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F. No. 6/51/2024-DGTR
Government of India
Ministry of Commerce & Industry
Department of Commerce
(Directorate General of Trade Remedies)
4th Floor, Jeevan Tara Building,
5, Parliament Street, New Delhi -110001

Dated: 19.03.2026

FINAL FINDINGS
Case No. AD (OI)-48/2024

Subject: Anti-dumping investigation concerning imports of '2,2,4-Trimethyl-1,2-Dihydroquinoline' (TDQ) originating in or exported from China PR.

F. No. 6/51/2024-DGTR - Having regard to the Customs Tariff Act 1975 as amended from time to time (hereinafter referred as "Act") and the Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereinafter referred as the "Anti-Dumping Rules" or "Rules") thereof,

A. BACKGROUND OF THE CASE

1. NOCIL Limited (hereinafter referred to as the "applicant" or "domestic industry") filed an application, before the Designated Authority (hereinafter also referred to as the "Authority") in accordance with the Customs Tariff Act, 1975 and the Anti-Dumping Rules for initiation of anti-dumping investigation concerning imports of '2,2,4-Trimethyl-1,2-Dihydroquinoline' (hereinafter also referred to as the "product under consideration" or the "subject goods" or "TDQ") from the People's Republic of China ("China PR") (hereinafter referred to as the "subject country").
2. And whereas, in view of the duly substantiated application filed by the applicant, the Authority issued a public notice *vide* Notification F. No. 6/51/2024-DGTR, dated 27th December, 2024, published in the Gazette of India, initiating anti-dumping investigation into imports of the product under consideration from China PR, in accordance with Rule 5 of the Anti-Dumping Rules to determine the existence, degree and effect of any alleged dumping of the product under consideration and to recommend the 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 below has been followed with regard to the investigation:

3.1 Initiation.

- a. In accordance with Rule 5(5), the Authority notified the embassy of the subject country in India about the receipt of the present anti-dumping application before proceeding to initiate the investigation.
- b. Upon examination of the application, the Authority found *prima facie* evidence of dumping and consequent injury. Therefore, in accordance with Rules 5 and 6, *vide* Notification F. No. 6/51/2024-DGTR dated 27th December 2024, the Authority initiated the present proceedings.
- c. The period of investigation (POI) was considered as 1st April 2023 to 30th June 2024. The injury period was set to cover the period 1st April 2020 to 31st March 2021, 1st April 2021 to 31st March 2022, 1st April 2022 to 31st March 2023 and the period of investigation.
- d. A request was made to the Directorate General for Systems and Data Management (“DG Systems”) for transaction-wise import data of the product under consideration for the injury period. The Authority received the data and has relied upon this data for the necessary analysis after due examination of the transactions.

3.2 Circulation of non-confidential version of the application

- a. In accordance with Rule 6(2), the Authority informed interested parties of the initiation of the investigation by sharing a copy of the initiation notification with the embassy of the subject country in India, known producers and exporters of the product under consideration in the subject country, known importers of the subject goods in India and other interested parties, as per the information made available in the application.
- b. In accordance with Rule 6(3), the Authority provided a copy of the non-confidential version of the application to the government of the subject country through their embassy in India, known exporters of the subject imports and to other interested parties who requested in writing for a copy of the application.
- c. The Authority sent questionnaire to the government of the subject country through their embassy in India. The government of the subject country was requested to forward the initiation notification and the questionnaires to the producers of the product under consideration in their country and advise them to respond to the questionnaire within the prescribed time limit.

3.3 Participation by exporters of subject country and importers/users from India.

- a. The Authority sent exporter questionnaires to the following known producers/exporters of the subject goods calling for necessary information in accordance with Rule 6(4) of the Rules.
- b. The following producers and exporters have registered themselves as interested parties in the present investigation:

| S. No. | Name of interested party |
|--------|-----------------------------|
| a. | Sennics Co., Ltd. |
| b. | Sennics Co., Ltd. Shandong |
| c. | Sennics Singapore Pte. Ltd. |

- c. The Authority sent importer 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.

| S. No. | Name of interested party |
|--------|--|
| a. | Agarwal Rubber Limited |
| b. | Apollo Tyres Limited |
| c. | Asian Tire Factory Limited |
| d. | ATC Tires Private Limited |
| e. | B.P. Chemicals |
| f. | Balkrishna Industries Limited |
| g. | Constech Enterprises Pvt. Ltd. |
| h. | Deccan Fine Chemicals (India) Pvt. Ltd. |
| i. | Forech India Private Limited |
| j. | Forech Mining & Construction International LLP |
| k. | Globus Rubchem Private Limited |
| l. | Govind Rubber Limited |
| m. | Hartex Rubber Private Limited |
| n. | JK Tyre & Industries Limited |
| o. | Kohinoor India Pvt. Ltd. |
| p. | Lanxess India Pvt. Ltd. |
| q. | Malhotra Rubbers Ltd. |
| r. | Maxxis Rubber India Private Limited |
| s. | Merchem Limited |
| t. | MRL Tyres Limited |
| u. | NRC Industries Ltd. |
| v. | Oriental Rubber Industries Pvt. Ltd. |
| w. | PMC Rubber Chemicals India Pvt. Ltd. |
| x. | Poddar Tyres Limited |
| y. | Pukhraj Engg And Chemicals Pvt. Ltd. |
| z. | Sarvoday Rubber Corporation |
| aa. | Speedways Rubber Company |
| ab. | Surendra Elastomers Pvt. Ltd. |
| ac. | TVS Srichakra Limited |
| ad. | Vagmi Chemicals Private Limited |
| ae. | Yasho Industries Limited |
| af. | Zenith Industrial Rubber Products Pvt. Ltd. |
| ag. | Sunrise Industrial Corporation |

- d. In response to the initiation of the subject investigation, the following importers/users have registered themselves as interested parties in the investigation.

| S. No. | Name of interested party |
|--------|--------------------------------|
| a. | Apollo Tyres Ltd. |
| b. | CEAT Limited |
| c. | J K Tyres & Industries Limited |
| d. | Lanxess India Private Limited |
| e. | MRF Limited |

- e. In addition to the above, one association, namely, the Automotive Tyre Manufacturers Association has registered themselves as an interested party in the present investigation.
- f. The Authority issued an Economic Interest Questionnaire (EIQ) to assess public interest and impact of the duties on the wider economy. A copy of the EIQ was sent to the embassy of the subject country, all the known exporters, importers and users and the applicant. The EIQ was also shared with the administrative line ministry. Of the applicant, other domestic producer, producers/exporters, importers/users and user associations registered as interested party, a response to the economic interest questionnaire was filed by the following:

| SN | Name of interested party |
|-----------|--------------------------|
| I | Applicant |
| a. | NOCIL Limited |
| II | Importers/users |
| a. | Apollo Tyres Ltd. |
| b. | CEAT Limited |

- g. A list of all interested parties that registered themselves within the prescribed timeline was uploaded on the website. All registered interested parties were directed to circulate the non-confidential version of all their submissions in the present proceedings with all other interested parties.

3.4 Further procedures

- a. In accordance with Rule 6(6), the Authority provided an opportunity to the interested parties to present their views orally in a hearing held on 2nd September 2025. The parties presenting their views in the oral hearing were directed to make written submissions of the views expressed orally, followed by rejoinder submissions.
- b. In accordance with Rule 6(8), wherever an interested party has refused access to or has otherwise not provided necessary information in a timely manner during the course of the present proceedings, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the findings based on the facts available.
- c. In accordance with Rule 7, information provided by the interested parties on a confidential basis was examined by the Authority with regard to the sufficiency of the confidentiality claimed. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted, and such information has been considered as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide a non-confidential summary of the information filed on confidential basis.

- d. In accordance with Rule 8, the Authority conducted verification of the data provided by the applicant and other interested parties to the extent considered necessary for the present proceedings. The Authority has considered the verified data of the interested parties in its analysis in the present case.
- e. The Authority calculated the non-injurious price (NIP) for the product under consideration so as to ascertain whether duties lower than the dumping margin would be sufficient to remedy the injury being suffered by the applicant. The NIP has been calculated based on the optimum cost of production and cost to produce & sell the domestic like article in India, based on the information furnished by the applicant and having regard to the Generally Accepted Accounting Principles (GAAP).
- f. The Authority examined the issues raised, information provided, and submissions made by the interested parties during the course of the proceedings, to the extent they were supported by evidence and considered relevant to the present purpose, in making the final finding.
- g. The Authority circulated the disclosure statement containing all essential facts to all interested parties on 12th March 2026. 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.
- h. '***' represents information furnished by a party on confidential basis and so considered by the Authority under the Rules.
- i. The exchange rate adopted by the Authority for the subject investigation is 1 US\$ = ₹ 83.82.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE.

C.1 Submission by opposing interested parties.

4. The opposing interested parties have not made any submission with regard to the product under consideration and like article.

C.2 Submission by the applicant.

5. The applicant has made the following submissions with regard to the product under consideration and like article:
 - i. The product under consideration is '2,2,4-trimethyl-1,2-dihydroquinoline'.
 - ii. The product under consideration is also known as TDQ or TMQ.
 - iii. The product under consideration is a rubber antioxidant produced from acetone and aniline. It is used to provide long-term protection to rubber vulcanizates against oxidative ageing at ambient as well as elevated temperatures. It also offers protection against degradation caused by ozone under static as well as dynamic conditions.
 - iv. The product under consideration is classifiable under Chapter 38 of the Customs Tariff Act, 1975 under the HS code 3812 31 00. The product under consideration has

been imported under the HS codes, namely 2921 51 90, 3812 10 00, 3812 20 90, 3812 31 00, 3812 39 10, 3812 39 20 and 3812 39 90.

- v. The basic customs duty applicable to the product under consideration is 7.5%.
- vi. There is no known difference in the like article produced by the applicant and the product under consideration exported from the subject country.

C.3 Examination by the Authority.

6. At the stage of initiation, the product under consideration was defined as under:

“3. The product under consideration in the present investigation is '2,2,4-Trimethyl-1,2-Dihydroquinoline', also known as 'TDQ'.

4. TDQ is a rubber antioxidant produced from acetone and aniline. It is used to provide long-term protection to rubber vulcanizates against oxidative ageing at ambient as well as elevated temperatures. It also offers protection against degradation caused by ozone under static as well as dynamic conditions.

5. The product under consideration is produced and sold in two forms -TDQ normal grade and TDQ HP grade. TDQ HP is outside the scope of the product under consideration.

6. The product under consideration is classifiable in Chapter 3 8, Heading 3 812 under the HS code 3812 31 00. However, the product has been imported under other HS codes, 3812 10 00, 3812 20 90, 3812 31 00, 3812 39 10, 3812 39 20 and 3812 39 90. The customs classification is indicative only and in no way binding on the scope of this investigation.”

