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Opening	MT	***	***	***	***
Closing	MT	***	***	***	***
Average	MT	***	***	***	***
Trend	Index	100	84	70	73

104. It is seen that the inventory of the domestic industry has mostly remained constant over the injury period.

**d) Profitability, cash profits and return on capital employed**

105. Profitability, return on investment and cash profits of the domestic industry over the injury period is given in the table below:

Particulars	Unit	2019-20	2020-21	2021-22	POI
Profit/(loss)	Rs/MT	(***)	(***)	***	(***)
Trend	Index	(100)	(31)	88	(42)
Profit/(loss)	Rs. Lacs	(***)	(***)	***	(***)
Trend	Index	(100)	(25)	84	(54)
Cash Profit	Rs. Lacs	(***)	(***)	***	(***)
Trend	Index	(100)	(9)	129	(39)
PBIT	Rs. Lacs	(***)	(***)	***	(***)
Trend	Index	(100)	(15)	122	(32)
Return on Capital Employed (ROCE)	%	(***)	(***)	***	(***)
Trend	Index	(100)	(18)	120	(14)

106. It is noted that the profitability, cash profits and ROCE of the domestic industry have remained negative throughout the injury period except in 2021-22 which was an exceptional year for the domestic industry.

**e) Employment, productivity and salaries & wages**

107. The Authority has examined the information relating to employment, salaries & wages and productivity, as given below.

Particulars	Unit	2019-20	2020-21	2021-22	POI
Production	MT	***	***	***	***
Trend	Index	100	101	128	125
Employees	Nos	***	***	***	***
Trend	Index	100	100	127	123
Production/employee	MT	***	***	***	***

Trend	Index	100	101	101	101
Salaries & wages	Rs. Lacs	***	***	***	***
Trend	Index	100	108	157	171
Salaries & wages /employee (Rs)	Rs/Nos	***	***	***	***
Trend	Index	100	108	124	138

108. It is seen that the production of the domestic industry has increased till 2021-22 and declined in the POI from the immediate previous year. The number of employees and the wages paid to them have also increased.

**f) Growth**

Particulars	Unit	2019-20	2020-21	2021-22	POI
Production (MT)	Y/Y		0.95%	26.59%	-2.35%
Domestic Sales (MT)	Y/Y		-19.16%	18.05%	34.90%
PBT (Rs Lacs)	Y/Y		74.79%	432.77%	-164.14%
Inventory (MT)	Y/Y		-16.26%	-16.87%	5.35%
Market Share (%)	Y/Y		-21.49%	0.99%	42.05%
Cash Profit (Rs Lacs)	Y/Y		90.93%	1520.72%	-130.41%
ROCE (%)	Y/Y		81.96%	767.14%	-111.48%

109. It is seen that the performance of the domestic industry has deteriorated in many parameters such as Production, PBT, Inventory, Cash Profits, ROCE and improved in some parameters such as sales, and market share.

**g) Impact on the ability to raise capital investments**

110. The Authority notes that even though the domestic industry has made new investments to increase its capacities to cater to the increasing demand of PUC in India, the domestic industry has been unable to utilize its capacities is facing losses due to dumped imports.

**h) Factors affecting prices**

111. The domestic industry has contended that the landed price of imports was below the cost of sales of the domestic industry and therefore, imports are likely to have an impact on the prices of the domestic industry. The importers have contended that TDK India is selling at profits and at much higher prices. It has however been contended by other parties that there are other factors that are affecting the prices of the domestic industry.

**i) Magnitude of dumping**

112. It is noted that the dumping margin from the subject country is significant and above de-minimis.

## **I. NON-ATTRIBUTION ANALYSIS**

113. Having examined the existence of injury, volume and price effects of dumped imports on the prices of the domestic industry, the Authority has examined whether injury to the domestic industry can be attributed to any factor, other than the dumped imports, as listed under the Rules.

### **a) Volume and value of imports from third countries**

114. It is noted that there are negligible imports from any other country. The imports from the subject country constitute 97% of the imports in India. Therefore, the injury is not attributable to imports from third countries.

### **b) Contraction in demand**

115. The demand for the product under consideration has steadily increased with a slight decline in the POI. The demand for the subject goods is expected to continue to grow. The domestic industry has not suffered injury due to possible contraction in demand.

### **c) Pattern of consumption**

116. It is noted that there has been no material change in the pattern of consumption of the product under consideration, which could have caused injury to the domestic industry.

### **d) Conditions of competition and trade restrictive practices**

117. The Authority notes that there is no evidence of conditions of competition or trade restrictive practices that are responsible for the claimed injury to the domestic industry.

### **e) Developments in technology**

118. The other parties have argued that the applicant has failed to keep pace with developments in technology. The domestic industry has counter-argued that there is no such development in technology that the domestic industry has not kept up with. The domestic industry has even expanded its capacities for the production of the subject goods.

### **f) Productivity**

119. The Authority notes that the productivity of the domestic industry has increased over the injury period. Therefore, the domestic industry has not suffered injury on this account.

### **g) Export performance of the domestic industry**

120. The injury information examined hereinabove relates only to the performance of the domestic industry in terms of its domestic market. Thus, the injury suffered cannot be attributed to the export performance of the domestic industry.

### **h) Performance of other products**

121. The Authority has only considered data relating only to the performance of the subject goods. Therefore, the performance of other products produced and sold is not a possible cause of injury to the domestic industry.

**J. MAGNITUDE OF INJURY MARGIN**

122. The non-injurious price of the subject goods produced by the domestic industry as determined by the Authority in terms of Annexure III to the Rules has been compared with the landed value of the exports from the subject country for determination of injury margin during the period of investigation and the injury margin so worked out is as under:

S. No.	Particulars	Non-injurious price (USD/MT)	Landed Price (USD/MT)	Injury Margin (USD/MT)	Injury Margin (%)	Injury Margin (Range)
1	Huzhou Haotong Electronic Technology Co., Ltd. (producer) Tongxiang Huayuan Electronic Co., Ltd. (exporter) and	***	***	***	***	20-30
2	Yibin Jinchuan Electronics Co., Ltd. (producer/exporter) and Hengdian Group DMEGC Magnetics Co., Ltd. (producer/exporter)	***	***	(***)	(***)	(50-60)
3	Others	***	***	***	***	30-40

**K. INDIAN INDUSTRY’S INTEREST & OTHER ISSUES**

**K.1. Submissions made by other interested parties**

123. The other interested parties have made the following submissions regarding the Indian industry interest:

- i. The applicant has wrongly claimed that the PUC is a small component in the end-use products and imposition of ADD will have no impact on their costs and prices.
- ii. There are almost 4,000 transformer producers in India, majorly in MSME. The PUC constitutes 30-40% of the total cost of their product. Imposition of anti-dumping duty will lead to a sharp increase in the cost of the transformers. The applicant has determined 80-90% as dumping margin

- and 40-50% as injury margin. The transformer producers are already facing significant competition from the imports and with such an increase cost, the transformer industry in India will be completely wiped off.
- iii. The imposition of anti-dumping duty will be detrimental to the government of India's scheme for promotion of manufacturing of electronic components and semiconductors (SPECS).
  - iv. 80% of the transformers market is already catered by the imports. If the cost increases, the transformer manufacturers will not be able to pass on the increased cost, particularly when such cost increases would selectively happen for the domestic industry and not for Chinese manufacturers or exporters of transformers. Thus, the transformer manufacturers will lose the remaining 20% market share after the imposition of anti-dumping duty.
  - v. Contrary to the claims of the applicant that the cost of PUC is 15% of the cost of transformer, the cost on account of PUC constitutes 30-40% of the cost of transformer.
  - vi. The applicant has claimed that the impact of the 15% anti-dumping duty would be 3.5% on the transformer industry, while in their application they are asserting a dumping margin of 70-80%. Thus, if the Authority recommends imposing duty in 50-60% range, the impact will be at least in the range 14-15%. The transformer industry is a highly price driven industry. This implies that the transformer producers will have to compete with the import price and eventually will have to run out of business.
  - vii. The applicant does not sell unground soft ferrite cores in the market. Anti-dumping duty will make the import of ungrounded soft ferrite core unviable. If the applicant increases its price by the anti-dumping duty, it will kill the downstream user industry, only benefiting the domestic industry.
  - viii. The landed price of ungrounded imports after anti-dumping duty plus the value addition undertaken by Speedofer Components Pvt. Ltd. will push its cost significantly above the price of Cosmo Ferrite Limited. Speedofer Components Pvt. Ltd. will not be able to sustain in the market and will shut down its operations leading to the loss of significant employment.
  - ix. The consumption of ungrounded soft ferrite core in the country is hardly 20% of consumption of transformers in the country. This further shows vulnerability of Transformer producers.
  - x. The present application has been brought by the application with an ulterior motive of rooting respondents out of the business and solicit respondents' customers for its in-house division Alisha Coils and Transformers. This situation will create monopoly in the market. Even if the anti-dumping duty is imposed on the PUC, the in-house manufacturing unit of the applicant will always have steady supply of the PUC. While the respondents would suffer immense loss in terms of increased cost of sale.

