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**Government of India
Department of Commerce
Ministry of Commerce & Industry
(Directorate General of Anti-Dumping & Allied Duties)
4th Floor, Jeevan Tara Building, 5 Parliament Street, New Delhi -110001**

Dated the 27th September, 2016

NOTIFICATION

Final Findings

Subject: Anti-dumping investigation concerning imports of ‘AA Dry Cell Batteries’, originating in or exported from China PR and Vietnam.

No.14/31/2014-DGAD: Having regard to the Customs Tariff Act 1975, as amended from time to time (hereinafter also referred to as the Act) and the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules 1995, as amended from time to time (hereinafter also referred to as the Rules) thereof;

A. BACKGROUND OF THE CASE

2. Whereas, in accordance with the Act and the Rules, the Designated Authority (hereinafter also referred to as the Authority), received an application from the Association of Indian Dry Cell Manufacturers (hereinafter also referred to as the petitioner or applicant) on behalf of the domestic industry manufacturing “AA Dry Cell Batteries” (hereinafter also referred to as the subject goods or the product under consideration {PUC}) in India, alleging dumping of the subject goods from People’s Republic of China and Vietnam (hereinafter also referred to as the subject countries) and injury.
3. Whereas, the Authority, on the basis of sufficient evidence submitted by the applicant on behalf of the domestic industry, issued a public notice dated 20th October, 2015, published in the Gazette of India, Extraordinary, initiating anti-dumping investigations concerning imports of the subject goods, originating in or exported from the subject countries, in accordance with the Rules, to determine the existence, degree and effect of the alleged dumping and injury and to consider recommendation of the anti-dumping measures, which, if levied, would be adequate to remove the ‘injury’ to the domestic industry.

B. PROCEDURE

4. The procedure described below has been followed with regard to the present investigation:

- i. The Authority notified the Embassies/Representatives of the subject countries in India about the receipt of the anti-dumping application before proceeding to initiate the investigation in accordance with sub-rule (5) of Rule 5 supra.
- ii. The Authority sent copy of the initiation notification dated 20th October, 2015 to the embassies of the subject countries in India, known exporters from the subject countries, known importers and other interested parties, as per available information. The known interested parties were requested to file questionnaire responses and make their views known in writing within the prescribed time limit.
- iii. Copies of the letter and questionnaires sent to the exporters were also sent to embassies of the subject countries along with a list of known exporters/producers, with a request to advise the exporters/producers from the subject countries to respond within the prescribed time.
- iv. Copy of the non-confidential version of the application filed on behalf of the applicant was made available to the known exporters and the embassies of the subject countries in accordance with Rule 6(3) of the Rules.
- v. The Authority forwarded a copy of the initiation notification to the following known producers/exporters in the subject countries:

China Battery Industry Association
ZhogYin (NingBo) Battery Co., Ltd
Shanghai White Elephant Swan Battery Co., Ltd
Xiamen 3-Circles Battery Co., Ltd
Zhejiang Yonggao Battery Co., Ltd
Zhejiang Mustang Battery Co., Ltd
Changzhou Daily-max Battery Co., Ltd
Linyi Huatai Battery Co., Ltd,
Ningbo OSEL Battery Co., Ltd
Jiaxing Hengwei Battery Co., Ltd, China PR
Guangzhou Tiger Head Battery Group Co., Ltd., China PR
Guangxi Wuzhou Xinhua Battery Co., Ltd, China PR
Yunan Battery Factory Ltd, China PR
Guangdong Zhenglong Stock Co., Ltd, China PR
Guangzhou Eastpower Battery Co., Ltd, China PR
Xinlida Battery Industry (Deqing) Co., Ltd, China PR
Guangzhou TianQiu Enterprise Co., Ltd, China PR
Camelion Battery Co., Ltd, China PR

Chongqing Battery General Factory, China PR
Jiangmen Sanqi Battery Industry Co., Ltd, China PR
Dongguan Hi-watt Battery Co., Ltd, China PR
Dry Cell&Storage Battery Co, Vietnam

- vi. In response to the initiation of the subject investigation, none of the exporters/producers from the subject countries have cooperated and filed exporter's questionnaire response.
- vii. Market Economy Treatment (MET) questionnaire was also forwarded to the known producers/exporters in China PR and the Embassy of China PR in India with the request to provide relevant information to the Authority within the prescribed time limit. While for the purpose of initiation, the normal value in China PR was considered based on the cost of production of the subject goods in India, duly adjusted, the Authority informed the known producers/exporters from China PR that it proposes to examine the claim of the applicant in the light of Para 7 and Para 8 of Annexure I of Anti-dumping Rules, as amended. The exporters/producers of the subject goods from China PR were, therefore, requested to furnish necessary information/sufficient evidence as mentioned to enable the Authority to consider whether market economy treatment can be granted to the cooperative exporters/producers in China PR. However, none of the producers/exporters from China PR have filed MET questionnaire response rebutting the non-market economy treatment meted out to China PR.
- viii. Questionnaires were sent to the following known importers/users of subject goods in India:

Modern Electronics, Mumbai
Super Radio& Electronics Corp, Mumbai
S.C Tronics, Delhi
Om Tech Enterprises, Delhi
Jai Impex, Mumbai
Patil Sound Company, Mumbai
Super Electro Sales, Mumbai
Star Corporation, Mumbai
Super Energy Industries, Bhiwadi
Shambu Associates, Delhi
Sai Sales Regal Archade Chs Ltd., Thane
S. K Associates, Delhi

- ix. In response to the above notification, none of the importers have filed the importer's questionnaire response.