- 7. The Authority notified the scope of the product under consideration and the PCN methodology in the notice of initiation. The interested parties were asked to provide their comments on the PUC-PCN methodology, if any, within 15 days from the date of initiation of this investigation.
- 8. None of the interested parties filed any comments on the scope of the product under consideration and the PCN methodology. Accordingly, the scope of the product under consideration and the PCN methodology for the purpose of filing of response was notified on 4th February 2025.
- 9. In view of the foregoing, the Authority concludes the scope of the product under consideration as below.

The product under consideration in the present investigation is '2,2,4-Trimethyl-1,2-Dihydroquinoline' or also known as 'TDQ'.

10. The product under consideration is classifiable in Chapter 38, Heading 3812 under the HS code 3812 31 00. However, the product has been imported under other HS codes, 3812 10 00, 3812 20 90, 3812 31 00, 3812 39 10, 3812 39 20 and 3812 39 90. The Authority notes that the customs classification has been considered only indicative and not binding on the scope of the product under consideration.
11. There are no restrictions on the import of the product under consideration in India as it falls under open general license. The basic customs duty applicable to product under consideration is 7.5%. The prescribed unit of measurement for the product under consideration is weight, expressed in kilogram (KG) or MT.
12. Rule 2(d) of the Rules provides the definition of like article as under:

“like article” means an article which is identical or alike in all respects to the article under investigation for being dumped in India or in the absence of such article, another article which although not alike in all respects, has characteristics closely resembling those of the articles under investigation.”

13. The Authority notes that there is no known difference between the product under consideration exported from the subject country and the like article supplied by the domestic industry. The product under consideration produced by the domestic industry and imported from the subject country are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable and consumers can use them interchangeably. The Authority concludes that the product produced by the domestic industry is a like article to the imported product.

D. SCOPE OF THE DOMESTIC INDUSTRY & STANDING.

D.1 Submission by opposing interested parties.

14. The opposing interested parties have made the following submissions with regard to the scope of the domestic industry and its standing.
 - i. Support letter of Lanxess India Private Limited has not been shared with the other interested parties.
 - ii. The Authority’s reliance on the support of Lanxess India Private Limited without disclosing it in terms of the prescribed Trade Notices (Trade Notice No. 13/2018 and Trade Notice No 14/2018) is inconsistent with the Authority’s own binding procedural framework.

D.2 Submission by the applicant.

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

- i. Other than the applicant, there is one other producer of the subject goods in India, namely Lanxess India Private Limited. The applicant has adequate standing to file the present application.
- ii. The applicant had sent communication to Lanxess India Private Limited seeking their views on the application, but it did not respond to the communication sent. Lanxess India Private Limited had directly filed a support letter with the Authority.
- iii. Finorchem Limited is likely to start commercial production with its products presently being under trials with the customers.
- iv. The applicant has not imported the product under consideration in the period of investigation from the subject country.
- v. The applicant is not related to any exporters in the subject country or importers of the product under consideration into India.

D.3 Examination by the Authority.

16. Rule 2(b) of the Rules define the term '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”.

17. The application has been filed by NOCIL Limited. As per the information on record, there is one other producer of the subject goods in India viz., Lanxess India Private Limited. The Authority had sent communication to Lanxess India Private Limited before the initiation of this investigation and had thereafter received a response from the domestic producer supporting the application.
18. The Authority has examined the DG System transaction wise data, and it is seen that NOCIL Limited has not imported the product under consideration in the period of investigation. It is also seen that NOCIL Limited is not related to any exporters of the product under consideration from the subject country or any importer in India.
19. The information on record shows that Finorchem Limited also has a capacity of 6,000 MT but the producer commenced production post the period of investigation.
20. Prior to the initiation of the investigation, the Authority sent an email to Lanxess India Private Limited seeking its views on whether it supported or opposed the application. In response, Lanxess India Private Limited conveyed its support for the application through email. However, post-initiation, Lanxess India Private Limited has not provided its domestic industry information to the Authority. Based on the information on record, the Authority notes that the production of NOCIL Limited accounts for more than 50% of the

gross Indian production. The Authority further notes that, even without considering the support of the other domestic producer, NOCIL Limited satisfies the criteria of standing.

21. Considering the information available on record, it is seen that NOCIL Limited accounts for a major proportion of Indian production in terms of the Rules. NOCIL Limited is an eligible domestic industry within the meaning of Rule 2(b) and satisfies the criteria of standing in terms of Rule 5(3) of the Rules. Hence, the Authority concludes that NOCIL Limited constitutes domestic industry within the meaning of the Rules.

E. CONFIDENTIALITY AND MISC. SUBMISSIONS.

E.1 Submission by opposing interested parties.

22. The opposing interested parties have made the following miscellaneous submissions:
- i. The applicant is a habitual initiator of trade remedy investigations, indicating a pattern of abuse of the process. This raises concerns about the credibility of the applicant's claims and the legitimacy of the current investigation.
 - ii. There is no 'massive dumping' in a relatively short period that has occurred for retrospective application of anti-dumping duty. There is no need for retrospective imposition of anti-dumping duty.
 - iii. The data sourced from the private source is not authentic and reliable. The Authority should have called for DGCIS data for the examination of imports in the present investigation at the time of initiation.
 - iv. The Ministry of Finance has previously rejected the recommendation of the Authority in this very product segment, recognizing that the imposition of duties would impose disproportionate costs on the tyre and automotive industries.

E.2 Submission by the applicant.

23. The applicant has made the following miscellaneous submissions:
- i. The Authority in all the previous investigations on the product under consideration recommended the imposition of duty subject to injury caused from dumped imports. The present case is no different wherein the ongoing case has also been initiated subject to *prima facie* evidence of dumped imports from the subject country causing injury to the domestic industry.
 - ii. The purpose of anti-dumping law has been recognized by the Hon'ble Supreme Court in *Reliance Industries Ltd. vs. Designated Authority*.
 - iii. There is no sufficient evidence brought forward by the interested parties showing how the import data of the applicant as per market intelligence is unreliable.
 - iv. The applicant refutes the assertion that recommendations of the Authority to impose measures for the product under consideration in the previous investigation were not accepted since the Ministry of Finance had concluded that the imposition of duties would impose disproportionate costs on the tyre and automotive industries.
 - v. There is nothing on public record that would even indicate that the Ministry of Finance considered that anti-dumping duties were not required.

E.3 Examination by the Authority.

24. The Authority made available the non-confidential version of the information provided by the various parties to all the other interested parties as per Rule 6(7). With regard to confidentiality of the information submitted by the interested parties, Rule 7 of the Rules provides as follows:

“7. Confidential Information:

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

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

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

25. It is seen that the domestic industry and interested parties have claimed confidentiality on information, such as production, capacity, capacity utilization, sales volumes, market share, stocks, selling price, costs, profits, cash profits, return on investment, non-injurious price, cost of production related information, normal value, export price, dumping margin, landed price, injury margin, price adjustments, profit related information, sales channels, sales & purchase documents, customers and suppliers names, etc. It is also seen that wherever information is for injury period, the same has been provided on indexed basis. Wherever information pertains to single year, the same has been disclosed in range, if such disclosure does not compromise confidentiality of information. The interested parties have claimed confidentiality in various supporting documents & information, wherever such information has not been publicly disclosed by them. In those cases where an interested party has not publicly disclosed its annual reports and financial statements, the same has been claimed confidential. Wherever the interested parties have claimed a document as confidential, it is noted that these interested parties have claimed that these documents are not susceptible of summary and have given reasons why summarisation is not possible.
26. The Authority has consistently allowed interested parties to claim confidentiality on such information and documents provided by domestic industries, foreign producers and other

interested parties in all investigations. The Authority notes that all the interested parties have claimed their business-related sensitive information as confidential. 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.

27. On the submission of the interested parties of the domestic industry being a habitual initiator of trade remedy investigations, thereby indicating a pattern of abuse of the process, the Authority notes that while multiple anti-dumping investigations have been conducted in the past on the product under consideration both from subject as well as non-subject countries, these investigations have been initiated, and recommendations for imposition of duty made (wherever warranted), pursuant to the requirements as per the Act and the Rules. Similarly, in the present case, the Authority had initiated this investigation on the basis of duly substantiated written application submitted by the domestic industry and having reached satisfaction based on the prima facie evidence submitted by the domestic industry concerning the dumping of the product under consideration originating in or exported from the subject country, the consequential injury to the domestic industry as a result of the alleged dumping of the product under consideration and the causal link between such injury and the dumped imports, and in accordance with Section 9A of the Act read with Rule 5 of the Rules.
28. On the submissions made by the interested parties concerning the reliability of the data used by the domestic industry for the examination of imports, the Authority examined the import data based on the DG System Transaction Wise data and found that the import volume and price were comparable. Accordingly, the Authority has relied upon the same for the purpose of the present investigation.
29. The Authority notes that in the present investigation, the period of investigation adopted is for 15 months. In accordance with the provisions of the anti-dumping rules, the Authority considers a period of twelve months as the standard period of investigation. The Rules empower the Authority, for reasons to be recorded in writing, to adopt a period of investigation of not less than six months and not exceeding eighteen months, as may be warranted by the facts and circumstances of the case.
30. It is noted that, in several previous investigations, the Authority has adopted a period of investigation either shorter or longer than twelve months, depending upon the facts in each case. In the present matter, the domestic industry had submitted that adoption of a twelve-month period from July 2024 to June 2025 would have resulted in substantial practical difficulties in the preparation and verification of costing data and the selection of this period will not lead to skewed analysis. The reasons for considering a 15-month period were provided in the initiation notification and none of the parties have disputed the reasons.
31. The Authority also holds that consideration of the accounting year as part of the investigation period is desirable, particularly in those situations where its consideration

would otherwise not skew the data. It is also noted that consideration of a fifteen-month period of investigation has not caused any prejudice or adverse impact on the outcome of the investigation or on bona fide interests of any set of interested parties. There is no verifiable claim that consideration of 15 months data has caused any distortion in the eventual conclusion. Accordingly, the Authority holds that the adoption of fifteen-month period of investigation is appropriate in the present case.

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

F.1 Submission by opposing interested parties.

32. The opposing interested parties have made the following submissions with regard to assessment of normal value and export price:
- i. Normal value calculations must be based on Chinese prices and costs since China's WTO Accession Protocol expired on December 11, 2016. Further, both the US and EU have recognized this timeline. This interpretation is also supported by the WTO ruling in the "Fastener Case".
 - ii. The applicant's reliance on its own export prices to Japan leapfrogs the mandatory sequence as per paragraph 7 of Annexure I and directly invokes the residual clause without showing why market-economy benchmarks or the cost of production of the most efficient Indian producer cannot be applied.
 - iii. The "*any other reasonable basis*" clause under Paragraph 7 is residual and conditional. It cannot be invoked without first demonstrating the unavailability or unreliability of market economy benchmarks or cost-based construction using the most efficient domestic producer.
 - iv. The applicant's export prices to Japan are self-referential, non-comparable, and do not reflect the costs or pricing behaviour of producers in the subject country.
 - v. The Authority is obliged to consider the efficiency of both the applicant and Lanxess India Private Limited and select the more efficient producer as the basis for constructing normal value.
 - vi. The applicant's claim that dumping and injury margin have intensified in the present investigation is unsubstantiated and based on assumption and unverified data.

