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**F. No. 6/40/2024-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: 26.09.2025

**FINAL FINDINGS
Case No. AD (OI)-37/2024**

Subject: Anti-dumping investigation concerning imports of “Copolymer Polyol of hydroxyl value ≥ 23 ” originating in or exported from China PR.

A. BACKGROUND OF THE CASE

F. No. 6/40/2024-DGTR: - Having regard to the Customs Tariff Act, 1975 as amended from time to time and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (“AD Rules, 1995” or the “AD Rules” or the “Rules”).

1. M/s Expanded Polymer Systems Pvt. Ltd. (“domestic industry” or the “applicant”) had filed an application before the Designated Authority (hereinafter referred to as the “Authority”) in accordance with the Customs Tariff Act, 1975 (hereinafter referred to as the “Customs Tariff Act”) and the AD Rules, 1995 for initiation of anti-dumping investigation concerning imports of “Copolymer Polyol of hydroxyl value ≥ 23 ” (“product under consideration” or the “subject goods” or “PUC”) originating in or exported from China PR (“subject country”).
2. The Authority, on the basis of sufficient prima facie evidence submitted by the applicant, issued a public notice *vide* Notification No. 6/40/2024-DGTR dated 30 September 2024, published in the Gazette of India, initiating the subject investigation in accordance with Section 9A of the Customs Tariff Act read with Rule 5 of the AD Rules, 1995 to determine the existence, degree and effect of alleged dumping of the subject goods and to recommend the appropriate amount of anti-dumping duty, which if levied, would be adequate to remove the alleged injury to the domestic industry.

B. PROCEDURE

3. The following procedure has been followed with regard to this investigation:

- a. The Authority notified the Embassy of the subject country in India about the receipt of the present anti-dumping application before proceeding to initiate the investigation in accordance with Rule 5(5) of the AD Rules, 1995.
- b. The Authority issued a public notice dated 30th September, 2024, published in the Gazette of India Extraordinary, initiating the anti-dumping investigation concerning imports of the subject goods from the subject country.
- c. The POI for the present investigation is April 2023 to March 2024 (12 months). The injury investigation period for the present investigation is April 2020 – March 2021, April 2021 – March 2022, April 2022 – March 2023 and the POI.
- d. The Authority sent a copy of the initiation notification on 10th October 2024 to the Embassy of the subject country in India, the known producers and exporters from the subject country, the known importers/users of the subject goods and other interested parties, as per the information provided by the applicant. The interested parties were requested to provide relevant information in the form and manner prescribed in the initiation notification and to make their submissions known in writing within the time limit prescribed by the initiation notification.
- e. The Authority also circulated copy of the non-confidential version of the application filed by the applicant to the known producers/exporters, known importers/users and to the Embassy of the subject country in India in accordance with Rule 6(3) of the AD Rules, 1995.
- f. The Embassy of the subject country in India was also requested to advise the exporters/producers from their country to submit their responses to the questionnaire within the time limit prescribed by the initiation notification.
- g. The interested parties were granted an opportunity to present their comments on the issues of confidentiality claimed by the other interested parties within 7 days of the circulation of the non-confidential version of the document filed before the Authority.
- h. The Authority also issued an economic interest questionnaire (hereafter referred to as 'EIQ') to the interested parties seeking inputs on the economic impact of the proposed duties.
- i. The Authority sent questionnaires to the following known producers/exporters in the subject country in accordance with Rule 6(4) of the AD Rules, 1995:
 - 1. Changhua Chemical Technology Co. Ltd,
 - 2. Shijiazhuang Hejia Chemical

3. Shanghai Mdm Chemical Co, Ltd.
 4. Shandong Longhua New Material Co Ltd.
 5. Jiangsu Zhongshan New material Co., Ltd.
- j. The following producers/ exporters of the product under consideration from subject country have filed the questionnaire response within the time-limit prescribed by the Authority:
1. Wanhua Chemical Group Co. Ltd.
 2. Wanhua Chemical (Singapore) Pte. Ltd.
 3. Wanhua Chemical (Yantai) Trading Co., Ltd.
 4. Wanhua International India Private Ltd.
 5. Jiahua Chemical (Binzhou) Co., Ltd.
 6. Shanghai Fujia Fine Chemical Co., Ltd.
 7. Jia Hua Chemical Quanzhou Co., Ltd.
 8. Jiahua Pacific (Singapore) Pte Ltd.
- k. The Authority sent questionnaires to the following known importers/users of subject goods in India calling for necessary information, in accordance with Rule 6(4) of the Rules:
1. Sheela Foam Limited
 2. Prime Comfort Products Private Limited
 3. Wakefit Innovations Private Limited
 4. R P Foam Home Pvt Ltd
 5. Duroflex Private Limited
 6. Wanhua International (India) Private Limited
 7. Aadi Polymers Private Limited
 8. Pon Pure Chemical India Private Limited
 9. Covestro (India) Private Limited
 10. Royal Synthetics
 11. Prime Comfort Products Pvt Ltd
 12. Moka Business Private Limited
- l. The Authority notes that only Sheela Foam Limited has registered in the subject investigation have participated by filing the questionnaire response.
- m. The producers/exporters from the subject country who have not submitted the questionnaire response or have not cooperated in the investigation have been treated as non-cooperative in the investigation.
- n. One another importer namely Covestro India Private Limited has filed only submissions regarding the scope of PUC.

- o. Interested parties were provided 15 days from the date of the initiation notification to file their comments on the scope of PUC and Product Control Number (“PCN”) methodology. The last date of comments file on PUC/PCN on 15.10.2024.
- p. The Authority received comments from various interested parties regarding the scope of the PUC and PCN methodology. Thereafter, the Authority held a meeting on the scope of PUC and PCN methodology on 19th November, 2024. Thereafter, the Authority notified the final scope of PUC and PCN methodology *vide* its notice dated 26th November 2024 after examining the comments/ submissions submitted by interested parties as per the timeline stipulated by the Authority both prior to and following the meeting and taking into account the discussions that took place during the meeting.
- q. The DG Systems was requested to provide transaction-wise details of the imports of the subject goods for the injury period and the period of investigation. The same was received by the Authority except for the FY 20-21. Accordingly, the same was considered for the present disclosure statement along with FY 20-21 data based on the secondary source.
- r. In accordance with Rule 6(6) of the AD Rules, 1995 the Authority provided an opportunity to the interested parties for presenting their views orally regarding the subject investigation through an oral hearing held on 12th August, 2025. The interested parties who presented their views in the oral hearing, were requested to file written submissions of the views expressed orally, followed by rejoinder submissions, if any. The interested parties were further directed to share the non-confidential version of the written submissions with the other interested parties.
- s. The non-injurious price (hereinafter referred to as the “NIP”) has been determined based on the cost of production and reasonable return on capital employed for the subject goods in India, based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure III to the AD Rules, 1995 so as to ascertain whether anti-dumping duties lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- t. The information submitted by the domestic industry has been examined and verified to the extent deemed necessary and has been relied upon for the present disclosure statement.
- u. The examination and verification of the information submitted by the cooperating producers/exporters from the subject country was also carried out to the extent deemed necessary and the same has been relied upon for the purpose of the present disclosure statement.