- xi. Anti-dumping duties are being sought to feed the investment undertaken in building the capacity expansions.
- xii. The employment is much higher in transformer industry and the power supply industry as compared to soft ferrite industry. The imposition of anti-dumping duty will kill the transformer industry and the employment generated by this sector will be adversely affected.
- xiii. The applicant has submitted that there are only 4 producers of the PUC in India and out of which TDK India Pvt. Ltd. is engaged in exports of the product under consideration and CIE Automotive India Limited captively consume a significant share of their production. Therefore, Cosmo Ferrite Limited is the only beneficiary of the anti-dumping duty. On the contrary, there are 4000 transformer producers in India.
- xiv. The transformer industry is operating at a much lower profit margin. If the cost of production for transformer producers increases by this much magnitude, all transformer manufacturers will be out of business, given the loss on their sales.
- xv. Despite the fact that the domestic industry is fully aware of transformer industry operations as its own unit is producing transformers and has access to annual report of company such as Speedofer Components Pvt. Ltd, Victor, it is surprising that the company has contended that costs on account of soft ferrite constitutes only 15% of the cost of transformer. Indeed, cost on account of sort ferrite constitutes 30-40% of the cost of transformer.
- xvi. The applicant has accepted that there is a demand and supply gap in the country. The Indian producers such as TDK India Pvt. Ltd. and Cosmo Ferrite Limited export a large share of their production. The Indian industry is not interested in selling the product in the Indian market and therefore, user industry will be forced to import the product after paying anti-dumping duty.
- xvii. Cosmo Ferrite Limited product is not approved by several major equipment manufacturers. If the anti-dumping duty is imposed, the respondents will have to either import after payment of duties or lose sales. Importing after payment of duties is unviable and they shall be outpriced by direct imports of transformers.
- xviii. The respondents have not claimed that the applicant is not approved by any OEM. The concerns of the respondents are only with regard to the product specification of prominent electronic companies in high- end products that demand quality of product and zero-defects. These companies have not approved product produced by the applicant.
- xix. The respondents have shown how the lack of the availability of the product profile with the applicant has forced them to import. When despite no measures, the users are forced to import, the imposition of measures will kill these users.

- xx. If the Authority has to take a view that competition from China cannot be a reason to not impose anti-dumping duty, then the market Rs 3500 cr. will be completely captured by the imports. The market of Rs 3500 cr. cannot be compromised at the cost of a market of Rs 600 cr. The user industry may be advised what remedy is available to them.
- xxi. Since the capacity of the domestic industry cannot meet the demand of Indian market, the implementation of the anti-dumping duty for the product under investigation will trigger price increase, which is not in the best public interest.
- xxii. The specifications of the investigated products currently exported from China to India are transforming from low value-added products to high value-added products. The complexity of product design and the demand for customization has increased. Some technically advanced products cannot be produced by the Indian domestic industry. As a result, the Indian domestic industry is not able to meet such demands of Indian downstream customers.
- xxiii. The performance of power and high conductivity materials of the same type of products produced by the Indian domestic industry can only correspond to the lower middle level of performance of the same type of products imported from China, and there is a significant gap between the new generation of high-performance materials of the products imported from China to India. Chinese imports include iron depleted materials in addition to power and high conductivity materials, which are not found in Cosmo's public information.
- xxiv. The investigated products have a wide range of uses and the end-users are involved in many industries, and the adoption of anti-dumping measures on the investigated products will adversely affect the development of many industries in India.
- xxv. The Electronic Industries Association of India (ELCINA), representing the Electronic Hardware Industry represent the full value chain of electronics manufacturers, including those producing wound components like ferrites, transformers, and inductors. Our members have raised serious concerns regarding the ongoing Anti-Dumping Investigation on "Soft Ferrite Cores" imported from China (Gazette No. CG-DL-E-04102023-249138 & Case File No. AD(OI)-(21/2023) dated 30/9/23). These concerns are primarily about the negative impact on India's electronics industry, particularly affecting transformer and ferrite core manufacturers which are an essential input for all electronic equipment.
- xxvi. Transformer manufacturing, dominated by MSMEs, is already operating on thin margins and is a labor-intensive sector. Increasing duties on raw materials would not only harm these businesses but may also result in closure of many units as demand shifts to overseas suppliers, resulting in

job losses. We urge reconsideration of such measures to protect the domestic transformer manufacturing industry and its workforce.

- xxvii. In light of these above concerns, ELCINA urges the Director General of Trade Remedies (DGTR) to reconsider the submission proposing imposition of Anti-Dumping Duties (ADD) on soft ferrite cores. Such a duty would be against the interest of Make in India and the large number of transformer manufacturers for electronic equipments who constitute the large majority of this core segment of electronic components.

## **K.2. Submissions made by the domestic industry**

124. The other interested parties have made the following submissions regarding the Indian industry interest:
- i. The purpose of ADD is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping to establish a situation of open and fair competition in the Indian market, which is in the general interest of the country.
  - ii. ADD does not restrict imports from the subject countries. Fair competition in the Indian market will not be reduced by the imposition of ADD. On the contrary, it would ensure that no unfair advantages are gained by dumping practice, prevent decline of the domestic industry and help maintain availability of wider choice to the consumers of the subject goods.
  - iii. The Authority must consider whether ADD shall have any adverse impact on the public's interest, and to determine such impact, the authority must weigh the impact of the imposition of ADD on the availability of the goods in the Indian Market, the impact on the users of the product as well as the domestic industry and the impact on the general public at large.
  - iv. In the present investigation, only four transformer manufacturers, though severely deficient, have filed questionnaire responses. No representation has been filed by the user Association on behalf of its members. Thus, the level of cooperation from users in India is extremely low and not representative of the interests of the user industry in India.
  - v. The four users who have filed the UQRs have failed to provide any quantification of ADD or its impact on the downstream industries, but has simply made unsubstantiated statements to project an incorrect picture of the impact of ADD
  - vi. Even the users participating in the present investigation have not responded to the EIQ issued by the Authority to allow stakeholders to demonstrate how the imposition ADD would affect their operations, which shows that the consumers will not be bothered by the duties.
  - vii. No quantified information has been provided by the interested parties establishing that imposition of proposed duties would lead to such significant increase in cost of production of the downstream industry that the same shall render such downstream industries ineffective and

inefficient. While importers have participated with the investigation, they have been unable to provide any quantification of the impact of the duties. This further affirms the quantification of the impact of duties on the user industry provided by the domestic industry. The impact, if any, is insignificant.