F.2 Submission by the applicant.

33. The applicant has made the following submissions with regard to assessment of normal value and export price.
- i. China PR should be considered a non-market economy.
 - ii. Should it be contended that Article 15(a)(ii) of China PR's Accession Protocol has already ceased and therefore the same cannot be applied to the present case, Article 15(a)(i) is still applicable and must be considered for determination of normal value for China PR.
 - iii. The obligation under 15(a)(i) of China PR's Accession Protocol require the criterion stipulated in para 8 of Annexure I of the Rules to be satisfied by the exporter.

- iv. Since Chinese producers are not entitled to market economy treatment, the Designated Authority should follow para 7 of Annexure I of the Rules for the determination of Normal Value.
- v. The applicant could not determine normal value based on actual selling price or on cost of production in a market economy in third country since no verifiable evidence of the actual selling price was publicly available.
- vi. The applicant could not determine normal value based on the price from a third country to another country, including India since while the subject goods has a dedicated code in India, it does not have dedicated code globally.
- vii. The applicant under 'any other reasonable basis' had determined normal value on the basis of its export price to Japan since these exports are sufficient in volume and profitable in nature and on the basis of cost of production of the applicant including addition of reasonable profits. For determining cost of production, raw materials price was taken as per import prices into India.
- viii. The Rules do not specify any hierarchy for determining normal value within the term 'any other reasonable basis'. While price paid or payable in India is one example of determining normal value as per any other reasonable basis, the Rule nowhere specifies considering 'price paid or payable in India' as the basis for determination over any other basis of determination proposed.
- ix. If the Authority considers that all the provisions of Article 15 of China's Accession Protocol are not available any longer and the normal value is required to be determined in accordance with the provisions of Para 1-6 of the Rules, the Chinese domestic costs and prices nevertheless cannot be accepted unless multiple standards are passed by the Chinese exporters, namely (i) the absence of state interference in the determination of costs and prices, (ii) the prices of major inputs substantially reflect market values, (iii) the exporters books are audited in line with Chinese Generally Accepted Accounting Principles (GAAP) and international accounting standards and (iii) the appropriateness of costs due to organizational structure of the exporter.
- x. The dumping margin has increased in comparison to the previous investigation on the product under consideration.

F.3 Examination by the Authority.

F.3.1 Normal value.

34. Under section 9A (1) (c), normal value in relation to an article means:

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

normal value shall be either: (a) comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profit, as determined in accordance with the rules made under sub-section 6);

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

35. The Authority notes the following relevant provisions with regard to the determination of normal value for China PR. Provisions under Para 7 and Para 8 of Annexure I to the Anti-Dumping Rules are as under:

“7. In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India, or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted, if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay of the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.

8. (1) The term “non-market economy country” means any country which the designated authority determines as not operating on market principles of cost or pricing structures, so that sales of merchandise in such country do not reflect the fair value of the merchandise, in accordance with the criteria specified in subparagraph (3).

(2) There shall be a presumption that any country that has been determined to be, or has been treated as, a non-market economy country for purposes of an antidumping investigation by the designated authority or by the competent authority of any WTO member country during the three-year period preceding the investigation is a non-market economy country. Provided, however, that the non market economy country or the concerned firms from such country may rebut such a presumption by providing information and evidence to the designated authority that establishes that such

country is not a non-market economy country on the basis of the criteria specified in sub-paragraph (3).

(3) The designated authority shall consider in each case the following criteria as to whether: (a) the decisions of the concerned firms in such country regarding prices, costs and inputs, including raw materials, cost of technology and labour, output, sales and investment, are made in response to market signals reflecting supply and demand and without significant State interference in this regard, and whether costs of major inputs substantially reflect market values; (b) the production costs and financial situation of such firms are subject to significant distortions carried over from the former non-market economy system, in particular in relation to depreciation of assets, other write-offs, barter trade and payment via compensation of debts; (c) such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms, and (d) the exchange rate conversions are carried out at the market rate. Provided, however, that where it is shown by sufficient evidence in writing on the basis of the criteria specified in this paragraph that market conditions prevail for one or more such firms subject to anti-dumping investigations, the designated authority may apply the principles set out in paragraphs 1 to 6 instead of the principles set out in paragraph 7 and in this paragraph.

(4) Notwithstanding, anything contained in sub-paragraph (2), the designated authority may treat such country as market economy country which, on the basis of the latest detailed evaluation of relevant criteria, which includes the criteria specified in sub paragraph (3), has been, by publication of such evaluation in a public document, treated or determined to be treated as a market economy country for the purposes of anti-dumping investigations, by a country which is a Member of the World Trade Organization.”

36. The response to Exporter's Questionnaire has been filed by the following producers/exporters from China PR.

| S. No. | Name of interested party |
|--------|-----------------------------|
| a. | Sennics Co., Ltd. |
| b. | Sennics Co., Ltd. Shandong |
| c. | Sennics Singapore Pte. Ltd. |

37. As per the provision of Rule 17 of the Rules, the Authority shall determine individual dumping margin in respect of all those producers/exporters who have filed questionnaire response.
38. At the stage of initiation, the Authority proceeded with the presumption of treating China PR as a non-market economy country. Upon initiation, the Authority advised the producers/exporters in China PR to respond to the notice of initiation and provide information on whether their data/information could be adopted for normal value determination. The Authority sent copies of the market economy treatment/supplementary

questionnaire to all the known producers/exporters in China PR to provide relevant information in this regard.

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

“(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

nonmarket economy provisions of subparagraph (a) shall no longer apply to that industry or sector.”

40. It is noted that while the provision contained in Article 15 (a)(ii) of China's Accession Protocol has expired on 11th December 2016, the provision under Article 2.2.1.1 of WTO read with obligation under Article 15(a)(i) of the Accession Protocol require the criterion stipulated in para 8 of Annexure I of the Rules to be satisfied through information/data to be provided in the supplementary questionnaire on claiming the market economy status.
41. The Authority notes that none of the producers/exporters from China PR have filed the supplementary questionnaire to rebut this presumption as mentioned in para 8 of Annexure I of the Rules. Under these circumstances, the Authority has to proceed in accordance with para 7 of Annexure I of the Rules.
42. It is noted that paragraph 7 of Annexure I to the Rules stipulates three methods of constructing the normal value for non-market economies: (a) on the basis of price or constructed value in a market economy third country; (b) export price from a third country to other countries, including India; and (c) on any other reasonable basis. The Authority notes that under the provisions of paragraph 7 of Annexure-I to the AD Rules, the normal value must first be determined on the basis of the price or constructed value in a surrogate country, or the price of the exports 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.
43. In the application filed before the Authority, the applicant had submitted that data relating to cost and price in market economy third country is not available. With regard to the price at which the product under consideration have been sold from the market economy third country to any other country, including India, the applicant has submitted that the product under consideration has a dedicated code in India, but it does not have a dedicated code globally and therefore, export price cannot be considered. Therefore, the applicant had claimed normal value based on its export price to third country. The applicant has additionally claimed normal value on the basis of price actually paid or payable in India, duly adjusted to include a reasonable profit margin. For initiation, the normal value had been determined based on price paid or payable in India, adjusted to include a reasonable profit margin, and the interested parties were asked to offer their comments on the methodology proposed by the applicant.
44. Since all interested parties, including domestic industry, have not provided any information on record which would allow determination of normal value based on price or constructed value in a market economy third country, the normal value could not be determined based on prices or cost in market economy. It is also seen that no information has been provided on the information on export price from market economy third country to India. In view of this, the Authority has determined normal value based on the price payable in India, having regard to the cost of production in India with reasonable profits. The normal value so determined is mentioned at the dumping margin table.

F.3.2 Export price.

i. Sennics Co., Ltd. Shandong

45. Sennics Co., Ltd. Shandong is a limited liability company incorporated in China PR under the Company Law of China PR. During the period of investigation, Sennics Co., Ltd. Shandong has sold *** MT of invoice value *** RMB to unrelated buyers in India through two related exporters, namely Sennics Co., Ltd. and Sennics Singapore Pte. Ltd. Sennics Co., Ltd. is a limited liability company incorporated in China PR under the Company Law of China PR. Sennics Singapore Pte. Ltd. is a limited liability company incorporated in Singapore under the Singapore law.

| SN | Particulars | Volume | Value (US\$) |
|----|--|--------|--------------|
| 1 | Exported directly | *** | *** |
| 2 | Exported through Sennics Co., Ltd | *** | *** |
| 3 | Exported through Sennics Singapore Pte. Ltd. | *** | *** |

46. Sennics Co., Ltd. Shandong has claimed adjustments on account of ocean freight, marine insurance, inland freight and port related expenses, and the same has been accepted after desk verification. Accordingly, export price at ex-factory level has been determined and the same is shown in the dumping margin table below.

ii. Non-cooperative producers/exporters

47. In the absence of cooperation from the remaining producers/exporters from China PR, the Authority has determined the net export price for non-cooperative producers/exporters on the facts available. The ex-factory export price as determined is shown in the dumping margin table below.

F.3.3 Dumping margin.

48. Considering the normal value and the export price for the product under consideration; the dumping margin for the product under consideration from the subject country has been determined as follows:

| SN | Particulars | Normal value/CNV | Export price | Dumping margin | | |
|----|-------------------------------|------------------|--------------|----------------|-----|-------|
| | | USD/MT | USD/MT | USD/ MT | % | Range |
| 1 | Sennics Co., Ltd. Shandong | *** | *** | *** | *** | 40-50 |
| 2 | All other producers/exporters | *** | *** | *** | *** | 50-60 |

49. It is seen that the dumping margin is more than *de-minimis* for the producers/exporters from China PR.

G. ASSESSMENT OF INJURY AND CAUSAL LINK.

G.1 Submission by opposing interested parties.