- x. None of the exporters or importers or any other interested party have made any submission during the course of the investigation. Only Godrej & Boyce Mfg. Co. Ltd have made a few submissions, which have been examined and addressed in this final finding.
- xi. Initiation notification was sent to the following associations eliciting relevant information:

Consumer Electronics and Appliances Manufacturers Association, Delhi
ELCINA Electronic Industries Association of India, Delhi
Association of Indian Dry Cell Manufacturers

- xii. Initiation notification was sent to the following domestic producers eliciting relevant information:

Eveready Industries India Ltd, Kolkata
Indo National Ltd, Chennai
Panasonic energy India Co Ltd, Vadodara

- xiii. Exporters, producers and other interested parties who have not responded to the Authority, nor supplied information relevant to this investigation, have been treated as non-cooperating interested parties.
- xiv. At the initiation stage, the domestic industry provided information with regard to imports based on IBIS data (secondary source). Post initiation, details of imports of subject goods for the past three years, including the period of investigation were obtained by the Authority from Directorate General of Commercial Intelligence and Statistics (DGCI&S) as well. However, since the IBIS data has been found to have reported higher volume of imports, the Authority has relied upon the said data for computation of the volume & value of imports and injury analysis in the present findings.
- xv. Optimum cost of production and cost to make & sell the subject goods in India based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) was worked out so as to ascertain if anti-dumping duty lower than the dumping margin would be sufficient to remove injury to the domestic industry. The NIP has been determined by the Authority in terms of the principles laid down under Annexure III to the Anti-dumping Rules.

- xvi. The period of investigation for the purpose of the present review is April 2014 to March 2015. However, the injury analysis has been done for the period April 2011-March 2012, April 2012-March 2013, April 2013-March 2014 and the period of investigation.
- xvii. In accordance with Rule 6(6) of the Anti-dumping Rules, the Authority provided opportunity to the interested parties to present their views orally in a public hearing held on 19th February, 2016. The parties who presented their views in oral hearing were requested to file written submissions of the views expressed orally, followed by rejoinder submissions.
- xviii. The submissions made by the interested parties during the course of this investigation have been considered by the Authority, wherever found relevant, in this final finding.
- xix. Verification to the extent deemed necessary was carried out in respect of the information & data submitted by the domestic industry.
- xx. Information provided by the interested parties on confidential basis was 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 as 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.
- xxi. In accordance with Rule 16 of the Rules supra, the essential facts of the investigation were disclosed by the Authority to the known interested parties vide a disclosure statement issued on 18th August, 2016 and comments received on the same, to the extent considered relevant by the Authority, have been examined and addressed in this finding.
- xxii. Wherever an interested party has refused access to, or otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the findings on the basis of the facts available.
- xxiii. *** represents information furnished by an interested party on confidential basis and so considered by the Authority under the Rules.
- xxiv. The average exchange rate of 1US\$ = Rs 61.69 prevailing during the POI has been adopted by the Authority in this final finding.

C. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

5. None of the interested parties have made submission with regard to the product under consideration.

Submissions made by Domestic Industry

6. The domestic industry has made the following submissions with regard to the product under consideration:
- i. The product under consideration for the present investigation is dry batteries which are available in various sizes. Zinc Carbon pencil batteries known as "R6", "AA", "UM3" batteries, both in paper and metal, heavy duty and super heavy duty batteries, jacketed form are within the scope of investigation. Other types of batteries such as, alkaline batteries, rechargeable batteries etc are beyond the scope of the present investigation. Further, the present investigation is only in respect of AA batteries. AAA batteries, D size, C size batteries are also beyond the scope of the product under consideration of the present petition.
 - ii. There are two grades of AA batteries manufactured by the domestic industry and they are Premium and Economy which differ in their performance. In case of Premium range of battery, the performance is designed with much higher purity of material of cathode mix used in it and its quality.
 - iii. There is no difference in Dry Cell Batteries produced by the domestic industry and Dry Cell Batteries exported from subject countries and both are like articles.

Examination by the Authority

7. The product under consideration for the purpose of present investigation is 'AA Dry Cell Batteries'. AA Dry Cell Batteries are basically zinc carbon pencil batteries. The batteries are available in various types. Zinc Carbon pencil batteries also known as "R6", "AA", "UM3" batteries, both in paper and metal, heavy duty and super heavy duty batteries, jacketed form are within the scope of investigation. As stated by the applicant, rechargeable batteries, alkaline batteries, AAA batteries, D size and C size batteries are beyond the scope of the present investigation. AA Dry Cell Batteries is primarily used for flashlights, transistors, toys, wall and table clocks, tape recorders, walkman, CD players, cameras, other electronic equipment, post & telegraph, defense and police for their wireless systems and railways for signaling. AA Dry Cell Batteries are classified under custom sub-heading 8506 10 of Schedule I of the Customs Tariff Act, 1975. The customs classification is indicative only and in no way it is binding upon the product scope.

8. With regard to like article, Rule 2(d) of the Anti-Dumping Rules provides 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;

9. After considering the information on record, the Authority has determined that there is no known difference in the subject goods produced by the domestic industry and that imported from the subject countries. The subject goods produced by the domestic industry and the subject goods imported from the subject countries are comparable in terms of characteristics such as physical and chemical characteristics, manufacturing process and technology, functions and uses, product specifications, distribution and market & tariff classification of the goods and are like articles. The consumers are using the two interchangeably.

D. SCOPE OF DOMESTIC INDUSTRY AND STANDING

10. None of the interested parties have made any submission with regard to the scope and standing of the domestic industry.

Submissions made by the Domestic Industry

11. The domestic industry has made following submissions with regard to scope and standing of domestic industry:
- i. The present petition for imposition of anti-dumping duty on imports of dry batteries from China PR and Vietnam has been filed by Association of Indian Dry Cell Manufacturers on behalf of domestic producers of the product under consideration, which comprises, Eveready Industries India Ltd., Panasonic Energy India Co. Ltd., and Indo National Ltd.
 - ii. There are three producers of Dry Cell Batteries in India in the organized sector. Combined production of the producers in unorganized sector is estimated in the region of 5% of the production in the organized sector.
 - iii. None of the petitioner companies have imported the subject goods from subject countries during the period of investigation. Also, none of the petitioner companies are related to importer or exporter of the product under consideration from subject countries.

