CASE No. AD (SSR)-15/2025

Government of India
Department of Commerce
Ministry of Commerce & Industry
Directorate General of Trade Remedies

DISCLOSURE STATEMENT

Sunset review investigation of anti-dumping duty on imports of Natural Mica based Pearl Industrial Pigments excluding Cosmetic Grade from China PR

Pictorial Representation of the Product Under Consideration

F. No. 07/31/2025-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

Date: August 2026

DISCLOSURE STATEMENT
Case No. AD (SSR)-15/2025

Subject: Sunset review investigation of anti-dumping duty on imports of Natural Mica based Pearl Industrial Pigments excluding Cosmetic Grade from China PR.

1. In accordance with Rule 16 of the Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, as amended, the Designated Authority hereby discloses the essential facts under consideration in the matter relating to the above investigation.

2. The disclosure statement comprises of the following four sections:

   Section I: General disclosure
   Section II: Determination of normal value, export price and dumping margin
   Section III: Methodology for injury determination and examination of injury, causal link.
   Section IV: Methodology for arriving at non-injurious price (Confidential copy for the domestic industry only)

3. The sections cited above contain essential facts under consideration by the Designated Authority, which would form the basis for the Final Findings. The reproduction of facts does not tantamount to either acceptance or rejection of any fact / argument / submission. Arguments / submissions made by the domestic industry and other interested parties during the course of the present investigation are reflected in this disclosure statement to the extent they are considered relevant to this investigation by the Designated Authority.

4. Notwithstanding the facts given in this disclosure statement (including facts given on confidential basis), the Designated Authority would consider all replies given on merits, in order to arrive at a final determination.

5. In this disclosure statement *** represents information furnished by an interested party on confidential basis and so considered by the Designated Authority under the Rules.

6. Interested parties may submit their comments, if any, in soft copy, within one week of the issuance of this disclosure statement to consultant-dgtr@govcontractor.nic.in; dd15-dgtr@gov.in and dir14-dgtr@gov.in. dd16-dgtr@gov.in. As would be noted below, the Authority has carried out issue wise analysis of the arguments / evidence presented before it. All interested parties are therefore, requested to follow the same pattern in filing their comments. Since anti-dumping investigations are time bound, the Designated Authority shall not entertain any request for extension of time.

7. This is issued with the approval of the Designated Authority.

(Devender Singh)
Joint Director General (FT)
Email: dd15-dgtr@gov.in

To,
All interested parties

Section -I

A. GENERAL DISCLOSURE.

F. No. 7/31/2025-DGTR - Having regard to the Customs Tariff Act, 1975 as amended from time to time (hereinafter referred to as "Act") and the Customs Tariff (Identification, Assessment and Collection of Antidumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereinafter referred to as the "Anti-Dumping Rules" or "Rules") thereof,

1. Sudarshan Chemical Industries Limited (hereinafter referred to as the "applicant" or the "domestic industry") has filed an application before the Designated Authority (hereinafter also referred to as the "Authority") for initiation of sunset review investigation for continued imposition of anti-dumping duties on the imports of "Natural Mica based Pearl Industrial Pigments excluding Cosmetic Grade" (hereinafter also referred to as "subject goods" or "product under consideration") from China PR (hereinafter referred to as the "subject country").

2. And whereas, in view of the duly substantiated application filed by the applicant, the Authority issued a public notice vide Notification F. No. 7/31/2025-DGTR, dated 5th March 2026, published in the Gazette of India, and initiated the sunset review investigation. The investigation was initiated in accordance with Section 9A (5) of the Act read with Rule 23 of the Rules to examine whether the expiry of such duty is likely to lead to continuation or recurrence of dumping and injury to the domestic industry and if there is a need for continued imposition of the anti-dumping duties.

B. BACKGROUND OF THE CASE

3. The original anti-dumping investigation was initiated vide notification no. 6/8/2020-DGTR dated 9th May 2020. Thereafter, the Authority recommended anti-dumping duty vide final findings File No. 6/8/2020-DGTR, dated the 8th June 2021, which was levied vide Notification No. 47/2021-Customs (ADD) dated 26th August 2021.