50. The opposing interested parties have made the following submissions with regard to assessment of injury and causal link:
- i. Imports during the period of investigation remained more or less at the same level relative to total demand increase.
 - ii. The applicant's claim of excess capacity in China PR and intent to dump is unsubstantiated with no verifiable evidence provided.
 - iii. Imports from China PR have increased only to cater the rising total demand.
 - iv. The applicant has sought to contend that the entire demand in India can be met from domestic sources by relying upon Finorchem Limited's proposed capacity expansion rather than actual, available and operational capacities during the period of investigation.
 - v. Sales of the applicant have increased by ****% over the injury period with increase in demand.
 - vi. Cost of sales over the injury period was influenced by steep price hike of raw materials (acetone and aniline) between 2020 and 2023. Prices for these raw materials have started to decline post the period of Investigation, suggesting that the cost structure may normalize going forward.
 - vii. Variations in the applicant's performance are better explained by the global demand contraction, coupled with raw material price volatility and internal commercial decisions made by the applicant.
 - viii. While installed capacity remained constant, production and capacity utilization increased over the injury period. Domestic sales increased by 28% from FY 2020-21 to the period of investigation while export sales declined by 21%.
 - ix. The applicant has been able to strengthen its position in the domestic market, and exports have in fact become a smaller proportion of total sales.
 - x. The market share of other domestic producers increased by nearly 36% during the period of investigation as a result of its expansion of capacity and sales.
 - xi. Inventory levels from FY 2020-21 to the period of investigation only saw a marginal increase from 7% to 12%.
 - xii. Increase in salary and wages (by 21%), interest cost (61%) and depreciation (61%) from FY 2020-21 to the period of investigation have occurred despite no increase in capacity or any significant capital additions.
 - xiii. Number of employees and productivity per worker have improved from FY 2020-21 to the period of investigation.
 - xiv. The applicant's demonstrated financial strength and expansion plans of 250 Crores negate any need for anti-dumping protection.

- xv. The applicant deliberately kept its prices low in order to retain customers and protect market share. This was a conscious commercial decision, aimed at building long-term relationships, even at the expense of short-term margins.
- xvi. DGTR should reconsider the fixed 22% ROCE methodology and adopt a reasonable return based on the domestic industry's actual historical profitability during periods without dumping allegations.
- xvii. The approach to adopting a fixed 22% ROCE has also been questioned by the Hon'ble CESTAT Tribunal in '*Bridge Stone Tyre Manufacturing & Others vs. Designated Authority*' and '*Hyosung Corporation vs. Designated Authority*'.

G.2 Submission by the applicant.

- 51. The applicant has made the following submissions with regard to assessment of injury and causal link:
 - i. Rubber Chemicals are produced in various countries with major producing countries being China PR, Europe, India, Korea RP and Thailand. On an estimated basis, around 80% of the capacity is concentrated in China PR alone with Europe and India being the next biggest producers of the product.
 - ii. The capacities in China PR far exceed the demand within their country. The estimated capacity for the product under consideration in China PR is around 1,93,000 MT. However, the demand in China PR is only 77,000 MT.
 - iii. Import price of acetone has increased by around 10% over the injury period and the import price of Aniline has doubled. On the other hand, the import price of the product under consideration has declined.
 - iv. The import price is below the variable cost of the applicant in the period of investigation.
 - v. The demand for the subject goods has increased over the injury period.
 - vi. The import volume from the subject country declined in the period of investigation as the applicant decided to compromise on profitability. The import volume from the subject country has increased over the injury period.
 - vii. In comparison the previous investigation on the product under consideration in 2021 where the volume of imports was around 1600 MT, import volume has increased to 3400 MT from China PR in the present period of investigation.
 - viii. Imports in relation to consumption and production increased till FY 2022-23 but have declined in the period of investigation. Imports declined in relative terms as the applicant decided to sell at losses to keep imports in check.
 - ix. The price undercutting is significantly positive in the period of investigation.
 - x. The imports are happening below the cost of sales of the applicant in the period of investigation. Imports started coming below the cost of sales of the applicant from FY 2022-23.
 - xi. The lowering of landed price by the imports from the subject country over the course of the injury period has denied the applicant to increase its prices, thereby causing price suppression.
 - xii. The production, capacity utilization and domestic sales of the applicant increased till FY 2021-22, declined in FY 2022-23 but increased again in the period of

- investigation. The production and domestic sales were not compromised in the period of investigation with a view to not losing customer base.
- xiii. The installed capacity in India is more than enough to meet entire demand in India. Even without considering Finorchem Limited's proposed capacity expansion post the period of investigation, the domestic industry and Lanxess Indian Private Limited have more than sufficient capacity to cater the entire demand.
 - xiv. The applicant is not reliant on export sales, and its primary market is the domestic market. The exports undertaken are completely unwarranted and are only out of their inability to sell in the domestic market.
 - xv. The applicant had to sell at losses for the applicant's market share to increase in the period of investigation.
 - xvi. Despite having sufficient capacity to cater more than 80% of Indian demand, the applicant's market share has been restricted to 48% in the period of investigation.
 - xvii. The applicant's profitability declined in FY 2022-23 and thereafter recorded losses in the period of investigation. The applicant's cash profits and profit before interest similarly declined in FY 2022-23 and thereafter recorded losses in the period of investigation.
 - xviii. The return on capital employed by the applicant declined in FY 2022-23 and recorded negative returns in the period of investigation.
 - xix. While in the previous investigations conducted on the product under consideration, the adverse impact of dumped imports on the domestic had been a reduction in profitability, the impact of dumped imports has worsened in this investigation with the applicant suffering losses.
 - xx. The landed price of imports from the subject country post the period of investigation continues to remain below the cost of sales and selling price of the applicant. This is in addition to the applicant's profitability parameters continuing to remain negative including a negative return on capital employed.
 - xviii. The share of salary and wages on the cost of production of the applicant is a mere 1% in the period of investigation with the same declining over the injury period.
 - xix. The share of interest cost and depreciation is respectively only [***]% and [***]% of the total cost of applicant in the period of investigation.
 - xxi. The applicant's expansion plans for the product under consideration were not an overnight decision but rather made when the performance of the applicant was reasonably well.
 - xxii. The growth of the applicant has recorded significant decline and adversity.
 - xxiii. The dumping margin is above *de minimis* and significant.
 - xxiv. It is the consistent and well-established practice of the Authority to adopt a return on capital employed (ROCE) of 22% for the purpose of determination of non-injurious price.
 - xxv. The Hon'ble CESTAT Tribunal's decision in *Hyosung Corporation v. Designated Authority*, referred to by the interested part for rejecting 22% ROCE predates the introduction of Annexure-III to the Anti-Dumping Rules.
 - xxvi. With respect to the Hon'ble CESTAT's decision in the *Bridge stone* case, referred to by the interested party for rejecting 22% ROCE, it is pertinent to note that the interested parties therein produced specific evidence before the Hon'ble CESTAT

justifying a departure from the Authority's consistent practice in that particular case. No such evidence has been placed on record by any interested party in the present investigation.

xxvii. The Hon'ble CESTAT in *Merino Panel Products v. Designated Authority and M/s Perstorp Chemicals GmbH & Anr. v. Designated Authority & Ors.*, has consistently upheld the Authority's practice of adopting a 22% ROCE for injury analysis.

G.3 Examination by the Authority.

52. Rule 11 of Antidumping Rules read with Annexure II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, "... taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on the domestic producers of such articles...". In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, inventory, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the Rules.
53. On the submission of the interested parties that the increase in cost of sales of the domestic industry is due to sharp rises in prices of key raw materials for the product under consideration, namely acetone and aniline between 2020 and 2023, the Authority has examined the movement of acetone and aniline prices with the cost of sales of the domestic industry and the landed price of imports over the injury period. The Authority notes that landed price of imports from the subject country has not moved commensurately with the increase in the raw material price. While the raw material prices increased, the landed price has declined. Therefore, the Authority notes that while the cost of sales has increased due to rises in prices of key raw materials for the product under consideration, namely acetone and aniline between 2020 and 2023, the import price has declined.
54. On the submission of the interested parties that post the period of investigation, the prices of the raw materials for the product under consideration, namely acetone and aniline have started to decline (post its steep increase from 2020 to 2023), thereby suggesting that the cost structure of the domestic industry may normalize going forward, the domestic industry has claimed that the landed price in the post period of investigation has continued to remain below the cost of production of the domestic industry. The Authority notes that the present investigation is an original investigation and that there is therefore no reason to examine data post the period of investigation. Further, the Authority notes that the interested parties have not provided any evidence in support of their claims. Therefore, the contention on examination of the post period of investigation cannot be accepted.

55. On the submission of the interested parties that the decline in profitability of the domestic industry coincides with increase in depreciation cost and interest cost, the table below shows the depreciation and interest cost in the total cost. The Authority notes that that the share of interest cost is only [***]% in the period of investigation. Similarly, depreciation is only [***]% of the total cost in the period of investigation. With such low share in the overall cost of production, these factors could not have been a cause of injury to the domestic industry. It is also seen that share of the depreciation and interest cost in the total cost of production has declined over the injury period.

| SN | Particulars | Unit | 2020-21 | 2021-22 | 2022-23 | POI |
|----|----------------------------|-------|---------|---------|---------|-----|
| 1 | Depreciation | Rs/MT | *** | *** | *** | *** |
| 2 | Interest cost | Rs/MT | *** | *** | *** | *** |
| 3 | Wages | Rs/MT | *** | *** | *** | *** |
| 4 | Total cost | Rs/MT | *** | *** | *** | *** |
| 5 | Share of depreciation cost | % | *** | *** | *** | *** |
| 6 | Share of interest cost | % | *** | *** | *** | *** |

56. The opposing interested parties have claimed that the domestic industry's expansion plans of Rs *** Crores negate any need for anti-dumping protection. The Authority notes that the decision for capacity expansion is not taken based solely on the performance in the period of investigation, but rather much before. The domestic industry has claimed that the decision was taken when the performance of the domestic industry was relatively better, to cater the growing demand for the subject goods. Therefore, the fact that the domestic industry planned an expansion of Rs *** Crores for various rubber chemical products does not in any way point to the domestic industry not requiring protection from dumped imports in the form of anti-dumping measures.
57. The opposing interested parties have requested reconsideration of the fixed 22% return on capital employed methodology for calculation of non-injurious price and adopt the actual return on capital employed earned by the domestic industry during periods free from dumping allegations as the benchmark for a reasonable return. The interested parties have placed reliance on the Hon'ble CESTAT Tribunal's decision in Bridge Stone Tyre Manufacturing & Others vs. Designated Authority and M/s Hyosung Corporation vs. Designated Authority. The Authority notes that Annexure III of the Rules refers to reasonable return (pre-tax) on the capital employed and it is a consistent practice of the Authority to determine the non-injurious price of the domestic industry based on reasonable return on capital employed, which is 22%. In the present case, no evidence has been provided by other interested parties that a return of less than 22% would be appropriate for the present case. The Authority also notes that in subsequent cases post the Tribunal's decisions cited by the interested parties, the Tribunal has upheld the practice of the Authority of applying a 22% return on capital employed in Merino panel products vs. Designated Authority and M/s Perstorp Chemicals GmbH and Anr. vs Designated Authority and Ors. Therefore, the Authority finds it appropriate to consider 22% return on

capital employed methodology for calculating the non-injurious price of the domestic industry.