- iv. Production of the petitioner companies constitute a major proportion in Indian production and the domestic producers expressly supporting the application account for significantly more than 50 per cent of total production of the like product produced by the domestic industry

Examination by the Authority

12. Rule 2(b) defines domestic industry as under:-

"(b) "domestic industry" means the domestic producers as a whole engaged in the manufacture of the like article and any activity connected therewith or those whose collective output of the said article constitutes a major proportion of the total domestic production of that article except when such producers are related to the exporters or importers of the alleged dumped article or are themselves importers thereof in such case the term 'domestic industry' may be construed as referring to the rest of the producers"

13. The application was filed by Association of Indian Dry Cell Manufacturers on behalf of all the domestic producers in the organized sector of the product under consideration, which comprises, Eveready Industries India Ltd., Panasonic Energy India Co. Ltd., and Indo National Ltd. As per the claims of the Association a number of producers in the unorganized sector also produce the subject goods. The production of these produces in unorganized sector has been estimated by the domestic industry in the region of 5% of the production in the organized sector. The Authority notes that none of the producers in the unorganized sector have responded to the Authority. It is also noted that none of the petitioner companies have imported the subject goods from subject countries during the period of investigation nor are the petitioner companies related to importer or exporter of the product under consideration from subject countries.

14. The details of domestic production of subject goods are as follows:

Particular	UOM	2011- 12	2012- 13	2013-14	POI
Petitioners Production	'000 Pcs	1,812,289	1,870,943	1,892,327	1,849,807
Other Producers Production	'000 Pcs	90,614	93,547	94,616	92,490
Total Indian Production	'000 Pcs	1,902,903	1,964,490	1,986,943	1,942,298
Share of Petitioners	%	95.24	95.24	95.24	95.24
Share of Other Producers	%	4.76	4.76	4.76	4.76

15. In view of the above position and having regard to the Rules and information on record, the Authority holds that Eveready Industries India Ltd., Panasonic Energy India Co. Ltd., and Nippo Batteries Company Ltd, represented by the Association of Indian Dry Cell Manufacturers, constitute domestic industry for the purpose of the present investigation within the meaning of the Rules.

E. MISCELLANEOUS SUBMISSIONS

Submissions made by Godrej & Boyce Mfg. Co. Ltd

16. The following submissions have been made by Godrej & Boyce Mfg. Co. Ltd:

- i. Petitioners are forming cartel and creating oligopolistic market to prevent fair trade.
- ii. Free Trade Agreements with Vietnam will become meaningless if the anti dumping duties are imposed on Vietnam.
- iii. Imports of subject goods have remained insignificant and do not pose any threat to the petitioners. Increase in sales turnover; increase in profitability and stock market prices make it evident that imports of subject goods from the subject countries have little adverse impact on the petitioners.
- iv. In the previous investigation concerning the product under consideration, due to lack of response from the interested parties, the Authority imposed anti dumping duty.
- v. In the POI of the present investigation, neither there is significant dumping nor any injury to the petitioners.

Submissions by Domestic Industry

17. Following submissions have been made by the domestic industry in this regard:

- i. Godrej & Boyce Mfg. Co. Ltd. cannot be entertained as an interested party for the reason that the company has not cooperated and filed importer's questionnaire response.
- ii. The allegation that domestic industry is forming cartel and encouraging creation of oligopolistic market is baseless.
- iii. Imports of subject goods from the subject countries, especially from China, have increased significantly after the cessation of the earlier duties in May, 2013. The imports from China alone have increased by 10 times as compared to the base year.
- iv. The claim that since there was no response from the interested parties the Authority imposed anti dumping duty shows the lack of appreciation of the legal requirements. Anti dumping investigation is not based merely on the claims by the domestic industry.

- v. Concessions given under the FTAs are not to be misused to indulge in unfair trade practices like dumping. The nations are not barred from imposing measures of antidumping when the domestic industry of that country is unfairly getting injured by the dumping practices being practiced on account of existing FTAs.

Examination by the Authority

18. Submissions made by the interested parties with regard to the various issues and considered relevant by the Authority are examined and addressed as follows:

- i. As regards the submission that petitioners are forming cartel and creating oligopolistic market to prevent fair trade, the Authority notes that the objective of anti-dumping investigations is to enquire in to alleged dumping causing injury to the domestic industry and not to investigate into cartelization or such market trends.
- ii. With regard to the argument that Free Trade Agreements with Vietnam will become meaningless if the anti dumping duties are imposed on Vietnam, the Authority notes that concessions given under the Free Trade Agreements do not provide license to dump.
- iii. As regards the argument that anti dumping duties were imposed previously as there were no response from the interested parties, the Authority holds that Anti dumping investigation is not based merely on the claims by the domestic industry. The Authority examines the data provided by the domestic industry, the import data and thereafter comes to the conclusion whether imports are causing injury to the domestic industry.

F. MARKET ECONOMY TREATMENT, NORMAL VALUE, EXPORT PRICE AND DUMPING MARGIN

19. None of the interested parties have made any submission in this regard.

Submissions made by the domestic industry

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

- i. China should be treated as non-market economy country and normal value in case of China should be determined in accordance with para-7 Annexure-I to the Rules.
- ii. Normal value for China PR cannot be determined on the basis of price or constructed value in a market economy third country for the reason that the relevant information is not publicly available.

Examination by the Authority

21. The Authority notes that in the past three years China PR has been treated as a non-market economy country in anti-dumping investigations by India and other WTO Members. China PR has been treated as a non-market economy country subject to rebuttal of the presumption by the exporting country or individual exporters in terms of the Rules.
22. As per Paragraph 8 of Annexure I of the Anti-dumping Rules, the presumption of a non-market economy can be rebutted, if the exporter(s) from China PR provide information and sufficient evidence on the basis of the criteria specified in sub paragraph (3) of Paragraph 8 and establish the facts to the contrary. The cooperating exporters/producers of the subject goods from People's Republic of China are required to furnish necessary information/sufficient evidence as mentioned in sub-paragraph (3) of paragraph 8 in response to the Market Economy Treatment questionnaire to enable the Authority to consider the following criteria as to whether:
- i. the decisions of concerned firms in China PR 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;
 - ii. 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;
 - iii. such firms are subject to bankruptcy and property laws which guarantee legal certainty and stability for the operation of the firms and
 - iv. the exchange rate conversions are carried out at the market rate.

23. The Authority notes that consequent upon the initiation notice issued by the Authority; none of the Chinese producers/exporters have cooperated and filed exporter's questionnaire response and the market economy questionnaire response and did not rebut the non-market economy presumption of the Authority. Therefore, the Authority proceeds in accordance with Para 7 of Annexure - I to the Rules for determination of normal value for China PR.