4. Thereafter, based on an application filed by the applicant alleging changed circumstances and need for enhancement of duties, the Designated Authority initiated a mid-term review investigation vide Notification No. 7/17/2022-DGTR dated 30th September 2022. The Authority, after concluding that there were changed circumstances, recommended the enhancement of duty vide final finding No. 7/17/2022-DGTR dated 27th September 2023. The Ministry of Finance implemented the amendment to the anti-dumping measures imposed in the original investigation vide notification No.13/2023-Customs (ADD) dated 22nd November 2023. The anti-dumping duties were in force till 25th August 2026. The Ministry of

Finance has vide Notification No. 09/2026 dated 22nd May 2026 extended the anti-dumping duties by a period of three months till 25th November 2026.

C. PROCEDURE.

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

5.1 Initiation

i. The Authority notified the embassy of the subject country in India about the receipt of the present anti-dumping application before proceeding to initiate the investigation.

ii. Upon examination of the application, the Authority found *prima facie* evidence of dumping and consequent injury. Therefore, *vide* Notification F. No. 7/31/2025-DGTR, dated 5th March 2026, the Authority initiated the present proceedings.

5.2 Period of investigation and injury period:

iii. The period of investigation ("POI") was considered as 1st October 2024 to 30th September 2025. The injury period was set to cover the period 1st April 2022 to 31st March 2023, 1st April 2023 to 31st March 2024, 1st April 2024 to 31st March 2025 and the POI.

5.3 Import data

iv. A request was made to the Directorate General for Systems and Data Management ("DG System") for transaction-wise import data of the product under consideration for the injury period. The Authority received the data and has relied upon this data for the necessary analysis after due examination of the transactions.

5.4 Circulation of non-confidential version of the application

v. In accordance with Rule 6(2), the Authority informed interested parties of the initiation of the investigation by sharing a copy of the initiation notification with the embassy of the subject country in India, known producers and exporters of the product under consideration in the subject country, known importers of the subject goods in India and other interested parties, as per the information made available in the application.

vi. In accordance with Rule 6(3), the Authority provided a copy of the non-confidential version of the application to the government of the subject country through their embassy in India, known exporters of the subject imports and to other interested parties who requested in writing for a copy of the application.

vii. The Authority sent questionnaire to the government of the subject country through their embassy in India. The government of the subject country was requested to forward the initiation notification and the questionnaires to the producers of the product under consideration in their country and advise them to respond to the questionnaire within the prescribed time limit.

5.5 **Intimation and participation by exporters of the subject country and users/importers of the product under consideration in India.**

viii. The Authority sent exporter questionnaires to the following known producers/exporters of the subject goods calling for necessary information in accordance with Rule 6(4) of the Rules:

SN	Name of interested party
a.	Fujian Kuncai Material Technology Company Limited
b.	Guangxi Chesir Pearl Material Company Limited
c.	Hebei Oxen New Material Company Limited
d.	Henan Lingbao New Materials Technology Co., Ltd
e.	Jiangsu Pritty New Material Company Limited
f.	LB Group Company Limited
g.	Oxen Special Chemicals Company Limited Zhuhai Office
h.	Rika Technology Company Limited
i.	Shandong Huaan New Materials Company Limited
J.	Shaowu Yonghe Jintang New Materials Company Limited
k.	Sinochem Environmental Protection Chemicals (Taicang) Co., Ltd.
l.	Taixing Meilan New Chemical Company Limited
m.	Zhejiang Coloray Technology Development Company Limited
n.	Zhejiang Quhua Fluorine Chemical Company Limited
o.	Zhejiang Ruicheng New Material Company Limited
p.	Zhejiang Sanmei Chemical Industry Company Limited

ix. The following producers and exporters from the subject country have registered themselves as interested parties in the present investigation:

SN	Name of interested party
a.	Rika Technology Company Limited
b.	Fujian Kuncai Material Technology Company Limited
c.	Henan Lingbao New Materials Technology Company Limited
d.	Henan Lingbao New Materials Company Limited

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

SN	Name of interested party
a.	Asian Paints Limited
b.	FX Pigments Private Limited
c.	Geochrome International
d.	Kajal Chemicals
e.	KPL International Limited
f.	Kuncai International India Pvt. Ltd
g.	Polychem Exports
h.	R.C. International

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

SN	Name of interested party
a.	Berger Paints India Limited
b.	Kansai Nerolac Paints Limited
c.	Kuncai International India Pvt. Ltd

xii. In addition to the above, one association, namely, the Indian Paint Association has registered themselves as an interested party in the present investigation.