G.3.1 Assessment of demand/apparent consumption.

58. Demand has been determined as the sum of domestic sales of applicant, estimated sales of the other Indian producers the imports from both subject and non-subject sources. The table below shows the demand for the product.

| SN | Particulars | Unit | 2020-21 | 2021-22 | 2022-23 | POI(A) |
|----|-----------------------------------|---------|---------|---------|---------|--------|
| 1 | Sales of domestic industry | MT | *** | *** | *** | *** |
| 2 | Trend | Indexed | 100 | 106 | 122 | 130 |
| 3 | Sale of the other Indian producer | MT | *** | *** | *** | *** |
| 4 | Trend | Indexed | 100 | 173 | 185 | 197 |
| 5 | Imports from subject country | MT | 1,830 | 2,757 | 4,092 | 2,841 |
| 6 | Trend | Indexed | 100 | 151 | 224 | 155 |
| 7 | Imports from other countries | MT | 674 | 657 | 61 | 76 |
| 8 | Trend | Indexed | 100 | 98 | 9 | 11 |
| 9 | Demand/consumption | MT | *** | *** | *** | *** |
| 10 | Trend | Indexed | 100 | 130 | 147 | 145 |

59. It is seen that the demand increased in 2021-22 and in 2022-23 and has marginally declined in the period of investigation The demand for TDQ has increased over the injury period.

G.3.2 Volume effect of the dumped imports.

60. With regard to the volume of imports, the Authority is required to consider whether there has been a significant increase in dumped imports from the subject country, either in absolute terms or relative to production or consumption in India. The same is analyzed in the table below.

i. Imports in absolute terms.

61. The relevant information is given below in the below table.

| SN | Particulars | Unit | 2020-21 | 2021-22 | 2022-23 | POI(A) |
|----|------------------------------|---------|---------|---------|---------|--------|
| 1 | Imports from subject country | MT | 1,830 | 2,757 | 4,092 | 2,841 |
| 2 | Trend | Indexed | 100 | 151 | 224 | 155 |

62. It is seen that the import volume increased till 2022-23 but has declined in the period of investigation. The import volume has increased over the injury period. The domestic industry has claimed that imports declined in absolute terms as the domestic industry matched the import price and sold at losses.

ii. Imports in relative terms.

63. The relevant information is given below in the below table.

| SN | Particulars | Unit | 2020-21 | 2021-22 | 2022-23 | POI (A) |
|----|---|---------|---------|---------|---------|---------|
| 1 | Imports from subject country in relation to Indian production | % | *** | *** | *** | *** |
| 2 | Trend | Indexed | 100 | 121 | 203 | 118 |
| 3 | Imports from subject country in relation to Indian demand | % | *** | *** | *** | *** |
| 4 | Trend | Indexed | 100 | 82 | 83 | 90 |
| 5 | Imports from subject country in relation to Total imports | % | 73% | 81% | 99% | 97% |
| 6 | Trend | % | 100 | 111 | 136 | 133 |

64. It is seen that imports in relation to consumption and production increased till 2022-23 but has declined in the period of investigation.

65. It is seen that the imports in relation to production and demand have increased over the injury period. The Authority therefore considers that the increase in the imports was more than the increase in the demand in India. The applicant has claimed that imports declined in relative terms as the applicant decided to sell at losses to keep imports in check and not lose its customers. However, when seen over the injury period, the imports have increased in relative terms.

66. Imports in relation to total imports increased from 73% in 2020-21 to 97% in the period of investigation.

G.3.3 Price effect of the dumped imports.

67. With regard to the effect of the dumped imports on prices of the domestic industry, it is required to be analysed whether there has been a significant price undercutting by the alleged dumped imports as compared to the price of the like products in India, or whether the effect of such imports is otherwise to depress prices or prevent price increases, which otherwise would have occurred in the normal course. The impact on the prices of the domestic industry on account of the dumped imports from the subject country has been examined with reference to price undercutting, price suppression and price depression, if any. For the purpose of this analysis, the cost of production, net sales realization (NSR) and the non-injurious price (NIP) of the domestic industry have been compared with the landed price of imports of the subject goods from the subject country.

i. Evolution of import price.

68. The table below shows the import price and the raw material price movement. The major raw material required in the production of the product under consideration are Acetone and

Aniline and the domestic industry has provided information on the import prices of these products into India.

| SN | Particulars | UOM | 2020-21 | 2021-22 | 2022-23 | POI (A) |
|----|--------------|-------|----------|----------|----------|----------|
| 1 | Acetone | Rs/MT | 65,410 | 69,760 | 59,914 | 75,950 |
| 2 | Aniline | Rs/MT | 65,140 | 1,22,931 | 1,35,567 | 1,27,001 |
| 3 | Import price | Rs/MT | 1,60,324 | 1,88,833 | 1,75,475 | 1,54,889 |

69. It is seen that the raw material prices increased in 2021-22. The import price also increased in this period. The raw material prices continued to increase in 2022-23 and the period of investigation. However, the import price has declined. While the raw material prices increased over the injury period, the import prices have declined. Therefore, the Authority considers that the import prices have not moved in line with the raw material prices.

ii. **Price undercutting**

70. For the purpose of price undercutting analysis, the net selling price of the domestic industry has been compared with the landed price of imports from the subject country. Accordingly, the effects of the dumped imports from the subject country are as follows:

| SN | Particulars | Unit | POI(A) |
|----|-----------------------|---------|--------|
| 1 | Net sales realization | Rs/MT | *** |
| 2 | Landed price | Rs/MT | *** |
| 3 | Price undercutting | Rs/MT | *** |
| 4 | Price undercutting | % | *** |
| 5 | Price undercutting | Range % | 10-20 |

71. It is seen that in the period of investigation, the price undercutting is significantly positive. The price undercutting is positive despite the domestic industry selling the product at losses.

iii. **Price suppression/depression.**

72. In order to determine whether the dumped imports are depressing the domestic prices and whether the effect of such imports is to suppress prices to a significant degree or prevent price increases which otherwise would have occurred in the normal course, the changes in the costs and prices over the injury period are compared as below:

| SN | Particulars | Unit | 2020-21 | 2021-22 | 2022-23 | POI(A) |
|----|---------------|---------|---------|---------|---------|--------|
| 1 | Selling price | Rs/MT | *** | *** | *** | *** |
| 2 | Trend | Indexed | 100 | 144 | 121 | 110 |
| 3 | Cost of sales | Rs/MT | *** | *** | *** | *** |
| 4 | Trend | Indexed | 100 | 139 | 141 | 138 |
| 5 | Landed price | Rs/MT | *** | *** | *** | *** |
| 6 | Trend | Indexed | 100 | 118 | 109 | 97 |

73. It is seen that the cost of sales of the applicant increased in 2021- 22 by around Rs 53,000 per MT. The applicant was able to increase its selling price as the landed price of the imports also increased by around Rs 55,000 per MT. Between 2021-22 and 2022-23, the cost of sales increased by around Rs *** per MT, but the selling price declined as the landed price of imports also declined. The landed price was then below the cost of sales of the applicant.
74. In the period of investigation, the cost of sales declined by around Rs *** per MT but the selling price also declined by Rs *** per MT, as the landed price declined at a much higher rate by around Rs 23,000 per MT. The landed price of imports has continued to remain below the cost of sales and selling price of the applicant.
75. The landed price of imports was above the cost of sales of the domestic industry in 2020-21 and 2021-22. However, the landed price declined thereafter and was below the cost of sales of the domestic industry from 2022-23 onwards and in the period of investigation.
76. When compared to the immediately preceding year, while the cost of sales and selling price declined in the period of investigation, the landed price declined at a higher rate. The selling prices of the domestic industry are depressed.
77. When seen over the injury period, the selling price has increased at a lower rate as compared to the cost of sales. Therefore, the prices of the domestic industry are suppressed.
78. The Authority notes that the lowering of landed price by the imports from the subject country over the course of the injury period has prevented the applicant to increase its prices, thereby causing price suppression. When seen in comparison to the immediately preceding year, the prices of the domestic industry are depressed.

G.3.4 Economic parameters of the domestic industry.

79. Annexure II to the 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 below.
- i. **Capacity, production, capacity utilization and domestic sales.**
80. The relevant information is given below in the below table.

| SN | Particulars | Unit | 2020-21 | 2021-22 | 2022-23 | POI (A) |
|----|----------------------|---------|---------|---------|---------|---------|
| 1 | Capacity | MT | *** | *** | *** | *** |
| 2 | Trend | Indexed | 100 | 100 | 100 | 100 |
| 3 | Production | MT | *** | *** | *** | *** |
| 4 | Trend | Indexed | 100 | 111 | 90 | 113 |
| 5 | Capacity utilization | % | *** | *** | *** | *** |
| 6 | Trend | Indexed | 100 | 111 | 90 | 113 |
| 7 | Domestic sales | MT | *** | *** | *** | *** |
| 8 | Trend | Indexed | 100 | 106 | 122 | 130 |
| 9 | Export sales | MT | *** | *** | *** | *** |
| 10 | Trend | Indexed | 100 | 75 | 63 | 78 |

81. It is seen that:

- a. The capacity of the domestic industry remained the same throughout the injury period.
- b. Capacity with the domestic industry was sufficient to cater 80% of the demand for the product under consideration and the capacity with the India industry, inclusive of the other domestic producer was sufficient to cater the entire Indian demand.
- c. The production and capacity utilization of the domestic industry increased in 2021-22 compared to 2020-21 with increase in demand. The production and capacity utilization of the domestic industry declined in 2022-23 with the volume of imports from the subject country increasing. The domestic industry was profitable in this period.
- d. The production and capacity utilization increased in the period of investigation as compared to 2022-23.
- e. The domestic sales of the domestic industry increased in 2021-22 in comparison to 2020-21. The domestic sales increased again in 2022-23. While domestic sales increased again in the period of investigation compared to 2022-23, this increase is not commensurate with the capacity available with the domestic industry.
- f. Production and domestic sales have increased over the injury period. The domestic industry has submitted that it had significantly reduced its prices and sold at losses to keep imports in check.

ii. Market share of all suppliers.