Determination of Normal Value for China PR

24. Paragraph-7 of the Annexure-1 to the Anti-dumping Rules provides as follows:

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

25. Considering that there has been no response from any exporter/producer of the subject goods from China PR and further noting that information/data regarding appropriate market economy third country for determination of normal value in China PR is not available on record; the Authority has determined normal value in China PR on ‘reasonable basis’, in terms of second proviso of para 7 of Annexure 1 to the AD Rules. Accordingly, the ex-works Normal Value of the product under consideration has been determined based on constructed costs of production, duly adjusted.
26. The Authority has constructed Normal value for the Chinese producers on the following basis –
- Price of major input has been considered on the basis of prevailing international price. The price of other inputs has been based on the prices prevailing in the Indian market as no international prices were available.
 - Consumption of raw materials per unit of production and the conversion costs have been considered on the basis of best information/data available on record, considering information/data of the domestic industry.
 - Selling, general & administrative costs have been taken on the basis of best information/data available on record, considering information/data of the domestic industry.
 - Profit has been added @ 5%
27. The constructed normal value so determined for China PR is mentioned in the dumping margin table.

Determination of Normal Value for Vietnam

28. Under section 9A (1) (c), the 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 subsection (6), or*
- (ii) *When there are no sales of the like article in the ordinary course of trade in the domestic market of the exporting country or territory, or when because of the particular market situation or low volume of the sales in the domestic market of the exporting country or territory, such sales do not permit a proper comparison, the normal value shall be either:*
 - (a) *Comparable representative price of the like article when exported from the exporting country or territory or an appropriate third country as determined in accordance with the rules made under sub-section (6); or*
 - (b) *The cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section(6):*

Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transshipped through the country of export or such article is not produced in the country of exporter 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.

29. It is noted that none of the exporters in Vietnam has cooperated with the Authority with questionnaire response. Thus, in the absence of any response from the exporters from Vietnam, the Authority has constructed the normal value for all producers/exporters in Vietnam in accordance with Rule 6(8) supra i.e by taking into account international raw material price, best consumption norm and reasonable profit margin. The normal value so determined is mentioned in the dumping margin table.

Export Price

Export price for China PR

30. Since none of the exporters from China PR has responded in the present investigation, the Authority has determined the net export price as per facts available in terms of Rule 6(8) of the Anti-dumping Rules. The net export price, so determined, after making due adjustments, is mentioned in the dumping margin table.

Export price for Vietnam.

31. Since none of the exporters from Vietnam has responded in the present investigation, the Authority has determined the net export price as per facts available in terms of Rule 6(8) of the Anti-dumping Rules. The net export price, so determined, after making due adjustments, is mentioned in the dumping margin table.

DUMPING MARGIN

32. Considering the normal values and export prices as determined above, the Authority determined the dumping margins as follows:

Particulars	Unit	China PR	Vietnam
Constructed Normal Value	US\$/000'Pcs	***	***
Net Export Price	US\$/000'Pcs	***	***
Dumping Margin	US\$/000'Pcs	***	***
Dumping Margin in %	%	***	***
Dumping Margin in %	% Range	310-320	35-45

G. METHODOLOGY FOR INJURY DETERMINATION AND EXAMINATION OF INJURY AND CAUSAL LINK

Submissions made by Godrej & Boyce Mfg. Co. Ltd

33. The following submissions have been made by Godrej & Boyce Mfg. Co. Ltd:

- i. Imports of subject goods have remained insignificant and do not pose any threat to the petitioners. Increase in sales turnover; increase in profitability and stock market prices make it evident that imports of subject goods from the subject countries have little adverse impact on the petitioners.
- ii. In the POI of the present investigation, neither there is significant dumping nor any injury to the petitioners.

Submissions made by the domestic industry

34. Following are the submissions made by the domestic industry in this regard:

- i. Dumped imports of the product under consideration from the subject countries have increased significantly over the injury period and period of investigation. Imports were low until 2013-14, however with the cessation of anti-dumping duty in May 2013; the imports have increased significantly in the period of investigation.

- ii. The market share of the subject country has more or less reached at the same level as that prevailing at the time of original investigations. The imports are entering into the market at levels which is not even sufficient to recover the costs. The increase in imports has directly resulted into loss of sales, production and market share and further poses threat of material injury.
- iii. Increase in imports of the product under consideration from the subject countries has led to decline in market share of the domestic industry.
- iv. Price undercutting has remained significant throughout the injury period.
- v. Landed price of imports are significantly below the level of cost of sales throughout the injury period.
- vi. Performance of the domestic industry has deteriorated in terms of capacity utilization, production, sales, inventories and market share.
- vii. Sufficient freely disposable capacities are available with the subject countries, especially China posing imminent danger;
- viii. Inventories of the product under consideration with the domestic industry are high;
- ix. The stock prices of a particular company are not related to a particular product. It is based on the company's overall performance.

Examination By The Authority

- 35. The injury analysis made by the Authority hereunder ipso facto addresses the various submissions made by the interested parties.
- 36. 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 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.
- 37. 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, stock, profitability, net sales

realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the rules supra.

Cumulative Assessment

38. The Annexure II (iii) of the Anti-Dumping Rules requires that where imports of a product from more than one country are being simultaneously subjected to anti-dumping investigations, the designated authority will cumulatively assess the effect of such imports, only when it determines that ;

- i. The margin of dumping established in relation to the imports from each country is more than two percent expressed as percentage of export price and the volume of the imports from each country is three percent of the import of like article or where the export of individual countries is less than three percent, the imports collectively accounts for more than seven percent of the import of like article; and
- ii. Cumulative assessment of the effect of imports is appropriate in light of the conditions of competition between the imported article and the like domestic articles.

39. The Authority notes that the dumped imports are entering the Indian market simultaneously from the subject countries. Therefore, the issue of cumulative assessment of the injury caused to the domestic industry due to dumped imports from these sources has been examined with respect to the above parameters and it was observed that:

- i. The margins of dumping of individual products from each of the subject countries are more than the de-minimis limit;
- ii. The volume of imports of individual products from each of the subject countries is more than the de minimis;
- iii. Imports from the subject countries are undercutting the prices of the domestic industry in the market;

40. In view of the above, the Authority considers it appropriate to cumulatively assess the effects of dumped imports of the subject goods from the subject countries on the domestic industry in the light of conditions of competition between imported product and like domestic product. The Authority notes that the margin of dumping and quantum of imports from subject countries are more than the limits prescribed above.