- v. The Authority made available the non-confidential version of the evidence presented by various interested parties on mutual basis in the manner prescribed through Trade Notice no. 01/2020 dated 10th April 2020. The information/submissions provided by the interested parties on a confidential basis were examined concerning the sufficiency of such confidentiality claims. On being satisfied concerning the sufficiency of the confidentiality claims filed by the interested parties, the Authority has considered such information/submissions as confidential. In case of non-acceptance of confidentiality claims, the interested parties were directed to submit the non-confidential version of the same and circulate it to the other interested parties.
- w. The Authority circulated the disclosure statement containing all essential facts under consideration for making the final recommendations to the Central Government to all interested parties on 19 September, 2025. 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.
- x. The Authority has considered all the relevant arguments raised and information provided by all the interested parties at this stage, to the extent the same are supported with evidence and considered relevant to the present investigation.
- y. ‘***’ in the disclosure statement represents information furnished by an interested party on confidential basis and so considered by the Authority under Rule 7 of AD Rules, 1995.
- z. The exchange rate for the POI adopted by the Authority for the subject investigation is 1 US \$= INR 83.70

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

- 4. The product under consideration as defined at the stage of initiation is as follows-

2. The product under consideration is "Copolymer Polyol of hydroxyl value ≥ 23.5 ". The PUC is also known as Polymer Polyol in market parlance.

3. The PUC is mainly used for manufacturing of Flexible Foam, which is majorly used in manufacturing of mattresses. It is also used for the manufacturing of bra-cups. It is a Polymer Polyol which improves the hardness of slab foam when added in the manufacturing process of slab polyurethane foam. The subject goods are classified under chapter heading 39 under HS Code 39072910 and 39072990. The custom classification is indicative only and in no way, it is binding upon the product scope.

C.1. Submissions made by the other interested parties

5. The following submissions have been made by the other interested parties with respect to scope of product under consideration and PCN methodology:
 - a. The description Copolymer Polyol of hydroxyl value ≥ 23.5 includes both Polyether Polyol and Polyester Polyol. However, from a complete reading of the explanation of PUC in the initiation notification and the application filed by the applicant, it is clear that Polyester Polyol is not covered within the scope of PUC.
 - b. Explicitly mention in the PUC/PCN letter and its findings that Polyester Polyol having hydroxyl value ≥ 23.5 is not covered within the scope of the PUC.

C.2. Submissions made by the domestic industry

6. The following submissions have been made by the domestic industry with regard to the scope of the product under consideration and PCN methodology:
 - a. Only Covestro (India) Pvt. Ltd. made oral submissions during the PUC/PCN meeting and filed written submissions on the scope of PUC.
 - b. The Authority may clarify that Polyester Polyol having hydroxyl value ≥ 23.5 is not covered within the scope of the PUC.

C.3. Examination by the Authority

7. The Authority has examined the submissions regarding the scope of PUC and PCN methodology made by the interested parties herein as under:
8. As regards PCNs, it has been noted that neither the domestic industry nor other interested parties proposed PCNs. Therefore, PCNs are not required.
9. With regard to the request made by Covestro (India) Pvt. Ltd. to clarify that Polyester Polyol having hydroxyl value ≥ 23.5 is not covered within the scope of the PUC, it is submitted that that domestic industry has accepted in their comments on the PUC that the same is not covered within the scope of PUC. Accordingly, it is clarified that Polyester Polyol having hydroxyl value ≥ 23.5 is outside the scope of the PUC.
10. Rule 2(d) of the Anti-Dumping 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.

11. After considering the information on record, the Authority concludes that the product under consideration produced by the domestic industry and imported from the subject country are comparable in terms of physical characteristics, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The goods produced by the domestic industry and imported from the subject country are like articles in terms of the provisions of Anti-dumping Rules. The two are technically and commercially, substitutable. Thus, the Authority concludes that the subject goods produced by the domestic industry are like article to the product under consideration imported from the subject country within the scope and meaning of Rule 2(d) of Anti-dumping Rules.
12. Further, the Authority confirms the scope of PUC as defined *vide* its notice dated 26th November 2024. The same is reproduced below.

“The product under consideration is "Copolymer Polyol of hydroxyl value ≥ 23.5 ". The PUC is also known as Polymer Polyol in market parlance.

The PUC is mainly used for manufacturing of Flexible Foam, which is majorly used in manufacturing of mattresses. It is also used for the manufacturing of bra-cups. It is a Polymer Polyol which improves the hardness of slab foam when added in the manufacturing process of slab polyurethane foam. The subject goods are classified under chapter heading 39 under HS Code 39072910 and 39072990. The custom classification is indicative only and in no way, it is binding upon the product scope.”

However, Polyester Polyol having hydroxyl value ≥ 23.5 is outside the scope of the PUC

D. SCOPE OF DOMESTIC INDUSTRY AND STANDING

D.1. Submissions made by the other interested parties

13. The following submissions have been made by the other interested parties with regard to the standing of the domestic industry.
- a. Expanded Polymer Systems Pvt. Ltd. should not be considered an eligible domestic industry because it functions primarily as an intermediate producer rather than a fully integrated domestic manufacturer.
 - b. Applicant accounts for over 95% of the raw materials used in its production of Polyurethane Products, and therefore, shall not be considered as eligible domestic industry.

D.2. Submissions made by the domestic industry

14. The following submissions have been made by the domestic industry with regard to the domestic industry and standing:
 - a. It is the sole producer of the subject goods in India during the Period of injury. The applicant accounts for 100% of the Indian production.
 - b. The applicant had not imported the subject goods from the subject country during the period of injury. Moreover, the applicant is not related to any importer or exporter of the subject goods during POI.
 - c. The Authority has rightly considered the applicant as an eligible domestic industry within the meaning of Rule 2(b) of the Anti-dumping Rules, 1995 read with Rule 5(3) while initiating the investigation.

D.3. Examination by the Authority

15. Rule 2 (b) of the AD rules defines the "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".

16. The interested parties have claimed that Expanded Polymer Systems Pvt. Ltd. should not be considered an eligible domestic industry because it functions primarily as an intermediate producer rather than a fully integrated domestic manufacturer. The Authority notes that there is no requirement under the law that only a fully integrated domestic manufacturer is eligible to be considered as a domestic industry.
17. With regard to the claim made by the interested parties that the applicant accounts for over 95% of the raw materials used in its production of Polyurethane Products, and therefore, shall not be considered as eligible domestic industry, the Authority notes that the claim of the interested parties is factually incorrect. The Authority notes that the share of raw material cost of the domestic industry for subject goods is much lower than the claim made by the interested parties. It is also noted that the law does not provides value addition criterion to consider a domestic producer as an eligible domestic industry.
18. The Authority notes that the applicant is the sole producer of the subject goods in India. The applicant has declared that it is neither related to any producer/exporter of the product under consideration in China PR; nor it is related to any importer in India. The

Authority notes that the applicant has not imported the product under consideration from the subject country as evidenced from the analysis of the imports data.