82. The relevant information is given below in the below table.

| SN | Particulars | Unit | 2020-21 | 2021-22 | 2022-23 | POI(A) |
|----|-------------------------|---------|---------|---------|---------|--------|
| 1 | Domestic industry | % | *** | *** | *** | *** |
| 2 | Trend | Indexed | 100 | 82 | 83 | 90 |
| 3 | Other domestic producer | % | *** | *** | *** | *** |
| 4 | Trend | Indexed | 100 | 134 | 126 | 136 |
| 5 | Subject country | % | *** | *** | *** | *** |
| 6 | Trend | Indexed | 100 | 116 | 152 | 107 |
| 7 | Other countries | % | *** | *** | *** | *** |
| 8 | Trend | Indexed | 100 | 75 | 6 | 8 |

83. It is seen that the market share of the domestic industry declined over the injury period while that of subject imports increased marginally. There was increase in the market share of the domestic industry in the POI as compared to preceding year. The applicant has claimed that it is because the applicant had to sell at losses. It is also noted that the Indian industry had sufficient capacity to meet the entire demand of the consumers throughout the injury period. The Authority notes that the marginal recovery in market share in the POI was achieved only because the domestic industry sold below its cost of production, as is evident from the negative profitability recorded during the period of investigation.

iii. Inventory.

84. The relevant information is given below in the below table.

| SN | Particulars | Unit | 2020-21 | 2021-22 | 2022-23 | POI |
|----|-------------------|---------|---------|---------|---------|-----|
| 1 | Opening inventory | MT | *** | *** | *** | *** |
| 2 | Trend | Indexed | 100 | 43 | 220 | 87 |
| 3 | Closing inventory | MT | *** | *** | *** | *** |
| 4 | Trend | Indexed | 100 | 513 | 202 | 233 |
| 5 | Average inventory | % | *** | *** | *** | *** |
| 6 | Trend | Indexed | 100 | 184 | 215 | 131 |

85. The closing inventory with the domestic industry increased during the injury period. It has been claimed that the domestic industry's inventory had declined in the period of investigation as the applicant is compensating on its price parameters to stay afloat in the market, thereby ensuring that its volumes don't take a hit.

iv. Profitability

86. The relevant information is given below: -

| SN | Particulars | Unit | 2020-21 | 2021-22 | 2022-23 | POI (A) |
|----|----------------------|----------|---------|---------|---------|---------|
| 1 | Profit/(Loss) | Rs/MT | *** | *** | *** | *** |
| 2 | Trend | Indexed | 100 | 168 | 7 | -48 |
| 3 | Profit/(Loss) | Rs Lakhs | *** | *** | *** | *** |
| 4 | Trend | Indexed | 100 | 178 | 9 | -62 |
| 5 | PBIT | Rs Lakhs | *** | *** | *** | *** |
| 6 | Trend | Indexed | 100 | 178 | 10 | -60 |
| 7 | Cash profit | Rs Lakhs | *** | *** | *** | *** |
| 8 | Trend | Indexed | 100 | 171 | 21 | -38 |
| 9 | Return on investment | % | *** | *** | *** | *** |
| 10 | Trend | Indexed | 100 | 165 | 8 | -53 |

87. It is seen that

- a. The domestic industry's profit per unit increased in 2021-22, declined sharply in year 2022-23 and turned into losses in the period of investigation.

- b. The domestic industry's profit before interest and taxes and cash profit have also increased in 2021-22 and thereafter declined till the period of investigation with the domestic industry recording cash losses and losses before interest in the period of investigation.
- c. The return on investment of the domestic industry increased in 2021-22, declined steeply in 2022-23, and turned negative in the period of investigation.
- d. The domestic industry has claimed that while in all previous investigations dumping of the product had led to decline in profits, the domestic industry has recorded losses for the first time in the period of investigation.

v. **Productivity, employment and wages.**

88. Employment, productivity and wages of domestic industry over the injury period are given in the table below

| SN | Particulars | Unit | 2020-21 | 2021-22 | 2022-23 | POI (A) |
|----|----------------------|---------|---------|---------|---------|---------|
| 1 | No. of employees | No. | *** | *** | *** | *** |
| 2 | Trend | Indexed | 100 | 97 | 96 | 107 |
| 3 | Productivity per | MT/No | *** | *** | *** | *** |
| 4 | Trend | Indexed | 100 | 114 | 93 | 105 |
| 5 | Productivity per day | MT/Days | *** | *** | *** | *** |
| 6 | Trend | No. | 100 | 111 | 90 | 113 |
| 7 | Wages | Rs Lacs | *** | *** | *** | *** |
| 8 | Trend | Indexed | 100 | 104 | 108 | 120 |

89. It is seen that
- a. The wages paid by the applicant has increased over the injury period.
 - b. The productivity has moved in line with the production.
 - c. Wages and employment are not dependent on the performance of the product under consideration.
 - d. The productivity per employee and productivity per day of the domestic industry increased in 2021-22 in comparison to 2020-21 and thereafter declined in 2022-23. The productivity per employee and productivity per day increased thereafter in the period of investigation.

vi. **Ability to raise capital investment.**

90. The Authority notes that the domestic industry had recorded losses in the period of investigation. It is also seen that the return on capital employed by the domestic industry is negative, which is not sufficient to raise the working capital requirements. The Authority also notes the contention of the domestic industry that while the domestic industry is in the process of setting up a new plant for the subject goods, the current losses do not justify any investment in this business.

vii. **Growth.**

91. The following table shows the growth parameters of the domestic industry over the injury period.

| SN | Particulars | Unit | 2021-22 | 2022-23 | POI |
|----|------------------------|------|---------|---------|-------|
| 1 | Production | % | 11% | -19% | 25% |
| 2 | Domestic sales | % | 6% | 15% | 7% |
| 3 | Profit/(Loss) per unit | % | 68% | -96% | -737% |
| 4 | Profit/(Loss) | % | 78% | -95% | -780% |
| 5 | PBIT | % | 78% | -94% | -716% |
| 6 | Cash profit | % | 71% | -88% | -282% |
| 7 | Profit before interest | % | 10% | -23% | -9% |

92. Based on the above, the Authority notes that all the parameters showed positive growth in 2021–22. In 2022–23, production showed negative growth, and all price parameters recorded negative growth. Thereafter, in the period of investigation, while the volume parameters have shown positive growth, all price parameters, including profit, cash profit, profit before interest and taxes, and return on capital employed of the domestic industry, have shown significant negative growth. Despite the increase in volume parameters in the POI, production at *** MT represents a capacity utilization of only ****% of the installed capacity, and domestic sales at *** MT account for only ****% of the total Indian demand, which remains well below the domestic industry’s demonstrated capacity to serve a larger share of the market.

viii. **Magnitude of dumping margin**

93. It is seen that the imports into India from the subject country are at dumped prices. The dumping margin is above *de minimis* and significant.

ix. **Factors affecting domestic prices.**

94. It is seen that the import price is directly affecting the prices of the applicant in the domestic market. The landed prices of the product from the subject country are below the cost of sales, selling price and the non-injurious price of the applicant. The landed prices of subject imports have suppressed the prices of the applicant, leading to the applicant suffering significantly on price parameters. The landed price of subject goods from the subject country is a significant factor affecting the domestic prices.

G.3.5 **Conclusions on injury.**

95. The examination of the imports of the product under consideration and performance of domestic industry shows that:

- a. The imports from the subject country increased till 2022–23 and thereafter declined in the period of investigation in both absolute and relative terms. However, the Authority notes that the decline in import volume during the period of investigation is not indicative of a reduction in injury to the domestic industry. Rather, the decline was achieved at the cost of the domestic industry matching the import prices and selling below its cost of production, as reflected in the negative profitability recorded during the period of investigation.

- b. The landed price is below the selling price of the domestic industry, resulting in positive price undercutting.
 - c. The landed price has remained below the cost of sales of the domestic industry in 2022-23 and the period of investigation.
 - d. In 2022-23, while the cost of sales increased in comparison to 2021-22, the selling price declined significantly. While the cost of sales declined in the period of investigation in comparison to 2022-23, the selling price declined at a greater rate. The prices of the domestic industry were both suppressed and depressed in the period of investigation.
 - e. The production, domestic sales and capacity utilization of the domestic industry declined in 2022-23 and thereafter increased in the period of investigation. The domestic industry has sold at losses.
 - f. The market share of the domestic industry has declined over the injury period.
 - g. The average inventory increased till FY 2022-23 and thereafter declined in the period of investigation.
 - h. The volume parameters have shown improvement in the period of investigation as the domestic industry sacrificed on its profitability parameters to keep the imports in check.
 - i. Profitability of the domestic industry has declined in 2022-23 and turned negative in the period of investigation.
 - j. Cash profit and return on capital employed of the domestic industry similarly declined in 2022-23 and thereafter turned negative in the period of investigation.
 - k. The domestic industry suffered in the growth of both volume and price parameters in 2022-23. While volume parameters shown an improvement in the period of investigation, the price parameters have shown a significant decline.
 - l. The domestic industry's ability to raise capital has been adversely impacted.
 - m. The dumped imports have affected the prices of the domestic industry.
 - n. The dumping margin is positive and significant during the period of investigation
96. Therefore, the Authority concludes that the domestic industry has suffered injury.

H. NON-ATTRIBUTION AND CAUSAL LINK.

97. As per the Rules, it is, inter alia, required to be examined any known factors other than the dumped imports which at the same time are injuring the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. It has been examined below whether factors other than dumped imports could have contributed to injury to the domestic industry. The Authority initially notes neither the Act nor the Rules require dumping to be the sole cause of injury to the domestic industry for anti-dumping duty to be applied.
- a. **Volume and price of imports from third countries.**
98. The Authority notes that apart from the subject country, imports from other countries are negligible in volume. Therefore, the injury is not attributable to imports from any country other than the subject country.

b. Contraction of demand.

99. The Authority notes that demand has increased over the injury period and therefore injury to the domestic industry is not attributed to the contraction of demand.

c. Changes in pattern of consumption.

100. The Authority notes 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. Trade restrictive practices.

101. The Authority notes that sales of the product under consideration are not restricted in any manner and no restrictive practices have been brought to the notice of the Authority.

e. Developments in technology.

102. The Authority notes that there has been no known material change in the technology for the production of the product under consideration.

f. Productivity.

103. The productivity has improved over the injury period. The Authority notes that injury to the domestic industry cannot be because of decline in productivity.

g. Export performance.

104. The Authority notes that the injury information examined hereinabove relates only to the performance of the domestic industry in terms of the domestic market. Thus, the injury suffered cannot be attributed to the export performance of the domestic industry. The Authority notes that export sales have increased in the period of investigation comparison to 2022-23.

h. Performance of other products.

105. The Authority has only considered data relating 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.

106. The Authority notes that other known factors which could have caused injury to the domestic industry have been duly examined in the non-attribution analysis above and do not appear to have caused injury to the domestic industry. The Authority further notes that although the volume of imports declined in the period of investigation, such decline appears to have been achieved only because the domestic industry was compelled to reduce its prices to match the import prices and sell below its cost of production. The reduction in import volumes in the POI was therefore achieved only because the domestic industry was compelled to reduce prices below its cost of production, which itself constitutes injury attributable to dumped imports. Accordingly, the Authority concludes that the injury to the domestic industry appears to have been caused by the dumped imports from the subject country.