- viii. Submissions made by 0.3% of the transformer manufacturers located around NCR cannot be considered as representative of the industry. Only 10 instances of non-approval cannot be considered a majority.
- ix. Some of the interested parties import the PUC in unground form (without finishing), which is nothing but the PUC without finishing. The scope of PUC should cover the geometries of MnZn Soft Ferrite Cores when imported in both ground and unground form and with or without finish.
- x. Soft Ferrite Core manufacturers such as the domestic industry are either tier 3 or tier 4 suppliers in the supply chain. Any approval for supplying the Soft Ferrite Cores will be available with the transformer manufacturer or PCB manufacturer who is supplying its goods after incorporating the Soft Ferrite Cores to the Tier 1 supplier or the OEMs.
- xi. ADD does not restrict imports but ensures that imports are available at fair prices. The imposition of ADD would not affect the availability of the product.
- xii. The performance of the domestic industry has deteriorated on account of several parameters, which could not have been the case had the domestic industry been in a monopolistic position. ADD ensures that the imports are entering the Indian market at fair prices and a level playing field is maintained between the foreign exporters and the domestic industry.
- xiii. The protection of domestic industry from unfair and dumped imports will not be inconsistent with the 'Make in India' initiative of the Government of India.
- xiv. The domestic industry has submitted financial statements of certain transformer manufacturers available on MCA website and annual reports.
- xv. The PUC market is an essential segment in the electronics and electric industry. The Indian government has introduced several schemes and protection measures in place to protect the growing electronics industry. The domestic industry is a manufacturer of the PUC in India and protection of the domestic industry will further promote domestic production in India, fulfilling the objective of promotion of domestic production of the "Make in India" initiative.
- xvi. The Government is also trying to promote the manufacturing of PUC in India by incentivizing the manufacturing under various schemes. Therefore, protection of the domestic industry is in favor of the "Make in India" and "Atmanirbhar Bharat" policies of the Government.
- xvii. The users have been able to pass on the increase in cost in the past when customs duty was imposed on the PUC and have managed to remain

- profitable through all these years. They shall be able to pass on the increase in cost due to imposition of ADD as well. No positive evidence has been shared to the contrary.
- xviii. The profitability of the transformer manufacturer was not affected in 2021-22, when selling price of PUC increased.
  - xix. The Authority must take a balanced approach between the interests of the domestic producers and their downstream users. It is already shown that the impact of ADD will be miniscule on the downstream products and the end-products.
  - xx. Despite catering to just 20% of the demand in India, these transformer manufacturers have remained profitable and able to compete with the Chinese imports of PUC because they are beneficiaries of dumping of PUC in India. If the transformer manufacturers believe that imposition of ADD on PUC will result in increase in imports of transformers, the appropriate action to address the issue is not opposing the ADD on the PUC, but to take measures to ensure that transformers are not imported into India at dumped prices.
  - xxi. The soft ferrite cores market is small now, but demand is rising quickly. The government must protect the domestic industry of soft ferrites in the country from the dumped imports.
  - xxii. Domestic industry used to supply unground soft ferrite cores to Speedofer, but stopped due to factors including disagreement regarding the price.
  - xxiii. Transformer Manufacturers are not concerned with the quality of the product, but the fact that imposition of ADD will force them to buy PUC are fair prices, which may affect their profitability.
  - xxiv. Non-approval submissions filed by 0.3% of the transformer producers cannot be considered representative of the industry in India. Majority transformer manufacturers are not bother by anti-dumping investigation. Only those around NCR are, for they are beneficiaries of anti-dumping.
  - xxv. There can be no confidentiality on non-approval information as product specifications referred to must have been shared by the transformer manufactured, on which the claims of non-approval are based. If this information is not disclosed and the domestic industry is not given an opportunity to address it, these submissions must be discarded.
  - xxvi. No quantified information has been provided to show that the imposition of ADD would lead an increase in the cost of production of the downstream industry, which would render such industry ineffective and inefficient. Traders of PUC have also not provided quantification of impact of duties.
  - xxvii. Speedofer is a beneficiary of dumping of PUC, and imposition of ADD will only lead to it purchasing PUC at fair prices. Importing at fair prices do not logically lead to the shutdown of an industry.

- xxviii. The claims regarding quality issues with the unground soft ferrite cores sold to Speedofer are factually incorrect; the domestic industry ceased supplying PUC not due to quality concerns but because of delayed payments, unreasonable transport delays, and pricing disagreements, as Speedofer is more interested in importing cheaper dumped PUC from China. Evidence has been provided to support this assertion. The domestic industry continues to sell unground soft ferrite cores to other customers.
- xxix. ADD, if imposed, will only be to the extent of the dumping or injury margin whichever is lower. It is understood that the beneficiaries of dumping will suffer if the anti-dumping duties are imposed, and their profit margins will get reduced to the extent of antidumping duty. This is the very reason why ADD is imposed, i.e., to provide a level playing field and counter the ill effects of unfair trade practices.
- xxx. The imposition of ADD will benefit with domestic industry and other Indian producers of PUC which have been incurring loss. The fact that a single or multiple manufacturers will benefit should not be a relevant consideration.
- xxxi. The import/users have indirectly admitted that the domestic industry is the only relevant and significant producer in the country. Further unsubstantiated claims regarding domestic industry only supplying PUC to ACT should be disregarded.
- xxxii. The domestic industry has not been able to operate at optimum capacity due to dumping of PUC and once such is rectified, it will be able to do so.
- xxxiii. The demand supply gap cannot justify not imposing ADD, since the domestic industry has not even been able to cater to the market share it is capable of due to dumped imports.

### **K.3. Examination by the Authority**

- 125. With regard to the contention that the imposition of anti-dumping duty will lead to increase in cost of transformers and wipe out the transformer industry in India, the Authority notes that there is no evidence on record regarding the same. Despite an increase in the landed prices of the PUC when BCD was imposed, the user industry has not shown adverse effects. On the other hand, the imposition of anti-dumping duty is likely to remedy the injury to the domestic industry due to unfair trade practices. The Authority notes that none of the transformer manufacturers participating in the present investigation has demonstrated their inability to pass on the increase in cost.
- 126. The Authority further notes that the domestic industry has quantified the impact of anti-dumping duty on the price of transformers and electric appliances wherein the transformers are used. The participating users have provided the impact of anti-dumping duty on their operations. Through the quantification of the impact of anti-dumping duty, the domestic industry claimed that the user industry was a pass-through industry. The impact of duty on the user industry will be insignificant.
- 127. The Authority notes the impact of ADD on user industry as claimed by the domestic industry as well as the other interested parties.

128. With regard to the contention that the imposition of anti-dumping duty will lead to monopoly and higher prices for users, the Authority notes that the imposition of anti-dumping duty only ensures fair prices in India and does not restrict or ban imports. There is no evidence on record to show that the imposition of anti-dumping duty will lead to the creation of a monopoly in India. The Authority notes that there have been several investigations where anti-dumping duty has been levied even though there was a single producer in the country and a single supplying country outside India.
129. The Authority notes that the impact and public interest analysis cannot be based on the number of players in the domestic production and downstream industry. The imposition of ADD will only ensure a fair playing field to the domestic industry. It will not lead to stoppage of imports into India. The demand supply gap is no justification for the non-imposition of ADD. the Authority notes that the imposition of ADD does not restrict the imports but only ensures that the imports are not at dumped prices.

**L. WRIT PETITION FILED BEFORE THE HIGH COURT OF DELHI BY SPEEDOFER COMPONENTS PVT. LTD. AND VICTOR MAGNETICS PVT. LIMITED**

130. Pursuant to the issuance of the Disclosure Statement by the Authority on 07th November 2024, Speedofer Components Pvt. Ltd and Victor Magnetism Private Limited filed writ petitions W.P. (C) 15865/2024 and W.P. (C) 15866/2024 respectively before the High Court of Delhi, claiming that the Authority has omitted the disclosure of essential facts and submissions in the Disclosure Statement.
131. However, the High Court dismissed the writ petitions in light of the same court's judgement in the case of Hindustan Lever Ltd. Now Known as Hindustan Unilever Limited v. Union of India & Ors., and directed the Authority to consider the submissions made by Speedofer and Victor in its final findings. The Authority has accordingly noted and examined the submissions made by Speedofer and Victor in the present final findings.

**M. POST DISCLOSURE COMMENTS**

**M.1. Submissions of the other interested parties**

132. The following submissions have been made by other interested parties:
- i. It is unclear whether the Authority has considered the import volumes of PUC under one HS code or for all nine HS codes identified by the applicant. The Authority must clarify whether the imports by the petitioner have been examined considering only one HS code or for the nine HS codes identified by the applicant.
  - ii. The applicant supplies majorly the cores used in lighting segments, which are also moving away from using transformers.
  - iii. Different geometries are completely different products, and the description of the product cannot be simply altered just to avoid antidumping duty.