19. Therefore, considering the information on record the Authority holds that the applicant constitutes domestic industry within the meaning of Rule 2(b) of the Rules, and that the applicant satisfies the criteria of standing in terms of Rules 5(3) of the Rules.

E. CONFIDENTIALITY

E.1. Submissions made by the other interested parties

20. The interested parties have made the following submission on confidentiality:
 - a. The domestic industry submitted that producers/exporters and other interested parties have wrongly claimed confidentiality over essential information like shareholding details and product lists, preventing meaningful comments.
 - b. Filed complete questionnaire response as per relevant Laws and applicable Trade Notices. Therefore, confidentiality has been claimed in accordance with standard practices.
 - c. The Authority is requested to undertake examination of the confidentiality claims submitted by both the domestic industry and other interested parties. Accordingly, on being satisfied, the Authority may accept the confidentiality claims, wherever warranted. Wherever possible, the Authority may direct parties providing information on a confidential basis to provide sufficient non-confidential version of the information filed on a confidential basis.

E.2. Submissions made by the domestic industry

21. The following submissions have been made by the domestic industry with regard to the confidentiality claims:
 - a. The producer / exporters and other interested parties have claimed confidentiality on the essential information like shareholding details etc.
 - b. It is requested to reject the questionnaire response filed by the producers / exporters as the same are not in accordance with law since the producers / exporters have miserably failed to follow the mandatory provisions.

E.3. Examination by the Authority

22. The Authority made available the non-confidential version of the information provided by various interested parties to all interested parties for inspection through e-mail communication between various parties.

23. With regard to confidentiality of information, Rule 7 of the AD Rules, 1995 provides as follows:

“(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 authorisation of the party providing such information.

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

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

24. Submissions made by the domestic industry and other opposing interested parties with regard to confidentiality, to the extent considered relevant, were examined by the Authority and addressed accordingly. The Authority notes that the information provided by the interested parties on confidential basis was duly examined with regard to sufficiency of the confidentiality claim. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis. The Authority also notes that all interested parties have claimed their business-related sensitive information as confidential.

F. MISCELLANEOUS

F.1. Submissions made by the other interested parties

25. The following submissions have been made by the other interested parties with respect to the miscellaneous issues:
- a. Incomplete and unreliable import data used by petitioner as secondary source is not reliable. The Authority should call the import data from DGCI&S and rely on the

- same for the examination of injury and dumping to the domestic industry.
- b. There is huge demand-supply gap. The domestic manufacturers currently fulfill only approximately 30-40% of India's demand for copolymer polyol.
 - c. There is discrepancy in the reported landed values provided at different pages of the petition.
 - d. The applicant is lacking in terms of quality, consistency, supply capacity and price.
 - e. 22% return on gross fixed assets, is highly inflated and not in accordance with the Law.

F.2. Submissions made by the domestic industry

26. The following submissions have been made by the domestic industry with respect to the miscellaneous issues:
 - a. It is the standard practice of the Authority to accept secondary source data for the purpose of application since DGCI&S import data is not available in the public domain. The Authority may consider the DGCI&S data for the purpose of the investigation as per its practice.
 - b. The objective of the domestic industry is not to restrict imports but to get a level playing. This is the reason that in plethora of cases the Authority has imposed the duty despite demand-supply gap. It may be noted that the applicant's capacity is grossly underutilized (32%) due to aggressive dumping from China PR. In such a case, capacity addition will add up the losses.
 - c. The current capacity of the domestic industry is to cater majority of the Indian demand. The applicant is committed to further increase its capacity once it is able to realize remunerative domestic sales proceeds and increase its market share.
 - d. Without prejudice, it is submitted that the law does not provide that duty cannot be imposed in case there is demand-supply gap.
 - e. The landed value provided on page 41 as well as other sections of the application is correct. There is a typo error on page 42.
 - f. The allegation made by the interested parties regarding consistency / quality of the product, supply capacity and price is baseless, and hence, denied. The following facts clearly shows that the product of the domestic industry is well accepted in the market
 - Domestic industry was the first to develop and supply polymer polyol with higher content of polymer (49%) as compared to any Chinese company.
 - Domestic industry is the only company in India who has got the BIS Certification. None of the Chinese companies or any other companies outside India selling PUC in India has obtained BIS certification.
 - Around 37% of the Indian demand in the POI was met by the domestic industry.
 - g. The Authority as a matter of its consistent practice allows 22% return on the capital employed. We request the Authority to allow the same also in this investigation.

F.3. Examination by the Authority

27. The interested parties have claimed that incomplete and unreliable import data used by petitioner as secondary source is not reliable. The Authority notes that the DG Systems was requested to provide transaction-wise details of the imports of the subject goods for the injury period and the period of investigation. The same was received by the Authority except for FY 20-21. Accordingly, the same was considered for the present disclosure statement along with FY 20-21 data based on the secondary source.
28. With regard to the demand-supply gap, the Authority notes that the applicant's capacity is grossly underutilized (32%) due to aggressive dumping from China PR. In such a case, capacity addition will add up the losses. The current capacity of the domestic industry is to cater majority of the Indian demand. The applicant has submitted that it is committed to further increase its capacity once it is able to realize remunerative domestic sales proceeds and increase its market share. It is noted that the objective of investigation is not to restrict imports but to provide a level playing to the domestic industry.
29. As regard to the issue raised by the interested parties on the quality of the product, it may be noted that no conclusive evidence has been provided by any of the interested parties to prove that the PUC manufactured by the domestic industry are not like article to their product.
30. The interested parties have claimed that 22% return on gross fixed assets, is highly inflated and not in accordance with the Law. The Authority notes that allowing 22% is as per the standard practice of the Authority.

G. NORMAL VALUE, EXPORT PRICE & DUMPING MARGIN

G.1. Submissions made by the other interested parties

31. The following submissions have been made by the other interested parties with regard to normal value, export price and dumping margin:
 - a. Complete questionnaire response has been filed and have provided complete information regarding its normal value and export price.
 - b. The Authority should determine individual dumping margin and injury margin based on actual information provided by Respondent.
 - c. Grant "market economy status" to China PR based on the development of market economy of China PR.
 - d. Consider import price from USA as normal value for China PR

G.2. Submissions made by the domestic industry

32. The following submissions have been made by the domestic industry with regard to normal value and export price:
- a. China PR has to be presumed to be a non-market economy country in terms of Para 8 of Annexure I of the Anti-dumping Rules, as it has been treated as a non-market economy country for purposes of plethora of anti-dumping investigations by the Designated Authority or also by other competent authorities of WTO member countries during the preceding three years unless the concerned firms / producers / exporters are able to rebut the said presumption based on the criteria laid down in Para 8(2).
 - b. The normal value for Chinese firms should be determined as per the provisions of Para 7 of the Annexure I. The Applicants tried to get the information of the domestic prices in China PR. However, the applicants were not in a position to obtain any price details for the subject goods in the subject countries, as this information is not available in the public domain. Therefore, the domestic industry has constructed the normal value for the same on the basis of price actually paid or payable in India for the like product, duly adjusted, to include a reasonable profit margin.
 - c. None of the cooperating producers / exporters have filed supplementary questionnaire on market economy conditions. So, MET cannot be granted. Therefore, normal value has to be determined in terms of para 8 of Annexure I of the AD Rules.