I. MAGNITUDE OF INJURY MARGIN.

107. The Authority has determined Non-Injurious Price for the domestic industry on the basis of principles laid down in the Rules read with Annexure III, as amended. The non-injurious price of the subject goods has been determined by adopting the verified information/data relating to the cost of production for the period of investigation. The non-injurious price has been considered for comparing the landed price from the subject country for calculating the injury margin. For determining the non-injurious price, the best utilization of the raw materials by the domestic industry over the injury period has been considered. The same treatment has been carried out with the utilities. The best utilization of production capacity over the injury period has been considered. It is ensured that no extraordinary or non-recurring expenses are charged to the cost of production. A reasonable return @22% on average capital employed (i.e. average net fixed assets plus average working capital) for the subject goods was followed towards interest, tax and profit to arrive at the non-injurious price as prescribed in Annexure III of the Rules.
108. Landed price for the cooperating exporters has been determined based on the response filed. Applicable customs duties have been added to determine landed price of imports. For all the non-cooperative producers/exporters from the subject country, the Authority has determined the landed price based on facts available.
109. Based on the landed price and non-injurious price determined as above, the injury margin for producers/exporters for the subject country has been determined by the Authority and the same is provided in the table below:

| SN | Producer/exporter | NIP | Landed | Injury margin | | |
|----|-------------------------------|--------|--------|---------------|-----|-------|
| | | USD/MT | USD/MT | USD/MT | % | Range |
| 1 | Sennics Co., Ltd. Shandong | *** | *** | *** | *** | 10-20 |
| 2 | All other producers/exporters | *** | *** | *** | *** | 20-30 |

J. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES.

J.1 Submission by opposing interested parties.

110. The opposing interested parties has made the following submissions with regard to Indian industry's interest and other issues:
- a. Imposition of duty will not be in public interest since the product under investigation is a critical raw material used by various downstream industries.
 - b. Any additional duty on the product under consideration will immediately translate into higher input costs for the tyre industries. This is in addition to many of the key raw materials used by the Automotive Tyre Manufacturers Association's members already subject to trade remedial duties.
 - c. The product under consideration is a critical and non-substitutable input for the downstream tyre industry, and its importance cannot be assessed solely on the basis of percentage cost share.

- d. Anti-dumping duty would raise the cost of the subject goods, which will inevitably be passed down to tyre and automotive manufacturers, and ultimately to end consumers in the form of higher prices of tyres, vehicles, and transport services.
- e. Even 0.10% impact would translate into hundreds of crores in additional burden for the tyre sector.
- f. Past findings cannot be mechanically applied without a contextual examination of the prevailing facts on record. The downstream impact of anti-dumping duty under the current circumstances will be far greater than in earlier cases considering the various challenges faced by the tyre industry due to weak global demand, inflationary input costs, and competitive pressures from low-cost exporting countries.
- g. The applicant has sought to contend that the entire demand in India can be met from domestic sources by relying upon Finorchem Limited's proposed capacity expansion rather than actual, available and operational capacities during the period of investigation.

J.2 Submission by the applicant.

111. The applicant has made the following submissions with regard to Indian industry's interest and other issues:

- a. The product under consideration does not form a critical part of the operations of the tyre producers and other rubber compound manufacturers.
- b. The share of the product under consideration in the overall raw material cost, total cost and sales value of the downstream industry is as below.

| SN | Particulars | UOM | Value |
|----|--------------------|-----|-------|
| A | Raw material cost | % | 0.55% |
| B | Cost of production | % | 0.36% |
| C | Sales | % | 0.31% |

- c. The cumulative impact of anti-dumping duty on all products (various raw materials used by the user industry) on which either an investigation is ongoing, or measures are in force is a mere 0.7%.
- d. The Authority in previously conducted investigations on the product under consideration have continuously shown the inability of other interested parties to substantiate the impact of anti-dumping duty on the user industry.
- e. The installed capacity in India is more than enough to meet the entire demand in India. This remains the case even without considering Finorchem Limited's proposed commencement of commercial production post the period of investigation.
- f. The applicant is undertaking investment of Rs. 250 crores to strengthen its market presence in the rubber chemical market in which capacity expansion for the subject goods has also been.
- g. The tyre industry is protected through existing anti-subsidy duty, import restriction and requirement of BIS license for imports.
- h. Duties were in force for the product under consideration from the European Union for a period of 5 years from November 2017. During this period, the demand for the product under consideration has consistently increased, thereby causing the demand for the downstream industry to also increase, which shows that anti-dumping duty is unlikely to have adverse effects on the downstream industry.

- i. In case of procurement from the applicant, the consumers have the option of maintaining lower inventory levels in comparison to relying on imports for the same. Therefore, imposition of anti-dumping duty would be in the interest of consumers.
- j. Imposition of anti-dumping duty will not create any situation of monopoly since there is one other producers of the subject goods in India, namely Lanxess India Private Limited. In addition, Finorchem Limited is likely to start commercial production post the period of investigation with its products presently under trials with customers.

J.3 Examination by the Authority.

112. The Authority considered whether imposition of the recommended anti-dumping duty will be against public interest. This determination is based on consideration of information on records and interests of the participating interested parties.
113. The Authority issued gazette notification inviting views from all the interested parties, including importers, consumers and other interested parties. The Authority also prescribed a questionnaire for the users to provide the relevant information with regard to the present investigation, including possible effect of the anti-dumping duty on their operation. The Authority sought information on, inter-alia, interchangeability of the product supplied by the various suppliers from different countries, ability to switch sources, the effect of the anti-dumping duty on the consumers, the factors that are likely to accelerate or delay the adjustment to the new situation caused by the continuation of the anti-dumping duty.
114. It is noted that the purpose of anti-dumping measures, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. The Authority recognizes that the imposition of the anti-dumping duties might affect the price levels of the product under consideration as well as other downstream products manufactured by using the subject goods in India. However, fair competition in the Indian market will not be reduced by the imposition of anti-dumping measures. On the contrary, the imposition of anti-dumping measures would prevent the decline in the performance parameters of the domestic industry caused as a consequence of low-priced imports from the subject country and help maintain the wider availability of choices to the consumers of the product under consideration.
115. Of the four users/importers registered as interested parties to this investigation, namely Apollo Tyres Limited, CEAT Limited, JK Tyre & Industries Limited and MRF Limited, Apollo Tyres Limited and CEAT Limited have filed the prescribed user/importer questionnaire responses. The Authority had also circulated an economic interest questionnaire to all interested parties in the present investigation. The Authority notes that two users, namely Apollo Tyres Limited and CEAT Limited, have filed the prescribed economic interest questionnaire responses. The users have claimed that the imposition of anti-dumping duties would adversely affect their operations; however, they have not provided any quantified data or substantiating information regarding the likely impact of

such duties. In the absence of any quantified evidence demonstrating the adverse impact of anti-dumping duties, the Authority is unable to conclude that the imposition of anti-dumping duty would cause disproportionate harm to the downstream industry. Accordingly, the Authority has relied on the information available on record, including the data provided by the domestic industry, for the purpose of assessing the impact.

116. The domestic industry has quantified the impact of anti-dumping duty as below.

| SN | Particulars | UOM | SN | Value |
|----|---|-------|-------------|----------|
| 1 | TDQ consumption value in India | Rs cr | A | 295 |
| 2 | Total raw material cost of Indian tyre producers | Rs cr | B | 60,170 |
| 3 | Total cost of Indian tyre producers | Rs cr | C | 92,272 |
| 4 | Total sales value of Indian tyre producers | Rs cr | D | 1,04,444 |
| 5 | Share of product under consideration in tyre industry | | | |
| 6 | Raw material cost | % | $E = A/B$ | 0.55% |
| 7 | Cost of production | % | $F = A/C$ | 0.36% |
| 8 | Sales | % | $G = A/D$ | 0.31% |
| 9 | Impact of 40% anti-dumping duty on | | | |
| 10 | Raw material cost | % | $I = E*40%$ | 0.21% |
| 11 | Cost of production | % | $J = F*40%$ | 0.14% |
| 12 | Sales | % | $K = G*40%$ | 0.12% |

117. The impact of anti-dumping duty is found to be negligible. The Authority further notes that the imposition of anti-dumping duty will not lead to scarcity of the subject goods in India. It is noted that anti-dumping duty does not restrict imports but ensures that imports are available at fair prices. The imposition of duty would, therefore, not affect the availability of the product. In any case, the capacity of the Indian industry is more than sufficient to cater the entire Indian demand, thereby ensuring that there remains sufficient supply in the country. There is one other domestic producer, namely Lanxess India Private Limited as well supplying the product under consideration in the Indian market.

K. POST DISCLOSURE COMMENTS

K.1 Submission by opposing interested parties.

118. The opposing interested parties has made the following post disclosure comments: -
- a. The application of the non-market economy methodology and use of surrogate country data is not legally justified after the expiry of relevant provisions of China's Accession Protocol on 11th December 2016.
 - b. Adoption of 22% return on capital employed for determining the Non-Injurious Price is excessive and not consistent with the requirement of "reasonable return" under Annexure III of the Anti-Dumping Rules.
 - c. The imposition of anti-dumping duties would be against public interest, as the subject goods are a critical raw material for downstream industries and duties would increase input costs, affect competitiveness, and disrupt the supply chain.
 - d. The product under consideration is manufactured and sold in different grades, purity levels, formulations and physical forms, each involving significant variations in cost and pricing. A single reference price would not appropriately capture these variations and may lead to distortion in duty application across different product types and therefore, ad valorem duty may be imposed.
 - e. Authority has stated that Lanxess has not provided information post initiation and no production data of Lanxess was made available. Authority is therefore, requested to clarify on what basis total Indian production has been computed.
 - f. Lanxess has supported initiation, the Authority should determine which domestic producer is more efficient and determine normal value accordingly not just on the data of applicant alone.
 - g. For the purpose of calculating return on capital employed for NIP purpose, the Authority has not disclosed any analysis of historical returns for TDQ. Without such disclosure, the basis for adopting a particular ROCE benchmark remains unclear.
 - h. Aniline is the principal input and the anti-dumping duty on Aniline has inflated the applicant's costs.
 - i. Injury to the domestic industry is due to global sectoral slowdown, volatility in raw material costs, internal inefficiencies and cost structure.
 - j. While the Authority has attempted to quantify the alleged downstream impact of the duty on users, it has not undertaken any corresponding assessment of the impact on the Domestic Industry if anti-dumping duty is not imposed.
 - k. Authority has evaluated the impact of the proposed anti-dumping duty in isolation, without accounting for the cumulative burden of existing and proposed trade remedial measures on critical raw materials used by the tyre industry.

K.2 Submission by applicant.