41. Annexure-II of the Anti-dumping Rules provides for an objective examination of both, (a) the volume of dumped imports and the effect of the dumped imports on prices, in the domestic market, for the like articles; and (b) the consequent impact

of these imports on domestic producers of such articles. With regard to the volume effect of the dumped imports, the Authority is required to examine whether there has been a significant increase in dumped imports, either in absolute term or relative to production or consumption in India. With regard to the price effect of the dumped imports, the Authority is required to examine whether there has been significant price undercutting by the dumped imports as compared to the price of the like product in India, or whether the effect of such imports is otherwise to depress the prices to a significant degree, or prevent price increases, which would have otherwise occurred to a significant degree.

42. As regards the impact of the dumped imports on the domestic industry. Para (iv) of Annexure-II of the Anti-dumping Rules states as follows:

“The examination of the impact of the dumped imports on the domestic industry concerned, shall include an evaluation of all relevant economic factors and indices having a bearing on the state of the Industry, including natural and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of margin of dumping actual and potential negative effects on cash flow, inventories, employment wages growth, ability to raise capital investments.”

43. For the examination of the impact of imports on the domestic industry in India, the Authority has considered such further indices having a bearing on the state of the industry as production, capacity utilization, sales quantum, stock, profitability, net sales realization, the magnitude and margin of dumping etc. in accordance with Annexure II(iv) of the Rules supra.
44. For the purpose of the injury analysis, the Authority has examined the volume and price effects of dumped imports of the subject goods on the domestic industry and its effect on the prices and profitability to examine the existence of injury and causal links between the dumping and injury, if any. The volume and price effect of dumped imports have been examined as follows:-

Volume Effect

Assessment of Demand

45. The Authority has considered the transaction-wise IBIS import data provided by the domestic industry for the assessment of volume and value of imports from the subject country and other countries. For the purpose of this investigation, the Authority has defined the demand or apparent consumption of the product in India as the sum of domestic sales and imports from all sources. The demand so assessed is shown in the table below:

Particular	UOM	2011- 12	2012- 13	2013-14	POI
Demand in India					
Sales of Domestic Industry	'000 Pcs	18,68,479	18,51,740	18,60,491	18,07,904
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>99</i>	<i>100</i>	<i>97</i>
Sales of Other Indian producers	'000 Pcs	90,614	93,547	94,616	92,490
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>103</i>	<i>104</i>	<i>102</i>
Total Domestic Sales	'000 Pcs	19,59,093	19,45,287	19,55,107	19,00,394
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>99</i>	<i>100</i>	<i>97</i>
Imports- Subject Countries	'000 Pcs	25,632	42,922	47,555	2,77,826
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>167</i>	<i>186</i>	<i>1,084</i>
Imports-Other Countries	'000 Pcs	94,315	33,342	10,930	843
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>35</i>	<i>12</i>	<i>1</i>
Total Demand	'000 Pcs	20,79,040	20,21,551	20,13,593	21,79,064
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>97</i>	<i>97</i>	<i>105</i>
Market Share in Demand					
Domestic Industry	%	89.87	91.60	92.40	82.97
Other Indian Producers	%	4.36	4.63	4.70	4.24
Indian Producers as a whole	%	94.23	96.23	97.10	87.21
Subject Countries	%	1.23	2.12	2.36	12.75
Other Countries	%	4.54	1.65	0.54	0.04

The Authority notes that demand for the product under consideration has marginally increased during the POI as compared to the base year. While the domestic industry holds significant share in the market throughout the injury period including the POI, the rest of the suppliers including the subject countries contribute to the market minimally. From the aforesaid data, the only concern appear to be the increase of the market share of the subject countries from 1.23% in the base year to 12.87% in the POI, whereas the market share of the domestic industry has declined from 89.87% during the base year to 82.97% during the POI. But, this trend needs to be analyzed with reference to the production capacity of the domestic industry and their actual production during the injury period including the POI. As per the information given in the relevant Para of this finding, the domestic industry has increased its production capacity throughout the injury period. It increased its production capacity from 2150400 thousand pcs in the base year to 2418400 thousand pcs in the POI. Bit, despite demand in the domestic market more than its capacity, it neither increased its production in line with demand, nor increased its sales in the domestic market matching with its production. This indicates that the domestic industry is not willing to sale its goods in the domestic market despite getting a better price than the landed price from the subject countries. Or, it may be due to lack of wide spread marketing network by the domestic industry.

Particulars	UOM	2011- 12	2012- 13	2013-14	POI
Installed capacity	'000 Pcs	21,50,400	23,09,400	24,18,400	24,18,400
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>107</i>	<i>112</i>	<i>112</i>
Production	'000 Pcs	18,12,289	18,70,943	18,92,327	18,49,807
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>103</i>	<i>104</i>	<i>102</i>
Capacity Utilization	%	84.28%	81.01%	78.25%	76.49%
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>96</i>	<i>93</i>	<i>91</i>
Domestic Sales	'000 Pcs	17,89,225	17,78,384	18,27,803	17,82,890
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>99</i>	<i>102</i>	<i>100</i>
Demand	'000 Pcs	20,79,040	20,21,551	20,13,593	21,79,064
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>97</i>	<i>97</i>	<i>105</i>

Import Volume and Market Share:

46. With regard to volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in dumped imports either in absolute terms or relative to production or consumption in India. Annexure II (ii) of the anti-dumping rules provides as under:

“While examining the volume of dumped imports, the said authority shall consider whether there has been significant increase in the dumped imports either in absolute terms or relative in production or consumption in India”

47. The import volumes for the injury period, considering the transaction wise data is as under:

Particulars	UOM	2011- 12	2012- 13	2013-14	POI
Import Volume					
China	'000 Pcs	20,132	35,918	41,643	194,407
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>178</i>	<i>207</i>	<i>966</i>
Vietnam	'000 Pcs	5,500	7,004	5,913	83,420
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>127</i>	<i>108</i>	<i>1,517</i>
Subject Countries	'000 Pcs	25,632	42,922	47,555	277,826
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>167</i>	<i>186</i>	<i>1,084</i>
Other Countries	'000 Pcs	94,315	33,342	10,930	843
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>35</i>	<i>12</i>	<i>1</i>
Total Imports	'000 Pcs	119,947	76,263	58,486	278,670
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>64</i>	<i>49</i>	<i>232</i>
Market Share					
China	%	16.78	47.10	71.20	69.76
Vietnam	%	4.59	9.18	10.11	29.93
Subject Countries	%	21.37	56.28	81.31	99.70
Other Countries	%	78.63	43.72	18.69	0.30
Total	%	100.00	100.00	100.00	100.00

48. From the above information, the Authority notes that the imports of the product under consideration have increased significantly in the period of investigation. The cessation of the earlier anti-dumping duty may have led to the increase in imports from the subject countries, especially from China PR.