G.3. Examination by the Authority

Normal value

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

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

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

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

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

(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 provision 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."

34. It is noted that while the provision contained in Article 15 (a) (ii) have expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO, read with obligation under 15 (a) (i) of the Accession Protocol require the criterion stipulated in Para 8 of the Annexure I of the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming the market economy status.
35. As none of the producers from China PR have filed a supplementary questionnaire on market economy conditions questionnaire response, the normal value has been determined in accordance with para 7 of Annexure I to the Rules which read 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 a market economy third country, or the price from such a third country to other countries, including India, or where it is not possible, on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted, if necessary, to

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

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 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 vid 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 the 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. Para 7 lays down hierarchy for determination of normal value and provides that normal value shall be determined on the basis of price or constructed value in a market economy third country, or the price from such a third country to any other country, including India, or where it is not possible, on any reasonable basis, including the price actually paid or payable in India for the like article, duly adjusted, if necessary, to include a reasonable profit margin. Thus, the Authority notes that the normal value is required to be determined having regard to the various sequential alternatives provided under Annexure-I.
37. It is to be noted that no information/evidence has been provided by the parties for the construction of the normal value on the basis of the first and second methods. In the absence of the above information/evidence, the Authority is unable to determine normal value on the basis of the first or second method. Therefore, the Authority has decided to construct normal value based on the third method, i.e., on any other reasonable basis including the price actually paid or payable in India during the period of investigation. The Authority has constructed the normal value on the basis of the price paid or payable in India.

Export Price

Export price for Wanhua Chemical Group Co., Ltd. (Related Producer / Exporter), Wanhua Chemical (Singapore) Pte. Ltd., Singapore (Related Exporter), Wanhua International (India) Private Limited India (Related Importer)

38. The Authority notes that Wanhua Chemical Group Co., Ltd. (producer / exporter) exported subject goods to India through its related exporter namely Wanhua Chemical (Singapore) Pte. Ltd., Singapore to related and unrelated Indian customers. The producer / exporter has filed complete response and have provided the information to determine the Net Export Price (NEP). The expenses on account of ocean freight, inland freight, credit cost etc. have been reduced from their export prices. The weighted average net ex-factory export price, after adjustment of the above expenses, is determined and is shown in dumping margin table below.

Export price for Jiahua Chemical (Binzhou) Co., Ltd. (Related Producer/Exporter), Shanghai Fujia Fine Chemical Co., Ltd. (Related Producer/Exporter), Jia Hua

Chemical Quanzhou Co., Ltd. (Related Producer/Exporter), Jiahua Pacific (Singapore) Pte Ltd. (Related Exporter)

39. The Authority notes that Jiahua Chemical (Binzhou) Co., Ltd. (producer / exporter) exported subject goods to India through its related exporters namely Shanghai Fujia Fine Chemical Co., Ltd., Jia Hua Chemical Quanzhou Co., Ltd., Jiahua Pacific (Singapore) Pte Ltd. to unrelated Indian customers. The producer / exporter has filed complete response and have provided the information to determine the Net Export Price (NEP). The expenses on account of ocean freight, inland freight, credit cost etc. have been reduced from their export prices. The weighted average net ex-factory export price, after adjustment of the above expenses, is determined and is shown in dumping margin table below.

Export Price for non-cooperating producers/exporters

40. For all other producers/ exporters of China PR, export price has been determined based on facts available in terms of 6(8) of the AD Rules. The normal value and export price for all non-cooperating producers and exporters of China PR is mentioned in the dumping margin table below:

Dumping Margin

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

Dumping Margin Table

Producer's Name	NV (USD/MT)	NEP (USD / MT)	Dumping margin (USD / MT)	Dumping margin %	Dumping margin range %
M/s Wanhua Chemical Group Co., Ltd.	***	***	***	***	30-40
Jiahua Chemical (Binzhou) Co., Ltd.	***	***	***	***	20-30
Jia Hua Chemical Quanzhou Co., Ltd.	***	***	***	***	20-30

Shanghai Fine Chemical Co., Ltd.	Fujia	***	***	***	***	20-30
Others		***	***	***	***	40-50

H. Methodology for injury determination, examination of injury and causal link

H.1. Submissions made by the other interested parties

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

- a. The domestic industry has not suffered any injury on account of imports of subject goods from China PR.
- b. The increase in imports from China PR has not caused injury to the domestic industry, particularly when considered in the context of demand. Demand has exhibited a consistent upward trend, increasing from 100 MT in 2020-21 to 196 MT in the POI.
- c. The consistent growth in both demand and the sales of the domestic industry supports the position that imports from China PR have not caused injury to the domestic industry, which has remained competitive due to favorable market conditions.
- d. Imports from China PR have not caused any detrimental impact on the domestic industry's pricing structure.
- e. The domestic industry has efficiently utilized its resources to meet rising demand and there is no injury to the Domestic Industry from the imports from the subject country.
- f. There is a consistent growth in total and domestic sales, both increasing by 166% from 100 MT in 2020-21 to 266 MT in the POI. This indicates a strong upward trend in demand and market performance for the domestic industry.
- g. The average inventory as a number of days of production has decreased by 13%, from 100 days in 2020-21 to 87 days in the Period of Investigation. This reduction suggests improved inventory management and possibly faster production cycles.
- h. Salaries and wages have increased substantially by 161%, from an indexed value of 100 in 2020-21 to 261 in the POI showing that there is no injury to the Domestic Industry.
- i. Productivity per day per employee has also increased by 112%, mirroring the trend in overall employee productivity. Thus, there is no injury to the Domestic Industry.

- j. The Authority must critically examine how Average Capital Employed has increased in the absence of any growth in installed capacity and the relatively small increase in fixed assets.
- k. The domestic industry has suffered injury on account of other factors and not on account of imports from China PR.