119. The applicant has made the following post disclosure comments: -
- a. Considering the performance of the domestic industry and the volume & price of subject imports as examined by the Authority, it can be concluded that the domestic industry has suffered material injury and the injury to the domestic industry because of dumped imports.
 - b. The impact of anti-dumping duty claimed by the domestic industry was based on a duty of 40%. The Authority has quantified a lower injury margin. Therefore, the impact of anti-dumping duty should be based on the duty being recommended.
 - c. The capacity in India is higher than the demand in the country. With more capacities than the demand, the domestic producers will be required to compete inter-se with each other and there will be no monopoly.
 - d. Demand for the product under consideration has increased in India despite duties being in place since 2008. This established the fact that anti-dumping duties in the past have not had any adverse effect.
 - e. A duty for a period of 5 years is of utmost necessity since a shorter duration would not allow the domestic industry sufficient time to recover from the significant injury caused by the dumped imports.
 - f. A fixed form of duty is appropriate in the present case since the price of product under consideration is heavily reliant on volatile raw material prices.

K.3 Examination by the Authority.

120. The Authority has examined the post-disclosure submissions made by the interested parties. It is observed that most of these submissions are reiterations of arguments and contentions that have already been examined and addressed to the extent deemed necessary in the relevant paragraphs of these final findings. The issues raised for the first time in the post disclosure comments/submissions by the interested parties and the domestic industry and considered relevant by the Authority are examined below. Any submission which was merely a reproduction of the previous submissions, and which had been adequately examined by the Authority has not been repeated for the sake of brevity.
121. On the comments of the interested parties that for the determination of the non-injurious price, the Authority has considered return on capital employed at the rate of 22%, without providing reasons therefor and without disclosing the historical rate of return on capital employed earned by the domestic industry, it is noted that it has been consistent practice of the Authority to consider 22% return on capital employed. CESTAT in various investigations has held 22% return is appropriate specially in the absence of any evidence to the contrary. The Authority notes that in the present case, no evidence/submissions have been made by interested parties during the course of the investigation substantiating as to why 22% return on capital employed is not justified in the facts and circumstances of the present case for calculation of the non-injurious price.
122. On the comments of the interested parties that for determination of normal value for China, non-market economy methodology and use of surrogate country data is not legally justified

after the expiry of relevant provisions of China's Accession Protocol on 11th December 2016. It is noted that while the provision contained in Article 15 (a)(ii) of China's Accession Protocol expired on 11th December 2016, the provision under Article 2.2.1.1 of WTO read with obligation under Article 15(a)(i) of the Accession Protocol require the criterion stipulated in para 8 of Annexure I of the Rules to be satisfied through information/data to be provided in the supplementary questionnaire on claiming the market economy status. Therefore, the submission is not accepted.

123. On the comments of the interested parties that the product under consideration is sold in different grades, purity levels, formulations and physical forms and each grade has significant variation in the cost, it is noted that no PCN methodology was requested by any party in the investigation. Accordingly, the Authority has not framed any PCN in the present investigation. The participating exporter has not claimed that it has exported product with different grades having variation in the cost. Therefore, the submission the product has different grades which requires duties on ad valorem basis cannot be accepted.
124. On the comments of the interested parties regarding the basis of ascertaining production of Lanxess India Private Limited, it is clarified that production has been determined based on the information provided to the Authority. The domestic industry had in the application provided that it had ascertained production based on the imports of raw material by Lanxess India Private Limited. Lanxess India Private Limited registered as an interested party, provided information on production and sales but did not provide any other information subsequent to the initiation. Therefore, the Authority has relied on the information available on record.
125. On the comments of the interested parties on injury being caused due to anti-dumping duty on aniline, global sectoral slowdown, volatility in raw material costs, internal inefficiencies and cost structure, it is noted that the domestic industry was profitable till 2022-23 and has suffered losses in the period of investigation alone. If the injury suffered by the domestic industry was on account of these factors, the domestic industry would have suffered injury in previous years as well. It is also noted that the interested parties have made mere generic statements and not produced any evidence to substantiate their claims.
126. On the comments of the interested parties that several trade remedial investigations are ongoing different raw materials of the user industry and the cumulative impact of all these raw materials will be significant, it is seen that while the users have made submissions during the investigation, no information on the cumulative impact has been provided. On the other hand, the domestic industry has provided information on the cumulative impact of anti-dumping duty on TDQ, Sulf. Acc, PX-13, SBR, Insoluble Sulphur and IIR. It is seen that the impact of duty of all these products on which either an investigation is ongoing or measures are in force is less than 1%. It is also recognised that while anti-dumping will not have any adverse impact on the downstream industry, it will be in the interest of the domestic producer who has suffered losses in the period of investigation.

L. CONCLUSION.

127. Having regard to the contentions raised, information provided, and submissions made by the interested parties and facts available before the Authority, as recorded in the above findings, and based on above analysis of the dumping, injury and causal link to the domestic industry, the Authority concludes as follows:

- a. On scope of product under consideration and like article
 - i. The product under consideration is '2,2,4-Trimethyl-1,2-Dihydroquinoline' or also known as 'TDQ'.
 - ii. The product under consideration is classifiable under Chapter 38 of the Customs Tariff Act, 1975 under the HS code 3812 31 00 and is imported under the HS Codes 3812 10 00, 3812 20 90, 3812 31 00, 3812 39 10, 3812 39 20 and 3812 39 90 of the Customs Tariff Act, 1975. The customs classification is indicative only and is not binding on the scope of the product under consideration.
 - iii. The article manufactured by the domestic industry and the subject goods exported from the subject country are like article to each other in terms of Rule 2 (d) of the Rules.
- b. On domestic industry and standing
 - i. Apart from the applicant, there is one other producer of the subject goods in India, viz., Lanxess India Private Limited.
 - ii. NOCIL Limited accounts for a major proportion of Indian production in terms of the Rules. NOCIL Limited is an eligible domestic industry within the meaning of Rule 2(b) and satisfies the criteria of standing in terms of Rule 5(3) of the Rules.
- c. On normal value and export price
 - i. Only one producer, viz., Sennics Co., Ltd. Shandong from China PR participated in the investigation.
 - ii. China PR is presumed as a non-market economy country since none of the producers/exporters from China PR have provided sufficient evidence to rebut this presumption as mentioned in para 8 of Annexure – I of the Rules.
 - iii. The Authority has calculated normal value based on any other reasonable basis. The Authority has considered price payable in India calculated as per cost of production in India, duly adjusted for selling, general & administrative expenses and reasonable profits.
 - iv. Considering the normal value and the export price for the product under consideration, the dumping margin for the product under consideration from the subject country is seen to be more than de minimis. The dumping margin for Sennics Co., Ltd. Shandong is found to be in the range of 40-50%.
- d. On injury and causal link
 - i. The imports from the subject country have increased till 2022-23 and thereafter declined in the period of investigation in both absolute and relative terms. Imports in POI were however higher than base year.

- ii. While the raw material prices increased over the injury period from the base year, the import prices have declined and have not moved in line with the raw material prices.
 - iii. The subject imports are undercutting the prices of the domestic industry and the price undercutting is positive and significant and price has remained below the cost of sales of the domestic industry in 2022-23 and the period of investigation.
 - iv. The prices of the domestic industry were both suppressed and depressed in the period of investigation.
 - v. The production, domestic sales and capacity utilization of the domestic industry declined in 2022-23 and thereafter increased in the period of investigation. The domestic industry has sold at losses to increase its sales.
 - vi. The market share of the domestic industry declined in 2021-22 compared to 2020-21 but increased marginally thereafter.
 - vii. The volume parameters have shown improvement in the period of investigation as the domestic industry sacrificed on its profitability parameters to keep imports in check.
 - viii. Profitability of the domestic industry has declined in 2022-23 and turned negative in the period of investigation.
 - ix. Cash profit and return on capital employed of the domestic industry similarly declined in 2022-23 and thereafter declined in the period of investigation.
 - x. The investigation did not show any other factor other than dumping from the subject country which could have caused injury to the domestic industry.
 - xi. On the basis of foregoing, it is concluded that the domestic industry has suffered material injury on account of dumped imports of subject goods from China PR
- e. On Indian industry interest
- i. There is no demand and supply gap in the country. The capacity with the Indian industry is sufficient to cater the entire demand,
 - ii. The domestic industry is suffering material injury, and the imposition of anti-dumping duty will be in interest of domestic producer.
 - iii. The imposition of duties will not be against public interest.

M. RECOMMENDATIONS.

128. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the domestic industry, exporters, importers, and other interested parties to provide positive information on the aspect 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, the Authority is of the view that imposition of anti-dumping duty is required to offset the dumping and injury. The Authority considers it necessary and recommends imposition of anti-dumping duty on imports of the subject goods from the subject country.

129. Having regards to the lesser duty rule followed, the Authority recommends imposition of anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury on imports of subject goods originating in or exported from the subject country so as to remove the injury to the domestic industry. Accordingly, the Authority considers it necessary and recommends imposition of anti-dumping duty on the imports of subject goods originating in or exported from the subject country, for a period of five (5) years, from the date of the notification to be issued in this regard by the Central Government, equal to the amount mentioned in Col. 7 of the duty table appended below.

DUTY TABLE

| SN | Heading | Description | Country of origin | Country of export | Producer | Amount | UOM | Currency |
|-----|--|-----------------|---------------------------------|--------------------------------|---|--------|-----|----------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 1 | 3812 10 00, 3812 20 90, 3812 31 00, 3812 39 10, 3812 39 20, 3812 39 90. (Note 1) | TDQ (Note 2) | China PR | Any country including China PR | Sennics Co., Ltd. Shandong | 440 | MT | US\$ |
| 2 | -do- | do- | China PR | Any country including China PR | Any producer other than serial number 1 | 549 | MT | US\$ |
| 3 | -do- | do- | Any country other than China PR | China PR | Any | 549 | MT | US\$ |

Note 1 – Customs classification mentioned above is only indicative.

Note 2 – The description of the product under consideration is '2,2,4-Trimethyl-1,2-Dihydroquinoline' or also known as TDQ.

The application of the individual duty rates specified for the companies mentioned in the above shall be conditional upon presentation to customs authorities of a valid commercial invoice, on which shall appear a declaration dated and signed by an official of the entity issuing such invoice, identified by his/her name and function, drafted as follows:

“I, the undersigned, certify that the (volume) of TDQ sold for export to the India covered by this invoice was manufactured by (company name and address) in [country concerned]. I declare that the information provided in this invoice is complete and correct.”

If no such invoice is presented, the duty applicable to all other companies shall apply. This requirement is without prejudice to the verification procedures independently undertaken by the Customs authorities under the applicable customs law and regulations.”

N. FURTHER PROCEDURE.

130. An appeal against the order of the Authority arising out of this final finding shall lie before the Customs Excise and Service Tax Appellate Tribunal in accordance with the relevant provisions of the Customs Tariff Act,1975.



Amitabh Kumar
(Designated Authority)