Share of imports in relation to Production & Consumption

49. Further, as demonstrated in the information given below, share of the imports of the product under consideration from the subject countries have increased significantly in relation to production and consumption in India in the POI.

Market Share	UOM	2011- 12	2012- 13	2013-14	POI
Imports from Subject Country in relation to Demand	%	1.23	2.12	2.36	12.75
Imports from Subject Country in relation to Indian production	%	1.35	2.18	2.39	14.30

Capacity, Production, Capacity utilization and Sales Volume

50. As noted from the table below, there is an enhancement of capacity of the domestic industry in the period 2012-13 and 2013-14 in line with increase in demand, but during POI, the domestic industry abstained from increasing its capacity further despite increasing demand. Production of the domestic industry has increased up to 2013-14, but declined in the POI, whereas demand during the same period has increased significantly. This is the situation despite the domestic industry realising a better price than the landed price.

Particulars	UOM	2011- 12	2012- 13	2013-14	POI
Installed capacity	'000 Pcs	21,50,400	23,09,400	24,18,400	24,18,400
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>107</i>	<i>112</i>	<i>112</i>
Production	'000 Pcs	18,12,289	18,70,943	18,92,327	18,49,807
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>103</i>	<i>104</i>	<i>102</i>
Capacity Utilization	%	84.28%	81.01%	78.25%	76.49%
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>96</i>	<i>93</i>	<i>91</i>
Domestic Sales	'000 Pcs	17,89,225	17,78,384	18,27,803	17,82,890
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>99</i>	<i>102</i>	<i>100</i>
Demand	'000 Pcs	20,79,040	20,21,551	20,13,593	21,79,064
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>97</i>	<i>97</i>	<i>105</i>

PRICE EFFECT

Price effect of dumped imports and impact on domestic industry

51. The impact on the prices of the domestic industry on account of imports of the subject goods from the subject country have been examined with reference to price undercutting, price underselling, price suppression and price depression. 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 landed value of imports from the subject country. A comparison for subject goods during the period of investigation was made between the landed value of the dumped imports and the domestic selling price in the domestic market. In determining the net sales realization of the domestic industry, taxes, rebates, discounts and commission incurred by the domestic industry have been adjusted. The price underselling is an important indicator of assessment of injury; thus, the Authority has worked out a non-injurious price and compared the same with the landed value of imports to arrive at the extent of price underselling. The non-injurious price has been evaluated for the domestic industry in terms of Annexure III of the Anti-Dumping Rules. The position is as follows:

Price Undercutting

52. Price undercutting has been assessed by comparing the landed value with the domestic selling price in India of the subject goods during the injury period as follows:

Particulars	Unit	2011- 12	2012- 13	2013-14	POI
China PR					
Landed price of imports	Rs./'000Pcs	2,689	3,012	1,115	1,007
Net Sales Realisation	Rs./'000Pcs	***	***	***	***
Price Undercutting	Rs./'000Pcs	***	***	***	***
Price Undercutting	%	***	***	***	***
Price Undercutting	% Range	10-20	5-10	210-220	310-320
Vietnam					
Landed price of imports	Rs./'000Pcs	2,305	2,396	2,770	2,739
Net Sales Realisation	Rs./'000Pcs	***	***	***	***
Price Undercutting	Rs./'000Pcs	***	***	***	***
Price Undercutting	%	***	***	***	***
Price Undercutting	% Range	30-40	30-40	20-30	50-60
Subject countries as a whole					
Landed price of imports	Rs./'000Pcs	2,606	2,912	1,321	1,527
Net Sales Realisation	Rs./'000Pcs	***	***	***	***
Price Undercutting	Rs./'000Pcs	***	***	***	***

Particulars	Unit	2011- 12	2012- 13	2013-14	POI
Price Undercutting	%	***	***	***	***
Price Undercutting	% Range	10-20	20-30	160-170	170-180

53. From the above information, the Authority notes that the landed price of imports (including basic customs duty) is below the selling price of the domestic industry, resulting in price undercutting. This may be due to the fact that majority of the imports from the subject countries, especially from China, are low value products.

Price Underselling

54. The Authority notes that the price underselling is an important indicator of assessment of injury. Non injurious price has been worked out and compared with the landed value of the subject goods to arrive at the extent of price underselling. The non-injurious price has been determined considering the cost of production of the domestic industry for the product under consideration during the POI, in accordance with Annexure III of the Antidumping Rules. For the purpose of determining price underselling, the landed value of the imports from subject countries have been compared with the Non-injurious price of the domestic industry determined for the POI.

Particulars	Unit	China PR	Vietnam
Landed price of imports	US\$/000'Pcs	***	***
Non Injurious Price	US\$/000'Pcs	***	***
Price Underselling	US\$/000'Pcs	***	***
Price Underselling	%	***	***
Price Underselling	% Range	235-245	20-30

55. It is noted that the price underselling effect of the dumped imports from China PR is significant. This may be again due to the fact that majority of the imports from the subject countries, especially from China, are low value products

Price suppression and depression

56. To examine the price suppression and depression effects of the dumped imports on the domestic prices, the trend of selling price of the domestic industry has been compared with the cost of production. The Authority has made price suppression/depression analysis as below:

Particulars	UOM	2011- 12	2012- 13	2013-14	POI
Landed price of Imports	Rs./'000Pcs	2,606	2,912	1,321	1,527
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>112</i>	<i>51</i>	<i>59</i>

Particulars	UOM	2011- 12	2012- 13	2013-14	POI
Cost of production	Rs./'000Pcs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>103</i>	<i>106</i>	<i>116</i>
Selling Price	Rs./'000Pcs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>103</i>	<i>114</i>	<i>134</i>

57. From the information given above, the Authority notes that both the cost of production and selling price of domestic industry have increased throughout the injury period including the POI. Thus there is no price suppression or depression effect.