- iv. The determination of whether a grade or type of product falls within the scope of the product under consideration is based solely on the applicant's production. If the applicant has not produced a specific grade, it cannot be included. Production by other domestic producers is irrelevant to this determination, consistent with the Authority's established practice. Therefore, any claim by the applicant that other producers are manufacturing additional geometries should not be considered. Only the geometries produced by Cosmo Ferrite Limited should be included within the scope of the product under consideration.
- v. EQ shape has been included in the scope of the PUC but the applicant's current catalogue doesn't have this shape.
- vi. The Authority is requested to consider unground cores as a separate PCN as the opposition by Speedofer shows that unground cores are eligible for PCN since the beginning.
- vii. Cosmo is just selling unground soft ferrite cores to Ferrite Sales Corporation, their own distributor who sells only Cosmo's products.
- viii. The Authority must disclose the value addition considered from ungrounded to grounded as value addition has vital consequences for the present investigation. The Authority is requested to disclose whether the value addition has been considered based on the claims made by the applicant or based on the information provided by Speedofer. If the Authority has considered the value addition claims of the Applicant, the Authority must also disclose how the Authority has deemed the claims of the Applicant appropriate.
- ix. Since the imports of ungrounded soft ferrite cores involve the issue of possible circumvention, it is unclear how activity undertaken by the applicant can be considered relevant to determine value addition.
- x. The production of grounded soft ferrite cores from unground cores involves considerable investment, specialized expertise, and extensive production efforts, making it unlikely that unground cores are imported solely to avoid anti-dumping duties on grounded cores. Furthermore, the significant existing imports of unground cores suggest that their demand is independent of duties on grounded cores. The fact that only one domestic manufacturer, Speedofer Components Private Limited, engages in converting unground to grounded cores underscores the complexity of the conversion process.
- xi. Speedofer Components Pvt. Ltd provided detailed information on value addition, showing a price difference exceeding 20% between grounded and ungrounded soft ferrite cores. Despite this, the Authority concluded that the value addition is minimal, which Speedofer contests as inconsistent. They note that the DGTR has previously recommended anti-dumping duties on products with lower value addition than this case. Additionally, Speedofer highlights that over 100 employees would face job losses if the duty is imposed, emphasizing the broader economic impact of such a decision.

- xii. The Authority is requested to clarify whether Speedofer has been treated as a domestic producer in determining the standing of the applicant since Speedofer has produced and sold grounded soft ferrites.
- xiii. The applicant imported material from China despite claiming idle production capacity, raising questions about why it didn't produce in-house for its own needs. This suggests either a lack of capability, non-approval of its product by consumers, or misleading claims about imports. Respondents seek disclosure of evidence supporting the applicant's justification for imports.
- xiv. The emails provided by the applicant showing that the user quality concerns have been resolved have not been disclosed by the applicant. The applicant intends to suppress facts and prevent the other interested parties from establishing the hollowness of the applicant's submissions. Non-disclosure of information from the respondents to which such information belongs is contrary to the principles of natural justice which ensure fairness in decision-making.
- xv. The Authority has not examined the prices of TDK provided by the other interested parties and compared them with the prices of Cosmo and the import prices. The Authority should clarify whether these contentions have been considered to establish the relevant facts in the disclosure statement.
- xvi. The Authority in the anti-dumping investigation concerning imports of Polyester Staple Fibre from China PR, Indonesia, Malaysia and Thailand investigation held that there was another producer which was selling at higher prices than the import price and therefore, the imports could not be considered as the factor which affected prices. Similar analysis should be applied in the present investigation as well because TDK India has been profitable despite selling at higher prices.
- xvii. The Authority must clarify whether other factors such as the absence of complete product portfolio, high salary cost, depreciation due to new capacity, non-approval of applicant's product by major consumers in India and increase in raw material cost despite admitted decline in raw material price, perceived quality challenges faced by the applicant, Inability of the applicant to seek approval owing to limited operations, Higher cost of production of the applicant owing to reasons not publicly known.
- xviii. The Authority must confirm that the price undercutting is much higher than the average injury margin in case of imports from China since the price undercutting is much higher than the injury margin for the non-cooperating producers.
- xix. The findings indicate that while the authority identified significant inefficiencies in the domestic industry's cost of production, it is unclear if these inefficiencies were fully accounted for when calculating profit/loss to determine injury. Submissions from interested parties highlighted excessive expenses (e.g., salaries, depreciation, and fixed assets), which seem to have been considered for NIP fixation but not for assessing profit/loss, cash flow,

- or return on investment. Clarification on whether these aspects were appropriately factored in is required for a transparent injury determination.
- xx. Cosmo Ferrite Limited does not possess the capacity to produce all types of soft ferrite cores, as each geometry requires a specific dye and caters to distinct applications. Production for these geometries is order-driven, meaning that available capacity does not guarantee the ability to produce every grade. Despite this, the Authority examined sales trends against available capacity, concluding that sales have not increased proportionally. However, such an examination lacks a legal and factual basis, as all parties, including the applicant, have acknowledged the applicant's limited capacity to supply all grades.
  - xxi. The injury analysis of the Authority has been centered around the idle capacities with the applicant. It seems that ADD is sought to feed the new capacities of the applicant and that the applicant should run on 100% capacity utilization.
  - xxii. The injury analysis focuses on capacity expansion while omitting factors that do not show injury. Instances of "no injury" are stated without substantiation. Notably, domestic sales increased to their highest level during the injury period, yet the statement is silent about this. Declined capacity utilization, linked to poorly timed expansion, is also not addressed.
  - xxiii. Imports, in absolute and relative terms to production and consumption, have declined. However, instead of concluding on this legal requirement, imports were linked to capacity utilization, which the applicant claims remained idle.
  - xxiv. Contradictions exist in inventory and production analysis. Inventories declined by 27% during the injury period, but this is dismissed as immaterial, while a mere 1% production decline is deemed material.
  - xxv. The statement lacks an analysis of key profitability indicators, such as cash profits, profit before interest, and return on capital employed, which all showed significant improvement.
  - xxvi. The difference in the injury margins of the participating producers shows that price is not the governing factor behind imports. The reason for the price difference between the 2 producers should be analyzed.
  - xxvii. The Authority's inclusion of sales to Alisha Coils, the applicant's own division, in the total sales reported has implications for the injury analysis. It was observed that sales to Alisha Coils were made at the same price, resulting in losses even on captive consumption
  - xxviii. The profit/loss, cash profit, return on capital employed, and salary and wages considered by the Authority include losses from captive consumption, which were not disclosed separately by the applicant. This raises concerns about the accuracy and reliability of the submitted data, as previously highlighted by respondents.
  - xxix. Consistent with the Authority's practice, the volume and market share should be determined both including and excluding captive sales. Including captive

sales in total demand would show a lower market share for imports and a higher market share for the applicant, while also reflecting that reported losses are inflated due to captive consumption losses.

- xxx. The Authority is requested to segregate injury data for domestic sales and captive consumption, providing interested parties an opportunity to comment on the revised data for a more accurate and transparent assessment.
- xxxii. No reason has been provided by the Authority for not considering 2021-22 as an exceptional year and excluding the same from the injury analysis.
- xxxiii. If 2021-22 is excluded from the scope of the injury analysis, it can be seen that the demand has consistently increase, imports in relation to production and consumption has declined in the POI, there is no price suppression/depression, production has increased over the injury period and the market share of the domestic industry has increased and is highest in the period of investigation.
- xxxiv. Cosmo's plant is 40 years old and has significant expenses on repair and maintenance. Most of the machinery at Cosmo Ferrite is beyond its useful life, leading to losses due to rejections, and Cosmo has no automation. We suspect Cosmo claimed cost of around 400 Rs per KG. Authority has considered only Rs 250 per KG.
- xxxv. Cosmo made an ill time decision to expand capacity. It has itself claimed that its plants were operating at idle capacity. Despite that, it undertook capacity expansion. The decision was very curious and surprising
- xxxvi. Cosmo additionally claimed that it is able to fetch much higher prices in the export market. If the export prices are so high, why did Cosmo's export sales declined. The only reason why it lost export market is because of the quality issues.
- xxxvii. When Cosmo's own transformer unit has not filed questionnaire response, has not provided relevant information, how Cosmo and its transformer unit are fully cooperative before the Authority.
- xxxviii. The Authority has admittedly found that the cost of production reported by Cosmo is higher and has not accepted the higher cost of production reported by Cosmo for the purpose of determination of non-injurious price, why the same higher cost has been accepted for determining the profits, cash profits and return on investment earned by Cosmo.
- xxxix. We strongly believe that the DGTR has not allowed significant expenses for fixation of non-injurious price. However, the DGTR has allowed all these expenses and determined profit, cash profit and return on investment.
- xl. A causal link has not been established in the present investigation as several economic parameters of the applicant show improvement.
- xli. The Authority has not examined the applicant's claims with respect to the threat of material injury in the disclosure statement. The Authority must either examine the threat of material injury claims or must clarify why the

claim was acknowledged in the initiation notification but dropped in the disclosure statement.