H.2. Submissions made by the domestic industry

43. The following submissions have been made by the domestic industry with regard to injury and causal link:
- a. Demand of the subject goods increased throughout the period of injury. The demand of the subject goods increased by 96% in the POI as compared to the base year.
 - b. Imports from China PR increased significantly from 4,988 MT in the base year to 19,338 MT in the POI i.e., by around 287%. It is further noted that imports from China PR have also increased substantially in the POI as compared to the immediately preceding two years.
 - c. Imports from China PR account for around 94 % of the total imports. It may be noted that traditionally, PUC were imported into India from Europe, USA, Thailand and Korea. However, due to dumping from China PR, all the traditional exporters from other countries exited Indian market.
 - d. Share of imports from China PR in demand increased significantly by 98% in the POI as compared to the base year. It is further noted that the share of imports from China PR in demand have also increased substantially in the POI as compared to the immediately preceding two years.
 - e. The share of imports from China PR in the India production increased significantly from Index – 100 in FY 2021 to Index– 142 in the POI.
 - f. The share of domestic industry in demand declined by 15% in the POI as compared to the immediately preceding year.
 - g. The dumping margin and injury margin are not only positive but also significant.
 - h. During the injury period, landed value of the imports from China PR was consistently below the cost of sales. This has stopped the domestic industry to realize remunerative selling price in the domestic market.
 - i. The domestic industry has suffered injury on account of imports of subject goods from China PR.
 - j. The injury to domestic industry has further intensified in the post POI period due to aggressive dumping from China PR on account of tariff war between USA and China PR.
 - k. As regards the allegation made by the interested parties that the domestic industry has suffered injury on account of other factors and not on account of imports from China PR, it is submitted that the above information clearly shows that the domestic industry suffered injury on accounts of imports of the subject goods from China PR. Without prejudice, it is submitted that there is no requirement in the law that

imports from subject countries shall be the sole cause of injury to the domestic industry. The Authority has upheld the same view in plethora of investigations. Therefore, the allegation made by the interested parties shall be rejected outrightly.

1. The claim of the interested parties that a company cannot suffer injury as they are the sole producer is incorrect both on facts and law. It is submitted that the Authority in plethora of cases, recommended duties even in cases where the applicant industry was the sole producer. It is submitted that other companies are not manufacturing PUC in India because of heavy dumping from China PR at very low price. It is commercially unviable for them to invest in the manufacturing of PUC.

H.3. Examination by the Authority

44. Rule 11 of the Rules read with Annexure II provides that injury determination shall involve an examination of factors that may indicate injury to the domestic industry, “.....taking into account all the 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.
45. 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 to the Rules.
46. The Authority has taken note of the various submissions made by the domestic industry and the other interested parties on injury and causal link. The submissions made by interested parties with regard to injury and causal link, which have been considered relevant by the Authority are examined and addressed as under.
47. The Authority notes that it is not necessary that all parameters of injury show deterioration. Some parameters may show deterioration, while some others may not. The Authority considers all injury parameters and, thereafter, determines whether the domestic industry has suffered injury or is likely to suffer injury due to dumping. The Authority has examined the injury parameters objectively considering the facts and arguments submitted by the domestic industry and other interested parties.

H.3.1. Volume effect of the dumped imports

a) Assessment of Demand

48. The Authority has determined the demand or the apparent consumption of the product in India, as the sum of domestic sales of the domestic industry and imports from all sources. The demand so assessed is given in the table below.

Particulars	Unit	2020-21	2021-22	2022-23	POI
Sales of domestic industry	MT	***	***	***	***
<i>Trend</i>	Indexed	100	138	220	266
Imports from China PR	MT	4988	3251	7446	18916
<i>Trend</i>	Indexed	100	65	149	379
Imports from other countries	MT	7163	7014	12148	2023
<i>Trend</i>	Indexed	100	98	170	28
Sales of Other domestic producers	MT	-	-	-	-
<i>Trend</i>	Indexed	-	-	-	-
Total Demand	MT	***	***	***	***
<i>Trend</i>	Indexed	100	99	177	198

49. The Authority notes as follows:

- The imports of the subject goods from China PR increased significantly from 100 index points in the base year to 379 index points in the POI. The imports from China PR increased throughout during the period of injury.
- The imports from other countries declined significantly from 100 index points in the base year to 28 index points in the POI.
- The sales of the domestic industry increased in the POI as compared to the base year on account of increase in the demand. However, the same is not proportionate to the increase in the imports from China PR.
- The demand of the subject goods increased significantly in the POI as compared to the base year. The demand also increased in the POI as compared to the immediately previous year.

b) Import volume and share of the subject country

50. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in the dumped imports, either in absolute terms or in relation to production or consumption in India. For the purpose of the injury analysis, the Authority has relied upon the transaction-wise data from DG Systems except for FY 20-21, which was considered based on secondary source. The import volumes of the subject goods and share of the same during the injury investigation period are as follows:

Particulars	UOM	2020-21	2021-22	2022-23	POI
Imports from China PR	MT	4988	3251	7446	18916

<i>Trend</i>	Indexed	100	65	149	379
Total Imports into India	MT	12151	10265	19594	20939
<i>Trend</i>	Indexed	100	84	161	172
Production of Domestic Industry	MT	***	***	***	***
<i>Trend</i>	Indexed	100	140	219	272
Demand	MT	***	***	***	***
<i>Trend</i>	Indexed	100	99	177	198
Subject country imports in relation to					
Total Imports	%	41.0%	32%	38%	90%
<i>Trend</i>	Indexed	100	77	93	220
Production of Domestic Industry	%	***	***	***	***
<i>Trend</i>	Indexed	100	46	68	139
Demand	%	***	***	***	***
<i>Trend</i>	Indexed	100	66	84	192

51. The Authority notes as follows:

- Imports from China PR increased significantly during the period of injury. The share of imports of the subject goods from China PR in the demand increased significantly from 100 index points in the base year to 192 index points in the POI.
- The share of imports of the subject goods from China PR in relation to the domestic production increased significantly from 100 index points in the base year to 139 index points in the POI.

H.3.2. Price effect of the dumped imports

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

a) Price undercutting

54. The price undercutting during the POI is noted below for the sake of fair comparison:

Particulars	UOM	Price Undercutting
Landed Price	Rs/MT	118410
Net Sales Realization	Rs/MT	***
Price Undercutting	Rs/MT	***
Price Undercutting	%	***
Range	Range	10-20

55. The Authority notes that the landed price of subject imports in the POI is below the selling price of the domestic industry and is undercutting the prices of the domestic industry.

b) Price suppression/depression

56. To determine whether the dumped imports are suppressing or depressing the domestic prices and whether the effect of such imports is to depress domestic prices to a significant degree or prevent increases in domestic prices which otherwise would have occurred to a significant degree, the Authority notes the changes in the costs and prices over the injury period for the PCNs manufactured by DI for the sake of fair comparison.

Particulars	UOM	2020-21	2021-22	2022-23	POI
Cost of Sales	Rs/MT	***	***	***	***
<i>Trend</i>	Index	100	88	74	65
Sales Realisation	Rs/MT	***	***	***	***
<i>Trend</i>	Index	100	107	81	73
Landed Price	Rs/MT	***	***	***	***
<i>Trend</i>	Index	100	96	84	70

57. The Authority notes that the landed price of imports of subject goods from the subject country declined from 100 index points in the base year to 70 index points in the POI. The landed price of imports of subject goods from the subject country was below the cost of sales as well as sales realisation during the POI. This has created a significant price suppression and depression effect on the domestic industry.