Profit/Loss, Cash Flow, Return on Capital Employed

58. Performance of the domestic industry with regard to profits, return on investment and cash flow over the injury period is as follows. The domestic industry is in significant profiteering position during the POI.

Particulars	Unit	2011-12	2012-13	2013-14	POI
Cost of Sales	Rs/000 Pcs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>103</i>	<i>106</i>	<i>116</i>
Selling Price	Rs/000 Pcs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>103</i>	<i>114</i>	<i>134</i>
Profit/Loss	Rs/000 Pcs	(***)	(***)	***	***
<i>Trend</i>	<i>Indexed</i>	<i>(100)</i>	<i>(100)</i>	<i>135</i>	<i>458</i>
Profit/Loss	Rs.Lacs	(***)	(***)	***	***
<i>Trend</i>	<i>Indexed</i>	<i>(100)</i>	<i>(99)</i>	<i>138</i>	<i>456</i>
PBIT	Rs.Lacs	(***)	(***)	***	***
<i>Trend</i>	<i>Indexed</i>	<i>(100)</i>	<i>(81)</i>	<i>319</i>	<i>899</i>
Cash Profit	Rs.Lacs	(***)	(***)	***	***
<i>Trend</i>	<i>Indexed</i>	<i>(100)</i>	<i>(87)</i>	<i>960</i>	<i>2,269</i>
Return of investment	%	(***)	(***)	***	***
<i>Trend</i>	<i>Indexed</i>	<i>(100)</i>	<i>(84)</i>	<i>329</i>	<i>824</i>

Employment, Wages& Productivity

59. From the information given below, the Authority notes that during the POI the status of employment and productivity are showing declining trends, whereas wages have increased.

Particulars	UOM	2011- 12	2012- 13	2013-14	POI
Productivity per employee	000 Pcs/nos	***	***	***	***

Particulars	UOM	2011- 12	2012- 13	2013-14	POI
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>104</i>	<i>98</i>	<i>97</i>
Employment	Nos.	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>96</i>	<i>98</i>	<i>92</i>
Wages	Rs. Lacs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>113</i>	<i>80</i>	<i>94</i>

Inventories

60. From the information given below, the Authority notes that the average inventory levels of the domestic industry has increased.

Particulars	UOM	2011- 12	2012- 13	2013-14	POI
Opening	'000 Pcs	***	***	***	***
Closing	'000 Pcs	***	***	***	***
Average	'000 Pcs	***	***	***	***
<i>Trend</i>	<i>Indexed</i>	<i>100</i>	<i>90</i>	<i>108</i>	<i>139</i>

Magnitude of dumping

61. The Authority notes that the dumping margin of the imports from subject countries is more than de-minimis and substantial.

Growth

62. The Authority notes that the domestic industry has shown negative growth in terms of production and sales. However, profit has shown significant improvement.

Growth	UOM	2011- 12	2012- 13	2013-14	POI
Production	%	-	3.24	1.14	-2.25
Domestic Sales	%	-	-0.61	2.78	-2.46
Selling Price	%	-	3.43	9.85	18.29
Cost of Sales	%	-	3.32	2.53	9.62
Profit/Loss	%	-	0.09	235.29	238.54

Ability to raise funds

63. The Authority notes that the domestic industry being constituted by multi product industries, their ability to raise funds seems to have not been affected.

Conclusion on Injury

64. Having regard to the contentions raised, information provided and submissions made by the interested parties and facts available before the Authority as recorded in this finding and on the basis of the above analysis of the state of dumping and consequent injury, the Authority concludes that:

- i. There is dumping of the product concerned from China PR and Vietnam.
- ii. Both dumping margin and injury margin are positive with positive undercutting.
- iii. Despite dumping, huge amount of profit is made by the domestic industry with significantly high ROCE position.
- iv. Net sales realisation of the domestic industry is more than the landed price and also the non-injurious price of the domestic industry. Therefore no price impact on the domestic industry.
- v. Although huge volume of subject goods have entered Indian market during the POI, there is marginal decline in sales of the domestic industry and they do not appear to have had any injurious effect on the domestic industry in terms of price parameters since their net sales realization is much more than the landed value and profit position is phenomenal.
- vi. Therefore, the dumped imports from China PR and Vietnam cannot be dubbed as causing material injury to the domestic industry. Since the domestic industry is able to sale at prices higher than the landed prices and still then make huge profits, the huge volume of imports may not cause much injury to the domestic industry.
- vii. Therefore, the Authority concludes that the domestic industry did not suffer material injury during the POI.

H. THREAT OF MATERIAL INJURY

65. The Authority examined whether the imports are threatening material injury to the domestic industry. Rules provide as follows with regard to threat of material injury—

A determination of a threat of (vii) material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances which would create a situation in which the dumping would cause injury must be clearly foreseen and imminent. In

making a determination regarding the existence of a threat of material injury, the designated authority shall consider, inter alia, such factors as :

(a) significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation;

(b) sufficient freely disposable, or an imminent, substantial increase in, capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian markets, taking into account the availability of other export markets to absorb any additional exports;

(c) whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely increase demand for further imports; and

(d) inventories of the article being investigated.

66. The Authority examined the threat of material injury on the basis of following grounds:

a) Significant increase in imports

67. The Authority notes that the imports have increased significantly from the subject countries during the POI as compared to the earlier years of the injury period.