- xli. The users understand that the Authority has accepted that there is no threat of material injury to the applicant. When there is no threat of material injury, there is no need for imposition of measures.
- xlvi. The Authority has taken no note of the submissions regarding the increase in transformer imports when the BCD on soft ferrite cores was increased. The Authority has also not noted that the demand for transformers is being met majorly by imports and the transformer industry is operating at slim profit margins.
- xlvi. After the imposition of 7.5% BCD, Vietnam has increased their exports of transformers due to the imports being duty free under Asian Trade Agreements and cheaper cores due to 0% duty from China.
- xlii. The Authority has completely disregarded Speedofer's submissions regarding its current profit margins and the impact of ADD on it. The Authority has simply noted that the impact of duty on the user industry will be insignificant.
- xliii. If ADD is imposed, Speedofer's selling price will fall below direct cost of production, and entire capital would be completely wiped off in less than 15 months.
- xliiii. If 40% ADD is imposed, it would be seen that the cost of production shall increase by 8%. This shall make Victor's operations totally unviable. Victor shall suffer significant financial losses and shall not be able to recover even the direct cost.
- xliiii. GT Magnetics provided quantified impact of anti-dumping duty. It submitted that cost on account of soft ferrite constitutes 30-40% of the total cost and selling price of GT Magnetics finished product. If 40% anti-dumping duty is imposed, it will lead to operations totally unviable.
- xliiii. Bajrang Electronics, Bhoomi Electronic (OPC) Pvt. Ltd., GK Electronics, KM Magnetics, Gursim Techno India, MagSol Technologies, Minghao Electronics India Pvt. Ltd., M.K. Electronics, N N Magnetics and Electronics (P) Ltd., Prismatic Engineering Pvt Ltd., Risav Electronics, Shivam Electronics, Solvision India, Sunrise Electro, Victor Magnetics Private Limited, Vigor Industries, Vijaya Electronics have provided the number of employees, annual transformer production, lean profit margin and increase in cost due to imposition of ADD and have requested not to impose the ADD.
- xlix. With profit margins of only 1-3%, India's transformer industry lacks the capacity to absorb additional costs. Domestic production of soft ferrite cores meets just 40% of demand, and many small businesses operate with limited resources.
- 1. The ADD would financially strain small transformer manufacturers, risking closures. These businesses represent Rs. 6,000 crores in investment and are highly vulnerable to cost increases.

- li. A weakened transformer industry could hinder India's semiconductor manufacturing ambitions, as transformers are essential components for this sector.
- lii. The proposed ADD could threaten the survival of over 4,000 small transformer manufacturers, leading to job losses and broader economic impacts.
- liii. Cosmo is interested in the export market and not the domestic market. Cosmo exports 40% and uses 30% captively of its production, leaving only 60 tons per month for the market.
- liv. Cosmo has vested interest in promoting Alisha Coils. Our customers are already discussing shifting their business to ACT because the ADD does not affect their prices. Cosmo intends to convert their ferrite business to transformer business.
- lv. Within the transformer industry, the large and middle scale manufacturers such as Samsung and Selcom are not bothered with ADD since transformers are very small cost for them. The ADD will impact the Grah Udyog and small-scale manufacturers of transformers.
- lvi. The low participation of Chinese manufacturers of PUC shows that they are not interested in the PUC but will increase their transformer export once the ADD is imposed.

## **M.2 Submissions of the domestic industry**

133. The following submissions have been made by the domestic industry:
- i. The Authority may disregard the submissions regarding the manipulation of data with respect to the change in number of employees from 2021-22 to POI since the submissions are based on misinterpretation of indexed figures provided by the domestic industry. The Authority can verify from confidential information that there is no major change in the number of employees from 2021-22 to POI.
  - ii. The Authority is requested to examine the submissions of the domestic industry with respect to the threat of material injury.
  - iii. The Authority must reject the submissions made by ELCINA since ELCINA did not register as an interested party in the present investigation. Moreover, non-confidential version of the submission made by ELCINA were not circulated to the other interested parties for their comments despite the Authority's directions in lists of interested parties issued by the Authority on 05th January 2024, 09th January 2024 and 24th April 2024. The domestic industry was not even aware that ELCINA had filed any submission before the Authority until the Disclosure Statement was issued. The domestic industry is not even aware of the date of the submission made by ELCINA. No timely opportunity was provided for the domestic industry to examine these submissions made by ELCINA to defend its interest.

- iv. The non-circulation of submission made by ELCINA are in direct violation of Article 6.2, 6.4 and 6.5.2 of the AD Agreement, Rule 6(7) of the AD Rules and the principles laid down by the Supreme Court in the cases of Union of India and Another vs. Meghmani Organics Limited and Others [(2016) 10 SCC 28] and Sterlite Industries (India) Ltd. v. Designated Authority [(2006) 10 SCC 386]. The submissions made by ELCINA must be disregarded by the Authority as per Rule 7(3) of the AD Rules.
- v. Based on the import data as per the market intelligence, the percentage of exports of PUC made by Yibin and DMEGC in the total imports of PUC into India is too miniscule to be considered representative. Such low volumes of exports cannot be considered reliable to determine the export price for Yibin and DMEGC.
- vi. The Authority is requested to verify the landed price determined for Tongxiang, as the conversion methodology adopted by Tongxiang to convert the transactions with unit of measurements as pairs, pieces and numbers to MT might be inaccurate, leading to a skewed dumping and injury analysis.
- vii. The Authority is requested to recommend ADD on ad-valorem basis in the present investigation since the PUC is imported is a customized product and consists of numerous geometries and is traded or sold in “pieces” or “pairs” or “numbers”. A fixed rate of antidumping duty will result in unnecessary burden on and administrative difficulty to the customs authorities to assess and collect the antidumping duty as they would require to calculate the weight of each shipment based on the type of the geometry imported. For that purpose, the custom authorities must have understanding and information with respect to the weight of each geometry imported.

### **M.3 Examination by the Authority**

- 134. The Authority has examined the post disclosure submissions made by the interested parties. It is noted that comments which are reiterations and have already been suitably examined and adequately addressed in the relevant paragraphs of the final findings, are not being repeated in the post-disclosure examination by the Authority for the sake of brevity. The issues raised for the first time in the post disclosure comments/submissions by the interested parties and considered relevant by the Authority are examined below.
- 135. The Authority has considered only 85051110 as the relevant HS code for the purpose of this investigation and it is after having extensive deliberations with the domestic industry at the pre-initiation stage. Thus, only HS code 85051110 has been considered in the present investigation for analysis of imports by the Authority.
- 136. With respect to the submissions regarding the restriction of the scope of the PUC based on certain geometries, the Authority notes that it had sought the volume-wise production and sales data of the geometries produced and sold by the domestic industry. The Authority had also considered the geometries of soft ferrite cores which

had been imported into India while restricting the scope of the PUC. Further, the PUC is a customized product and is produced and sold based on the customers' requirements. In such a situation, it is not possible for the domestic industry to produce all the dimensions of the geometries of the PUC unless it is demanded by a customer.