H.3.3. Economic parameters pertaining to the domestic industry

58. Annexure II of the Rules lays down that the determination of injury shall involve an objective examination of the consequent impact of dumped imports on the domestic producers of such products. The Rules further provide for an objective evaluation of all relevant economic parameters 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 margin of dumping actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments. Accordingly, various injury parameters relating to the domestic industry are discussed herein below.

a) Capacity, production, capacity utilization and domestic sales

59. The details of capacity, production, capacity utilization, domestic sales and average inventory of the domestic industry over the injury period are as under:

Particulars	UOM	2020-21	2021-22	2022-23	POI
Installed Capacity	MT	***	***	***	***
<i>Trend</i>	Indexed	100	100	100	100
Production (PUC)	MT	***	***	***	***
<i>Trend</i>	Indexed	100	140	219	272
Capacity Utilisation	%	***	***	***	***
<i>Trend</i>	Indexed	100	140	219	272
Domestic Sales	MT	***	***	***	***
<i>Trend</i>	Indexed	100	138	220	266
Average Inventory	MT	***	***	***	***
<i>Trend</i>	Indexed	100	136	134	237

60. The Authority notes as follows:

- The production, capacity utilisation and domestic sales of the domestic industry increased in the POI on account of the increase in demand. However, the increase in production etc. of the domestic industry is disproportionate to the increase in the imports from subject country.
- The average inventory increased significantly from 100 index points in the base year to 237 index points in the POI on account of dumping from China PR.

b) Market share

61. Information with respect to market share over the injury period is as under:

Particulars	UOM	2020-21	2021-22	2022-23	POI
Imports from China PR	MT	4988	3251	7446	18916
<i>Trend</i>	Indexed	100	65	149	379
Imports from other countries	MT	7163	7014	12148	2023
<i>Trend</i>	Indexed	100	98	170	28
Sales of the Domestic Industry	MT	***	***	***	***
<i>Trend</i>	Indexed	100	138	220	266
Total Demand	MT	***	***	***	***
<i>Trend</i>	Indexed	100	99	177	198
Market Share of Domestic Industry	%	***	***	***	***
<i>Trend</i>	Indexed	100	140	124	135
Market Share of Imports from China PR	%	***	***	***	***
<i>Trend</i>	Indexed	100	66	84	192

62. The Authority notes as follows:

- Imports of subject goods from China PR increased from 100 index points in base year to 379 index points in the POI.
- Imports from China PR increased significantly in the period of injury. The share of imports of the subject goods from China PR in the demand increased significantly from 100 index points in the base year to 192 index points in the POI. The share of imports of the subject goods from China PR in the domestic production also increased in the POI as compared to the previous years.
- The market share of the domestic industry increased on account of increase in demand. However, the same is disproportionately less than the increase in the market share of subject country in demand.

c) Profitability, cash profits, and return on investments

63. Information with respect to profitability, return on investment and cash profits during the injury period is as under:

Particulars	UOM	2020-21	2021-22	2022-23	POI
Profit before Tax	Rs./MT	(***)	(***)	(***)	(***)

Particulars	UOM	2020-21	2021-22	2022-23	POI
<i>Trend</i>	Indexed	-100	-5	-41	-32
Profit before Tax	Rs Lacs	(***)	(***)	(***)	(***)
<i>Trend</i>	Indexed	-100	-6	-91	-85
Cash Profit	Rs Lacs	(***)	(***)	(***)	(***)
<i>Trend</i>	Indexed	-100	-0.00	-89	-80
Return on Capital Employed	%	(****%)	(****%)	(****%)	(****%)
<i>Trend</i>	Indexed	-100	-3	-33	-22

64. The Authority notes that the company is running in losses throughout the period of injury on account of dumped imports from China PR.

d) Inventory

65. Information with respect to inventory over the injury period is as under:

Particulars	UOM	2020-21	2021-22	2022-23	POI
Average Inventory	MT	***	***	***	***
<i>Trend</i>	Indexed	100	136	134	237

66. The Authority notes that inventory of the domestic industry has increased in the POI on account of significant increase in the imports from China PR.

e) Productivity, employment, and wages

67. Information with respect to productivity, employment, and wages over the injury period is as under:

Particulars	UOM	2020-21	2021-22	2022-23	POI
Productivity per day	MT	***	***	***	***
<i>Trend</i>	Indexed	100	140	219	272
Productivity per employee	MT	***	***	***	***
<i>Trend</i>	Indexed	100	115	181	212
No. of employees	MT.	***	***	***	***
<i>Trend</i>	Indexed	100	121	121	129
Salaries & Wages	Rs Lacs	***	***	***	***
<i>Trend</i>	Indexed	100	172	258	261

68. The productivity of the domestic industry increased on account of increase in the production. It is noted that the increase in production is disproportionate to the increase in imports from China PR.

f) Growth

69. The domestic industry is not able to fetch remunerative selling price on account of dumping of the PUC from China PR resulting in negative PBIT, cash flows, ROCE etc. The details are provided in the below table.

Particulars	UOM	2019-20	2020-21	2021-22	POI
PBT	Rs/MT	(***)	(***)	(***)	(***)
Trend	Indexed	-100	-5	-41	-32
Cash Profit	Rs. Lacs	(***)	(***)	(***)	(***)
Trend	Indexed	-100	-0.00	-89	-80
ROCE	%	(***)	(***)	(***)	(***)
Trend	Indexed	-100	-3	-33	-22

g) Factors affecting domestic prices

70. The examination of the import prices from the subject countries, change in the cost structure and domestic selling price shows that the landed value of imported material from the subject country is below the selling price as well as cost of the domestic industry, causing price undercutting. The price undercutting has led to price suppression and depression in the Indian market. The demand for the subject goods increased in the POI, and therefore, it could not have been a factor affecting domestic prices.

h) Ability to raise capital investments

71. The Authority notes that the ability of the domestic industry to raise any further capital investment is significantly curtailed owing to the dumped imports of subject goods into India, which forced the domestic industry to operate in losses. The domestic industry is not in a position to raise further capital investments.

i) Magnitude of dumping margin

72. It is seen that the dumping margin is more than *de minimis* and is significant.

I. NON-ATTRIBUTION ANALYSIS

73. As per the AD Rules, the Authority, *inter-alia*, is required to examine 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. The factors which may be relevant in this respect include, *inter-alia*, the volume and prices of the imports not sold at dumped prices, contraction in the demand or changes in the patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and the productivity of the domestic industry. It has been examined below whether factors other than dumped imports could have contributed to the injury.

a) Volume and price of imports from third countries

74. The Authority notes that the imports of the subject goods from non-subject countries during the POI are either de minimis or the prices are significantly higher than China PR.

b) Contraction in Demand

75. The demand of the product under consideration increased significantly in the POI. Therefore, contraction in demand cannot be a cause of injury to the domestic industry.

c) Export Performance and Captive Consumption

76. The domestic industry is neither engaged in the export sales nor using the subject goods for captive consumption. Therefore, the injury information examined hereinabove relates only to the performance of the domestic industry in terms of its domestic market.