Particulars	Unit	2011-12	2012-13	2013-14	POI
Imports Volume					
China	'000 Pcs	20,132	35,918	41,643	194,407
Vietnam	'000 Pcs	5,500	7,004	5,913	83,420
Total Subject Countries	'000 Pcs	25,632	42,922	47,555	277,826
Other Countries	'000 Pcs	94,315	33,342	10,930	843
Total Imports	'000 Pcs	119,947	76,263	58,486	278,670

b) Excess Production Capacities in the subject country:-

68. On the basis of information provided by the domestic industry, in the earlier sunset review final findings issued on 20th May, 2013, at Para 66, the Authority had held as follows:

“66. The domestic industry in its submissions has claimed that the producers in China are having significant surplus capacities as compared to the demand of subject goods in the domestic market. Domestic industry submitted that there are over 100 producers of Dry Cell Batteries in China. However, the below table data for 20 major producers of subject goods for which data is available. As per information furnished by the Domestic

Industry, around 47.12% of the production represents the share of production of AA batteries (subject goods). Based on the same the table below shows the production, consumption and exports of the product under consideration:

SN	Particular	2009	2010
1	Installed Capacity in Million Pcs	18,090	18,090
2	Subject goods volume (AA share of Total Capacity is 47.12%) in Million Pcs	8,524	8,524
3	Production in China in Million Pcs	5,527	6,435
4	Global Export in Million Pcs	2,545	2,846
5	Consumption in China in Million Pcs (5 - 4)	2,982	3,589
6	Unutilised Capacity in Million Pcs (2 - 3)	2,997	2,089
7	Surplus as % of Production	54%	32%
8	Surplus as % of Domestic Demand	101%	58%
9	Surplus as % of Global Export	118%	73%
10	Freely disposable production capacity (unutilized capacity + current exports) in Million Pcs	8,072	9,281
11	Indian Demand (Annualised POI) in Million Pcs	1,793	1,793
12	Freely disposable production capacity as % of Indian Demand	450%	518%

67. *It is noted that none of the interested parties have rebutted the submissions of the domestic industry of there being large excess surplus capacities available with the producers from the subject country with any verifiable evidence.*
68. *The Authority holds that producers in the subject country have built capacities far in excess of their domestic demand and capacities have been created considering export markets as well."*
69. The above observations in the earlier findings indicate that China does have a much larger manufacturing base for the subject goods as compared to India and generate huge production and exportable surplus capable of overtaking the entire Indian market. However, no substantiated information was provided by the domestic industry pertaining to the injury period and the POI of the present investigation.

c) Price attractiveness of the Indian market

70. The Authority notes that the landed value of imports is lower than the selling price of the domestic industry. Therefore, Indian price cannot be interpreted as attractive for exports by the subject countries.

d) Export orientation of producers and exporters in subject country

71. The Authority notes that Chinese economy is well-known for its export orientation. Considering the demand in India and the import trends during the POI vis-à-vis earlier years, further spurt in exports cannot be ruled out.

e) Inventories have increased with domestic industry

72. The Authority notes that the level of inventory with the domestic industry has increased during the POI. This is the situation despite getting a higher price vis-à-vis the imports and increasing demand. Perhaps, the domestic industry should focus more on expanding and strengthening its sales network to penetrate more in to the rural areas.

Conclusion on Threat of Material Injury

73. The Authority notes that the domestic industry has failed to place sufficient evidence to establish that increased imports will adversely impact them.

Conclusions

74. The Authority, therefore, concludes as follows:

- i. Though during the POI, significant volume of imports has entered the Indian market at dumped prices and has price undercutting effect, they have not impacted the domestic industry as it caters to a different market segment.
- ii. Huge amount of profit is made by the domestic industry despite dumping.
- iii. Significantly high ROCE position is being enjoyed by the domestic industry.
- iv. Net sales realisation of the domestic industry is more than their non-injurious price and the landed price.
- v. Production, sales and capacity utilization have declined, but the market share of domestic industry has declined marginally.

I. Magnitude of Injury Margin

Injury Margin

75. The non-injurious price of the subject goods produced by the domestic industry and determined by the Authority has been compared with the landed value of the exports from the subject countries for determination of injury margin during POI. The injury margin determined are as under:-

Particulars	Unit	China PR	Vietnam
Landed price of imports	US\$/000'Pcs	16.32	44.39

Particulars	Unit	China PR	Vietnam
Non Injurious Price	US\$/000'Pcs	***	***
Injury Margin	US\$/000'Pcs	***	***
Injury Margin	%	***	***
Injury Margin	% Range	235-245	20-30

J. Post Disclosure Comments

76. Post disclosure, none of the interested parties made any submission/comment.

77. The following post disclosure comments/submissions have been made by the domestic industry:

- i. The non-injurious price (NIP) determined by the authority is too low and inadequate to protect the domestic industry.
- ii. While determining NIP, the authority should consider the actual raw materials and utilities consumption.
- iii. It is inappropriate to ignore the actual production and adopt any other production basis for determination of NIP.
- iv. The domestic industry is offering product of different varieties and types with different price ranges. Similarly, the Chinese batteries are also being sold in the market at different price ranges. Therefore, the prices of the domestic industry are quite comparable with the retail prices of Chinese batteries.
- v. The traders are cornering the entire profit on account of dumped Chinese batteries and the consumers obtain the batteries at the same price as offered by the domestic industry.
- vi. Petitioners request the authority to recommend benchmark form of duties in the present case since the product was earlier attracting benchmark form of duty. Moreover, while the he imports have been reported at significantly different prices, costs of production do not have significant variations. Therefore, it would be appropriate to have benchmark form of duty.
- vii. The duty should be imposed in terms of US\$.

Examination by the Authority

78. As regards the contention that non-injurious price (NIP) determined by the authority is too low and inadequate to protect the domestic industry, the Authority notes that the NIP has been determined as per the methodology and procedure laid down under Annexure III of the Anti-dumping Rules.

RECOMMENDATIONS

79. The Authority notes that the investigation was initiated and notified to all interested parties and adequate opportunity was given to the exporters, importers and other interested parties to provide positive information on the aspect of dumping, injury and causal link. Having initiated and conducted the present investigation into dumping, injury and causal link in terms of the Anti-dumping Rules, the Authority is of the view that the dumped imports have not caused material injury to the domestic industry in view of the facts that the domestic industry has realized much higher selling price as compared to their non-injurious price and also the landed price of the subject goods from the subject countries and earned huge profits. Having concluded as above, the Authority is of the view that imposition of anti-dumping duty, on the imports of the subject goods, originating in or exported from the subject countries, is not required.

A.K. Bhalla
Additional Secretary & Designated Authority