137. Based on the information sought, the Authority noted in the determination of the scope of the PUC issued on 05th April 2024 that there is no import of the following geometries: QP, UR, EER, ETD, ERY, EFF, EFD, EVD, EV & EED. Further, the Authority noted that the different geometries cannot be interchangeably used and are not a substitute for each other. After taking into account the volume-wise production and sales data and the import data of the above geometries and the submissions made by various interested parties, the Authority decided the scope of the product under consideration and PCN methodology in the determination of the scope of the PUC issued on 05th April 2024. The geometries produced by other domestic producers of soft ferrite cores have not been considered while determining the scope of the PUC in the present investigation.
138. The other interested parties have also submitted that there is a price difference between different geometries of the PUC and unground and ground soft ferrite cores, therefore, the Authority should carry out the margin calculations separately and treat ground soft ferrite cores and unground soft ferrite cores as separate PCNs. The Authority notes that none of the interested parties have filed any submissions for the creation of PCNs in the present investigation within the time period provided to the interested parties. The interested parties were given ample opportunities to give their comments on PUC/PCN but none of the interested party given their comments on the PCN methodology. Anti-dumping investigations are time bound exercise and the claim of separate PCN for ground and unground PUC at such belated stage of the investigation cannot be accepted.
139. The Authority notes that the set of customers to whom unground soft ferrite cores have been sold by the domestic industry is not a relevant criterion to determine whether a like article can be included in the scope of the PUC or not. The relevant criteria are whether the domestic industry has produced and sold the like article. In the present investigation, the domestic industry has produced and sold unground soft ferrite cores in the domestic market.
140. The Authority notes that to exclude a product from the scope, it is important to clearly determine if the excluded product is different from PUC and is not a like product. The Authority has examined the assertion to exclude unground soft ferrite cores in the following paras.
- a. Whether manufacturing process involved from unground soft ferrite cores to ground soft ferrite cores is incremental with minimal value addition?*
141. In this regard, the domestic industry has submitted and the Authority has verified its manufacturing process of the PUC to show that the majority of the manufacturing process of the PUC is up to unground soft ferrite cores. It is seen that processing of unground soft ferrite cores to make ground soft ferrite cores is a one step process, post

which only quality inspections and packing are carried out before the PUC is shipped to the customers. Moreover, the Authority notes that the intrinsic magnetic properties of the PUC are set during the sintering process itself.

142. One of the interested parties, Speedofer has also argued that inspection and quality checks carried out by Speedofer must be counted as manufacturing process. The Authority notes that manufacture means to bring about a series of changes through the process where the product cannot be regarded as the original product. Therefore, the quality checks carried out by Speedofer cannot constitute manufacturing since no new product is being manufactured after the quality checks are carried out.
143. Moreover, Speedofer has submitted that the value addition is the only criterion to determine whether an intermediate product can be included in the scope of PUC in an investigation. Speedofer has also contended that the value addition carried out by Speedofer is 15-20%, 35-40%, 30% and 39% when unground soft ferrite cores are converted to ground soft ferrite cores at different stages of the investigation. The Authority notes that Speedofer has revised the figure of value addition 4 times, increasing it by almost double its initial claim. This creates doubts on the veracity of its submission. The domestic industry has provided the value addition calculations based on its own data which is 4-6%.
144. Thus, the Authority notes that the manufacturing process involved from converting unground soft ferrite cores to ground soft ferrite cores is very minimal without any change in inherent properties.

***b. Whether there exists possibility of circumvention of measures?***

145. The domestic industry has submitted that there exists a strong possibility of circumvention of measures if unground soft ferrite cores are excluded.
146. The Authority notes on account of minimal value addition and ease of conversion there is high preponderance of circumvention which can nullify the trade remedial action if unground soft ferrite cores are excluded from the scope of PUC. The importers and processers of unground soft ferrite cores can increase their imports at dumped prices and start supplying increased quantities of PUC in the market after undertaking mere grinding operations which is the last step in the whole process of manufacture of PUC. This will defeat the purpose of imposition of anti-dumping duty.
147. Thus, the Authority notes that exclusion of unground soft ferrite cores will lead to circumvention of anti-dumping duty in the present investigation.

***c. Whether intermediate and end products have similar physical and chemical characteristics.***

148. The Authority notes that both the domestic industry and other interested parties have submitted that the ground and unground soft ferrite cores are manufactured by mixing of large proportions of ferric oxide, manganese oxide and zinc oxide. Thus, there is no difference in chemical characteristics of unground and ground soft ferrite cores.
149. As noted above, grinding is the final step in the manufacture of soft ferrite cores and is the finishing step to optimize the magnetic performance of the PUC as per the customers' requirements. The Authority notes that certain properties of the soft ferrite

core are determined at the very first stage of the production process involves mixing of the raw material powders in different proportions to achieve different properties. Thus, certain properties of the final product are determined at the very first stage of preparing the powder for pressing into different geometries. Pre-sintering, the mix is pressed into the desirable geometries to make green cores. The green cores are then sintered to manufacture the final product. The intrinsic magnetic properties of the PUC are already set during the sintering process.

150. The Authority notes that the product is considered to be manufactured post the sintering process and the only physical difference in unground and ground soft ferrite cores is the finishing required to optimize the product as per the customers' requirements. Thus, there are no physical and chemical differences in the unground and ground soft ferrite cores.
151. The other interested parties have also submitted that the domestic industry is not supplying unground soft ferrite cores in the domestic market and thus, unground soft ferrite cores cannot be included in the scope of the PUC. The Authority notes that the domestic industry has provided evidence in the form of invoices of sales of unground soft ferrite cores in the domestic market. The Authority also notes that the domestic industry has supplied unground soft ferrite cores to Speedofer in the past as well. Thus, the Authority notes that the domestic industry manufactures and supplies unground soft ferrite cores in the domestic market.
152. To further examine the claims by Speedofer, the Authority has conducted a physical verification of the premises of the domestic industry, and Speedofer. Based on the observations made during the plant verification of domestic industry and Speedofer, the Authority holds the following:

- a. The domestic industry is carrying out the manufacturing process of the PUC from its basic stage i.e., the domestic industry purchases ferric oxide, manganese oxide and zinc oxide and carries out the following processes to convert the raw materials into the PUC. The table below shows the comparison of the processes carried out by the domestic industry and Speedofer:

<b>S. No.</b>	<b>Stage in production process</b>	<b>Domestic Industry</b>	<b>Speedofer</b>
1	Mixing Process	Yes	No
2	Pre-sintering Process	Yes	No
3	Milling	Yes	No
4	Spray Drying	Yes	No
5	Pressing	Yes	No
6	Sintering	Yes	No
7	Grinding and Packing	Yes	Yes

- b. It can be seen that Speedofer is not carrying out any manufacturing activity is just converting unground soft ferrite cores to ground soft ferrite cores by applying grinding operations.
  - c. With respect to the investments made in the manufacturing facilities of the PUC, the Authority examined that recent investment made by the domestic industry for manufacturing the PUC. It was observed that out of the total investment by the domestic industry of (INR \*\*\* crores) for plant and machinery, out of which only (INR \*\*\* crores), is required towards grinding operations, which is in the range of 5-10% of the total investment made for the plant and machinery. Since Speedofer does not carry out the entire manufacturing process of the PUC, there was no data available with Speedofer with respect to the investment required up to the stage of manufacturing of unground soft ferrite cores. Therefore, based on the domestic industry data, the Authority notes that the majority and significant proportion of investment is required for manufacturing the PUC up to the stage of making unground soft ferrite cores only. The machinery required for grinding operations cannot be considered to constitute significant proportion in the total investment made.
153. Based on the above facts, the Authority has decided not to exclude unground soft ferrite cores from the scope of the PUC in the present investigation.
154. Speedofer, an importer of the PUC, had also claimed to be a manufacturer of the PUC in the present investigation. The Authority notes that Speedofer cannot be considered a manufacturer of the PUC since it carries out only grinding operations on the penultimate stage of the PUC. The grinding operations cannot be treated as manufacturing because of the observations made by the Authority above. Further, the Authority notes that Speedofer is the beneficiary of dumping.
155. The Authority notes that Speedofer is involved in importation of the PUC and performing grinding on the PUC as per the customers' requirement. The focus of Speedofer is importation rather than manufacturing. The imports by Speedofer have been significant and they have contributed to dumping in India. The Authority holds that Speedofer cannot be treated as a domestic producer of the PUC. Its production is not relevant for the determination of the total Indian production of the PUC.
156. With respect to the imports made by the domestic industry, the Authority notes that the domestic industry has made imports in 2021-22 and the POI. The volume of the PUC imported by the applicant constitutes less than 1% of the total Indian demand and production. The applicant is not a regular importer, has imported only negligible quantities and is primarily engaged in the activity of manufacturing. Thus, the Authority notes that the imports made by the applicant does not disentitle it from constituting domestic industry in the present investigation.
157. With respect to the request for disclosure of the evidence supporting the applicant's justification for imports, the Authority notes that the reason for imports is a business

sensitive information of the domestic industry and cannot be disclosed under Rule 7 of the AD Rules.