d) Development of Technology

77. There has been no change in technology which can cause injury to the domestic industry.

e) Performance of other products of the company

78. The Authority has only considered information related to the PUC for the purpose of injury analysis.

f) Trade restrictive practices and competition between the foreign and domestic producers

79. There are no trade restrictive practices that can be considered as the reason for material injury suffered by the domestic industry.

g) Changes in pattern of consumption

80. The pattern of consumption in India has not changed with respect to the PUC.

J. MAGNITUDE OF INJURY MARGIN

81. The Authority has determined the NIP for the domestic industry on the basis of principles laid down in the Rules read with Annexure III, as amended. The NIP of the product under consideration has been determined by adopting the information/data relating to the duly verified cost of production provided by the domestic industry for the POI. The NIP has been compared with the landed price of subject goods from the subject country for calculating injury margin. For determining the NIP, the best utilisation of the raw materials and utilities has been considered over the injury period. The best utilisation of

production capacity over the injury period has been considered. Extraordinary or non-recurring expenses have been excluded from the cost of production. A reasonable return (pre-tax @ 22%) on average capital employed (i.e., average net fixed assets plus average working capital) for the product under consideration was allowed as pre-tax profit to arrive at the NIP as prescribed in Annexure III to the Rules.

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

Injury Margin Table

Producer's Name	NIP (USD/MT)	LV (USD/MT)	Injury Margin (USD / MT)	Injury Margin (USD / MT)	Injury Margin Range%
Wanhua Chemical Group Co., Ltd.	***	***	***	***	10-20
Jiahua Chemical (Binzhou) Co., Ltd.	***	***	***	***	10-20
Jia Hua Chemical Quanzhou Co., Ltd.	***	***	***	***	10-20
Shanghai Fujia Fine Chemical Co., Ltd.	***	***	***	***	10-20
Others	***	***	***	***	20-30

K. INDIAN INDUSTRY'S INTEREST

K.1. Submissions made by other interested parties

83. The imposition of anti-dumping duties in the present case would be severely detrimental to the public interest.
84. Imposition of anti-dumping duties would grant the DI a monopolistic position in the Indian market. This would eliminate competitive pressure, leading to higher prices for

user industries and potential supply constraints, as the DI may struggle to meet the entire market demand efficiently.

85. The user industry relies on imports due to the DI's limited capacity and the competitive pricing offered by global suppliers. Restricting imports would create a supply shortage, potentially disrupting downstream industries that depend on this essential raw material.

K.2. Submissions made by the domestic industry

86. The impact of anti-dumping duty on the end-use product is negligible.
87. There are more than 200 large, medium and small size, units involved in manufacturing of similar Flexible foams and mattresses in India and whose combined volume is much larger than all manufacturing units of Sheela Foam put together. Except Sheela Foam, not even a single other user company in India has raised any objection to our application for ADD.
88. Foam (mattress) is not being imported in India. So, imposition of duty will not impact their competitiveness.

K.3. Examination by the Authority

89. The Authority issued a gazette notification inviting views on the subject anti-dumping investigation from all the interested parties, including importers, users and other interested parties. The Authority also prescribed a questionnaire for the importers/users to provide relevant information with regard to the present investigation, including possible effect of anti-dumping duty on their operations. The Authority sought information on inter-alia, interchangeability of the product supplied by various suppliers from different countries, ability of the consumers to switch sources, effect of anti-dumping duty on the users etc.
90. The Authority notes that the purpose of imposition of anti-dumping duty, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of anti-dumping measures does not aim to restrict imports from the subject country in any way as the impact of the duty is miniscule. Trade remedial investigations are intended to restore equal competitive opportunities in the domestic market by ensuring a level playing field for domestic producers by the imposition of appropriate duties against trade distorting imports.
91. The Authority notes that the volume of imports from the subject country has increased significantly through the period of injury. The increase in imports from the subject

country has adversely impacted the market share of the domestic industry. Further, it is also noted that significant capacity of the domestic industry is unutilised.

L. POST DISCLOSURE COMMENTS

L.1. Submissions made by other interested parties

92. The following post disclosure submissions have been made by other interested parties:

- a) The evidence presented in the petition does not support a finding of injury caused by dumped imports from China PR. While we acknowledge the Authority's discretion to consider a combination of injury parameters, the consistent and substantial improvement across multiple key parameters over the injury period and the POI demonstrates a strong and resilient performance by the domestic industry. The Domestic Industry is not suffering any material injury as there is absence of volume effect, price effect and there has been no impact of imports on Domestic Industry's economic parameters.
- b) Imposition of anti-dumping duty is against the interests of Indian users. Anti-dumping measures must balance the interests of all economic stakeholders. The purpose is to prevent unfair trade, not to create monopolies or unduly favor a few domestic producers, especially when thousands of downstream users are involved. Duties could disrupt supply chains and limit availability of essential raw materials. Given the limited number of domestic producers and the wider impact on downstream industries, imposing anti-dumping duties would not serve the broader public interest. We therefore urge the Authority to refrain from imposing further duties at this time.
- c) While the law does not explicitly require full integration or value addition for eligibility, the practical context and industry structure must inform such determinations. Expanded Polymer Systems Pvt. Ltd.'s reliance on imported raw materials, exceeding 90% for critical components such as acrylonitrile and styrene, which have no domestic production, fundamentally limits its capacity to be classified as a domestic industry in the intended spirit of anti-dumping laws, which aim to protect genuine domestic manufacturing capabilities.
- d) The applicant is the sole producer of the subject goods does not automatically confer eligibility if its production depends almost entirely on imported raw materials. The law's intent is to safeguard domestic production capacity and value chains, which Expanded Polymer Systems Pvt. Ltd. does not fully embody. Therefore, on the basis of these factual and operational realities, Expanded Polymer Systems Pvt. Ltd. should not be recognized as an eligible domestic industry under the anti-dumping framework.
- e) The Authority should depart from the mechanical application of 22% ROCE and instead determine a return that is economically justified, evidence-based, and consistent with both domestic rules and international best practices. The reasonable return should reflect the actual performance of the domestic industry

during periods of undistorted competition and align with the prevailing economic context.

- f) The Authority's observation that responding Chinese producers/exporters did not submit the supplementary MET questionnaire is not sufficient grounds to disregard their cost and price data. After 11 December 2016, the requirement to establish market economy conditions for the purpose of applying Chinese prices no longer exists. Therefore, the rejection of the submitted data and resorting to surrogate values is legally untenable. The continued use of non-market economy methodologies against China PR would violate the WTO principle of “pacta sunt servanda”, which obligates Members to honor international treaty commitments in good faith. As such, it is respectfully requested that the Authority determine normal value for the present investigation based on the verified data submitted by the producers/exporters, in accordance with Article 2 of the WTO Anti-Dumping Agreement, and discontinue use of surrogate country methodologies for China PR.