158. With respect to the request for disclosure of the emails provided by the domestic industry to show that the quality issues raised by the users have been resolved, the Authority notes that the emails are business sensitive information of the domestic industry and cannot be disclosed under Rule 7 of the AD Rules. The Authority notes that the users are aware of the quality concerns raised by them and the domestic industry has provided evidence showing the resolution of the said quality issues. Since communication is between certain interested parties, the Authority does not deem it appropriate to disclose the same to all the interested parties under Rule 7 of the AD Rules.
159. Certain interested parties have raised the issue of difference in the prices of TDK India and the domestic industry. The Authority reiterates that TDK India has informed the Authority that it exports 80% of its production and thus, is not interested in participating in the present investigation. Even if TDK India has remained profitable despite selling it at higher prices, the profitability could be a due to the exports made by TDK India or that TDK India has been selling different geometries of PUC i.e NPUC than the domestic industry. However, in absence of participation of TDK India, the same cannot be considered as verifiable evidence. Thus, the Authority does not deem it fit to draw any conclusion based on the price difference between TDK India and the domestic industry.
160. With respect to the claim that the domestic industry has manipulated the change in number of employees from 2021-22 to POI, it is noted that there is a change in the number of employees on account of change in PUC. As the Authority modified the PUC scope and the domestic industry has submitted revised data pertaining to only revised PUC, the change in number of employees is on account of the proportionate adjustment made in the number of employees between the original scope of the PUC and revised scope of the PUC. Further, the Authority notes that the other interested parties have relied upon the indexed figures to arrive at an inaccurate conclusion. With respect to the claim of the other interested parties that salary and wages of the domestic industry have increased over the injury period, the Authority notes that the domestic industry has provided the data as per its audited books of accounts and as per its consistent practices. The Authority had sought clarification from the domestic industry with respect to the increase in salary and wages over the injury period. The domestic industry has provided an explanation for the same. The Authority notes that the increase in salary and wages over the injury period is mainly on account of the increase in the number of employees with the increase in capacity and the increase in wages/salaries of workers and employees in 2021-22 which were on hold for the last few years due to the domestic industry facing extreme losses due to the dumped imports.
161. With respect to the non-approval of products supplied by the domestic industry, the Authority notes that none of the importers/users have provided any substantial

evidence to show that the products supplied by the domestic industry is not at par with the quality standards.

162. With respect to the approvals of PUC supplied by the domestic industry from OEMs, the Authority notes that the domestic industry has submitted evidence of supplies made to OEMs in form of sample invoices of sales made by its transformer division Alisha Coils and Transformers to OEMs, sample specification and approval sheets of OEMs approving the usage of domestic industry's product, sample invoices of sales made by the domestic industry to OEMs. The domestic industry has also provided sample invoices of sales made to public sector units. The interested parties have submitted evidence with respect to non-approval of PUC supplied by the domestic industry of certain OEMs and customers. The Authority notes that the domestic industry cannot be expected to be approved by each and every customer of the transformer manufacturers.
163. As regards the cost of sales of domestic industry for any year represents the overall costs of production and sales of PUC for that entire year, the Authority notes that cost of sales is calculated based on consumption price of the raw material for the entire year and the comparison of consumption price with the purchase prices may be misleading in a situation where the raw material prices vary significantly.
164. With respect to the claim that the domestic industry is utilizing a significant portion of its production of the PUC for captive uses within its in-house division, namely Alisha Coils and Transformers and has not provided the details of captive consumption of the PUC, the domestic industry has submitted that it has two divisions, CFR division and ACT division. As per the GST regulations, the sale made by the CFR division to ACT division is considered as supply and thus, is subject to GST and reported as sales in the books of CFR division and purchases in the books of ACT division. The domestic industry has also provided the GST invoices for the sales of PUC made ACT division. Accordingly, the Authority notes that the demand calculation for the PUC includes the sales of the PUC made by the domestic industry to ACT division. Therefore, there is no error in calculation of the demand for the PUC. Further, the NSR claimed by the domestic industry also includes the sales made to the ACT division. It is also noted by the Authority that the selling price to the ACT division is comparable with the prices of the unaffiliated customers.
165. The importers/users have also requested the Authority to consider the inefficiencies considered for the NIP fixation to be applied to the economic parameters of the domestic industry. The Authority notes that the adjustments made to arrive at the NIP have been made in accordance with Annexure III of the AD Rules.
166. The Authority has considered the capacity of the domestic industry as per the pollution control board certificate provided by the domestic industry as per the practice of the Authority. Moreover, in case of PUC covering several customizable geometries, the capacity cannot be determined for each geometry separately. The Authority has considered the overall capacity of the domestic industry and has determined the scope of the PUC based on the actual production and sales data of the domestic industry.

167. With respect to the submissions that the injury has been examined based on the capacity utilization of the domestic industry, the Authority notes that the injury analysis has not been based on the capacity utilization but all the economic parameters of the domestic industry. However, it is not necessary that all economic parameters show deterioration to establish injury to the domestic industry.
168. Moreover, the low-capacity utilization of the domestic industry despite available capacities to cater to the demand in India is an indicator that the dumped imports have restricted the increase in capacity utilization of the domestic industry.
169. Para ii of Annexure II states that the Authority shall consider whether there has been a significant increase in the dumped imports, either in absolute terms or relative to production or consumption in India. In the present investigation, imports from the subject country in relation to production and consumption have increased over the injury with a slight decline in POI. Nevertheless, the imports remained significant throughout the injury period.
170. The decline in inventory is relevant but since the PUC is a customizable product and sold in different geometries, the decline in inventory cannot be said to indicative of the fact that the economic condition of the domestic industry has improved. Moreover, it is reiterated that it's not necessary that all parameters show deterioration to establish injury.
171. The profitability, cash profits and ROCE of the domestic industry have remained negative throughout the injury period except in 2021-22 which was an exceptional year for the domestic industry. The Authority notes that the decline in losses from the base year does not equate to an improvement in the economic performance of the domestic industry. The losses are still at a significant level in POI and even the losses in the POI have increased from 2020-21 and the profit in the year 2021-22 turned into losses in the POI. The domestic industry was incurring negative cash profits and PBIT.
172. The Authority has already noted that the sales made to ACT have not been recorded as captive consumption by the domestic industry. The sales made to ACT have been treated as sales and the sales have been made at the prevailing market price of the PUC. Moreover, there is no requirement under law to determine the economic parameters of the domestic industry including and excluding captive sales.
173. With respect to the cost claimed by the domestic industry, the Authority has determined the cost of production of the domestic industry and the NIP as per the methodology prescribed under the law.
174. With respect to the absence of causal link in the present investigation, the Authority notes that none of interested party has provided any evidence or brought forward any other "known" factor before the Authority to show that there is no causal relationship in the present investigation between the dumped imports and the injury to domestic industry.
175. With regard to the contention that the imposition of anti-dumping duty will lead to increase in cost of transformers and wipe out the transformer industry in India, the Authority notes that imposition of anti-dumping duty is likely to remedy the injury to

the domestic industry due to unfair trade practices and not restrict the imports of soft ferrite cores.