L.2. Submissions made by the domestic industry

93. The following post disclosure submissions have been made by domestic industry:

- a) The applicant is the sole producer of the subject goods in India during the Period of injury. The applicant accounts for 100% of the Indian production. It is also submitted that the applicant has not imported the subject goods from the subject country during the period of injury. Moreover, the applicant is not related to any importer or exporter of the subject goods during POI. In view of the above facts, the Authority has rightly considered the applicant as an eligible domestic industry within the meaning of Rule 2(b) of the Anti-dumping Rules, 1995 read with Rule 5(3).
- b) Detailed submissions on the material injury being suffered by the domestic industry were provided in our application. It is reiterated that the domestic industry has suffered material injury on account of dumped imports from China PR.
- c) Imposition of duty will have a negligible impact on the user industry. The details of the impact are already provided in the application. Accordingly, we are not reiterating the same. Our claim is also substantiated by the fact that there are more than 200 companies involved in manufacturing of Flexible foams and mattresses in India, which are using PUC as an input. However, except Sheel Foam none of them have filed any submissions / objected to the investigation / imposition of duties.
- d) The provision contained in Article 15 (a) (ii) have expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO, read with obligation under 15 (a) (i) of the Accession Protocol require the criterion stipulated in Para 8 of the Annexure I of the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming the market economy status. None of the producers / exporters filed market economy questionnaire. So, MET cannot be

granted. Therefore, the Authority has rightly determined the normal value in terms of para 8 of Annexure I of the AD Rules.

- e) It is requested to kindly confirm the dumping and injury margins provided in the disclosure statement. It is requested not to make any changes in the same. The domestic industry requests the Authority to confirm the findings made in the disclosure statement in the Final Findings. We also request the Authority to kindly grant the domestic industry an opportunity of personal hearing as well as to file its comments / submissions in case a view different from the disclosure statement is proposed to be taken.
- f) The Authority as a matter of its consistent practice allows 22% return on the capital employed. We request the Authority to allow the same also in this investigation.
- g) It is requested to kindly impose the fix duties as cost of raw material is the major cost. There are significant fluctuations in the raw material prices. The cost of raw material increased in the post-POI period. In such a case, imposition of duties in any other form like reference etc. will defeat the objective of the investigation and will make the duties ineffective.

L.3. Examination by the Authority

- 94. The Authority has examined the post disclosure submissions made by the interested parties and notes that the same are merely reiterations which have already been suitably examined and adequately addressed in the relevant paras of the final findings. The same are not being repeated in the post-disclosure examination by the Authority for the sake of brevity. The issues raised in the post-disclosure comments/submissions by the interested parties and considered relevant by the Authority are examined below.
- 95. With regard to the claim made by the interested parties that the domestic industry has not suffered injury on account of imports from China PR, the Authority notes that the domestic industry is not able to fetch remunerative selling price on account of dumping of the PUC from China PR resulting in negative PBIT, cash flows, ROCE etc. The Authority has already examined this issue adequately in the relevant paras of the final findings.
- 96. The interested parties have claimed that imposition of anti-dumping duty is against the interests of Indian users. It is noted that the same issue has been already examined adequately in the relevant paras of the final findings. The Authority notes that the purpose of imposition of anti-dumping duty, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of anti-dumping measures does not aim to restrict imports from the subject country in any way as the impact of the duty is miniscule. Trade remedial investigations are intended to restore equal competitive opportunities in the domestic

market by ensuring a level playing field for domestic producers by the imposition of appropriate duties against trade distorting imports.

97. As regards the claim made by the interested parties on the issue of 22% return and MET status, it is noted that these submissions are merely reiterations of the earlier submissions made by the interested parties. The Authority has already examined these issues adequately in the relevant paras of the final findings.

M. CONCLUSION

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

- a) 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 AD Rules, 1995.
- b) The applicant constitutes 'domestic industry' within the meaning of Rule 2(b) of the Rules, and that the application satisfies the criteria of standing in terms of Rule 5(3) of the Rules.
- c) Dumping margin from subject country is not only positive but also significant.
- d) The domestic industry has suffered injury as a result of dumped imports from subject country. The injury margin is positive and significant.
- e) No other factor appears to have caused injury to the domestic industry.

99. The Authority concludes that the injury to the domestic industry has been caused by the dumped imports of the subject goods from the subject country.

100. It is noted with regard to public interest that anti-dumping duty will have negligible impact on the downstream products. Also, anti-dumping duty does not restrict imports but only ensures that the imports enter the market at fair prices.

N. RECOMMENDATION

101. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was provided to the domestic industry, Embassy of the subject country, producers/exporters of the subject goods from the subject country, importers, users, and other interested parties to provide information with regards to dumping, injury, and causal link. Having initiated under Rule 5(3) of the Anti-Dumping Rules and conducted investigation in accordance with Rule 6 of the Anti-Dumping Rules

regarding dumping, injury and causal link as required under Rule 17 (1) (a) of the Anti-Dumping Rules and established material injury to the domestic industry due to subject imports from the subject country, the Authority recommends imposition of anti-dumping duties on imports of subject goods from the subject country.

102. Having regard to the lesser duty rule as enunciated in Rule 17 (1)(b) of the Anti-Dumping Rules, the Authority recommends the imposition of an anti-dumping duty equal to the lesser margin of dumping and the margin of injury, from the date of notification to be issued in this regard by the Central Government, to remove the injury to the domestic industry. Accordingly, the Authority recommends imposition of anti-dumping duty on the imports of the subject goods, originating in or exported from the subject country for a period of 5 years, from the date of notification to be issued in this regard by the Central Government, equal to the amount indicated in column no. 7 of the duty table appended below.

Duty Table

Sl. No.	HS Code	Description of Goods	Country of Origin	Country of Export	Producer	Duty (US\$/MT)
1	2	3	4	5	6	7
1.	3907 [#]	Copolymer Polyol of hydroxyl value ≥ 23.5 [*]	China PR	Any country including China PR	Wanhua Chemical Group Co., Ltd.	225
2	-do-	-do-	China PR	Any country including China PR	Jiahua Chemicals (Binzhou) Inc.	173
3	-do-	-do-	China PR	Any country including China PR	Jiahua Chemicals Quanzhou Inc.	173
4	-do-	-do-	China PR	Any country including China PR	Shanghai Fujia Fine Chemical Co., Ltd.	173
5	-do-	-do-	China PR	Any country including China PR	Any, other than S.No. 1 to 4	285
6	-do-	-do-	Any country other than China PR	China PR	Any other Producer	285

#The customs classification is indicative only and is not binding on the scope of the product under consideration.

**The product under consideration is "Copolymer Polyol of hydroxyl value ≥ 23.5 ". However, Polyester Polyol having hydroxyl value ≥ 23.5 is outside the scope of the PUC"*

O. FURTHER PROCEDURE

103. An appeal against the determination of the Designated Authority in this final finding shall lie before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) in accordance with the relevant provisions of the Act/ Rules.



(Siddharth Mahajan)
Designated Authority