176. The Authority further notes that the none of the users participating in the present investigation have provided a quantification of impact of ADD on their products as required under the EIQ issued by the Authority. The Authority notes that the domestic industry has quantified the impact of anti-dumping duty on the price of transformers and electric appliances wherein the transformers are used. The claim of impact of duty filed by some importers/users have been filed at belated stage.
177. With regard to the contention that the imposition of anti-dumping duty will lead to monopoly and higher prices for users, the Authority notes that the imposition of anti-dumping duty only ensures fair prices in India and does not restrict or ban imports.
178. With respect to the approval of the PUC supplied by the domestic industry, the Authority has noted that none of the interested parties have provided any positive evidence that the products manufactured by the domestic industry is of sub-par quality compared to the imported subject goods. The Authority notes that the domestic industry has already supplied the product under consideration in India as well as the export market; that too in significant volumes and for a long period.
179. Certain new parties such as Bajrang Electronics, Bhoomi Electronic (OPC) Pvt. Ltd., GK Electronics, KM Magnetics, Gursim Techno India, MagSol Technologies, N N Magnetics and Electronics (P) Ltd., Risav Electronics, Shivam Electronics, Solvision India, Sunrise Electro, Vigor Industries, Vijaya Electronics have provided the number of employees, annual transformer production, lean profit margin and increase in cost due to imposition of ADD and have requested not to impose the ADD. Since none of these parties participated in the present investigation and this is the first instance of them providing any information, the Authority cannot consider them as interested parties.
180. ELCINA has made certain submissions in the present investigation as well prior to the issuance of the disclosure statement. However, ELCINA did not participate in the present investigation. ELCINA also did not provide any information as per the economic interest questionnaire prescribed by the Authority. Thus, the Authority does not consider ELCINA as an interested party in the present investigation. Further, ELCINA failed to circulate their submissions to all the other interested parties. Therefore, the Authority is not considering the submissions filed by ELCINA under Rule 7(3) of the AD Rules.
181. Further, the low participation of Chinese manufacturers cannot be a basis to conclude that the imposition of ADD will lead to an increase in the imports of transformers.
182. With respect to the examination of the threat of material injury to the domestic industry, Rule 11 of the AD Rules requires the Authority to record the finding that the subject imports into India are causing or threatening material injury to any established industry in India or materially retarding the establishment of any industry in India. Since, the Authority has concluded that there is material injury to the domestic industry due to the dumped imports from China PR, it has decided to restrict the injury examination with respect to the material injury to the domestic industry only.

183. With respect to the domestic industry's submission regarding the recommendation of duty on ad-valorem basis, the Authority observes that the PUC is a customized product and consists of numerous geometries and is traded or sold in "pieces" or "pairs" or "numbers". The domestic industry as well as exporters from China issue the invoices in "pieces" or "pairs" or "numbers". For making a fair comparison, the unit of measurement for the purposes of the present investigation has been taken as weight (KG). Therefore, the fixed rate of antidumping duty will result in unnecessary burden on and administrative difficulty to the customs authorities to assess and collect the antidumping duty as they would require calculating the weight of each shipment based on the type of geometry imported. There is also a possibility that some exporters declare inaccurate dimensions and sintered density of the material for deriving the weight of the shipment, which can lead to underpayment of ADD. Even if some exporters declare the weight in shipping documents, it is administratively difficult to verify the accuracy of the same. Therefore, considering the peculiarity of the PUC, the Authority deems it appropriate to recommend antidumping duty on ad-valorem basis.

#### **N. CONCLUSION AND RECOMMENDATIONS**

184. After examining the submissions made by the interested parties and issues raised therein and considering the facts available on record, the Authority concludes that:
- i. The product under consideration in the present investigation is "Soft Ferrite Cores" originating in or exported from China PR.
  - ii. The product under consideration in the present investigation is limited to Manganese-Zinc-based Soft Ferrite Cores of the following geometries and lengths:
    - a) EE/E/EF of length 10 mm to 128 mm
    - b) PQ/EQ of length 20 mm to 71 mm
    - c) ET of length 24 mm to 35 mm
    - d) Toroid (with and without coating) of length 03 mm to 202 mm
    - e) UU/UI of length 10 mm to 141 mm
    - f) I Bars of length 20 mm to 245 mm
    - g) ER of length 11 mm to 67 mm
  - iii. The scope of the present investigation covers the above-mentioned geometries in both ground and unground forms.
  - iv. The following Soft Ferrite Cores are excluded from the scope of the present investigation:
    - a) Nickel-zinc based Soft Ferrite Cores
    - b) Magnesium-zinc based Soft Ferrite Cores
    - c) MnZn Soft Ferrite Cores with mirror finish
  - v. The subject goods exported from the subject country 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 applicant constitutes 30-40% in the total Indian production of the PUC. Therefore, the applicant passes the 'major proportion' test under Rule 2(b) of the AD Rules and the application satisfies the criteria of standing in terms of Rule 5(3) of the AD Rules.
  - vii. Considering the normal value and export price for the subject goods, the dumping margin for the subject goods from the subject country has been determined, and the margins are positive and significant.
  - viii. The demand for the subject goods has increased throughout the injury period with a slight decline in the POI. The demand for the subject goods has increased by 14% in the POI compared to the base year. Despite having the capacity to meet almost 50-60% of the demand of the PUC in India, the market share of the domestic industry has remained stagnant at approximately 15-25% due to the dumped imports. The domestic industry has been unable to achieve the optimum level of production.
  - ix. The landed price of dumped imports is significantly below the selling price of the domestic industry, resulting in positive and significant price undercutting throughout the injury period. The domestic industry losses have increased in the POI as compared to 2020-21. The profitability, cash profit, PBIT and ROCE of the domestic industry have remained negative in the POI and show deterioration as compared to 2020-21.
  - x. The domestic industry has suffered material injury as a result of the dumped imports. The injury margin is significant.
  - xi. Imposition of anti-dumping duty would not affect the availability of the product to the customers.
185. The Authority notes that the investigation was initiated and notified 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, causal link and impact of recommended measures. Having initiated and conducted the investigation into dumping, injury, and causal link in terms of provisions laid down under the Anti-Dumping Rules and having quantified the impact of the imposition of anti-dumping duty, the Authority is in view that imposition of anti-dumping duty is required to offset the dumping and injury. The Authority considers it necessary and recommends the imposition of an anti-dumping duty on imports of the subject goods from the subject country.
186. In view of the above, the Authority, in terms of provisions contained in Rule 17(1)(b) read with Rule 4(d) of the Rules, recommends imposition of anti-dumping duty equal to the lesser of margin of dumping and the margin of injury, so as to remove the injury to the domestic industry. The Authority accordingly recommends imposition of anti-dumping duty on the imports of the subject goods originating in or exported from China PR for a period of five years from the date of notification to be issued in this

regard by the Central Government, as a percentage of the CIF price of the goods, as indicated in Col. 7 of the duty table given below.

**Duty Table**

S. No.	Sub Heading or Tariff Item	Description of Goods	Country of Origin	Country of Export	Producer	Duty as % of CIF
1	2	3	4	5	6	7
1	85051110	Soft Ferrite Cores*	China PR	Any country including China PR	Huzhou Haotong Electronic Technology Co., Ltd. (producer)	31
2	-do-	-do-	China PR	Any country including China PR	Yibin Jinchuan Electronics Co., Ltd. and Hengdian Group DMEGC Magnetics Co., Ltd.	Nil
3	-do-	-do-	China PR	Any country including China PR	Any, other than S. No. 1 to 2	35
4	-do-	-do-	Any country including China PR	China PR	Any	35

*\*The product under consideration in the present investigation is limited to Manganese-Zinc-based Soft Ferrite Cores of the following geometries and lengths:*

- a) EE/E/EF of length 10 mm to 128 mm*
- b) PQ/EQ of length 20 mm to 71 mm*
- c) ET of length 24 mm to 35 mm*
- d) Toroid (with and without coating) of length 03 mm to 202 mm*

- e) UU/UI of length 10 mm to 141 mm
- f) I Bars of length 20 mm to 245 mm
- g) ER of length 11 mm to 67 mm

**O. FURTHER PROCEDURE**

187. An appeal against the determination of the Designated Authority in these final findings shall lie before the Customs, Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Customs Tariff Act/Rules.



**Darpan Jain**  
**(Designated Authority)**