5.6 Public file

xiii. The Authority made available the non-confidential versions of the submissions filed by various interested parties through the SETU portal, in the form of a public file.

5.7 Economic Interest Questionnaire

xiv. The Authority issued an Economic Interest Questionnaire ("EIQ") to assess public interest and impact of the duties on the wider economy. A copy of the EIQ was sent to the embassy of the subject country, all the known exporters, importers and users and the domestic industry. The EIQ was also shared with the administrative line ministry. Response to the economic interest questionnaire has been filed by the domestic industry, Berger Paints India Limited and Kansai Nerolac Paints Limited.

5.8 Oral hearing

xv. In accordance with Rule 6(6), the Authority provided an opportunity to the interested parties to present their views orally in a hearing held on 16th July 2026. The parties presenting their views in the oral hearing were directed to make written submissions of the views expressed orally, followed by rejoinder submissions.

xvi. Supplementary questionnaires were issued to the participating producers/exporters, letters were issued to the users and the Indian Paint Association seeking certain clarifications. The replies of the producers/exporters and the reply of the other producers.

5.9 Further Procedure:

xvii. In accordance with Rule 6(8), wherever an interested party has refused access to or has otherwise not provided necessary information in a timely manner during the course of the present proceedings, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the findings based on the facts available.

xviii. In accordance with Rule 7, information provided by the interested parties on a confidential basis was examined by the Authority with regard to the sufficiency of the confidentiality claimed. On being satisfied, the Authority has accepted the confidentiality claims, wherever warranted, and such information has been considered as confidential and not disclosed to other interested parties. Wherever possible, parties providing information on confidential basis were directed to provide a non-confidential summary of the information filed on confidential basis.

xix. In accordance with Rule 8, the Authority conducted verification of the data provided by the applicant and other interested parties to the extent considered necessary for the present proceedings. The Authority has considered the verified data of the interested parties in its analysis in the present case.

xx. The Authority determined the non-injurious price ("NIP") for the product under consideration so as to ascertain whether duties lower than the dumping margin would be sufficient to remedy the injury being suffered by the applicant. The NIP has been calculated based on the optimum cost of production and cost to produce and sell the domestic like article in India, based on the information furnished by the applicant and having regard to the Generally Accepted Accounting Principles ("GAAP").

xxi. The Authority examined the issues raised, information provided, and submissions made by the interested parties during the course of the proceedings, to the extent they were supported by evidence and considered relevant to the present purpose, in making the disclosure statement.

xxii. '***' represents information furnished by a party on confidential basis and so considered by the Authority under the Rules.

xxiii. The exchange rate adopted by the Authority for the subject investigation is 1 US$ = ₹ 86.76

D. PRODUCT UNDER CONSIDERATION AND LIKE ARTICLE

D.1 Submission by opposing interested parties

6. The opposing interested parties have made following submissions with regard to product under consideration and like article: -
   i. The applicant has wrongly requested in its application to clarify that only cosmetic grade for cosmetic application is exempted from the duty imposed. The initiation notification has restricted itself to the original product rejecting the request of the domestic industry.
   ii. The scope of the product under consideration attracts both the anti-dumping and countervailing duty measures.
   iii. Article VI:5 clearly embodies the principle against double remedies, prohibiting overlapping trade remedy measures that compensate for the same situation of dumping or export subsidization.
   iv. Applicant's request to extend the scope of the anti-dumping duty to additional HS Codes beyond 3206 11 is misconceived as anti-dumping duty is imposed based on the product description and not on the basis of HS Codes.

D.2 Submission by domestic industry

7. The domestic industry has made following submission with regard to the product under consideration and like article: -
   i. The scope of the product under consideration is same as defined in the original investigation.
   ii. The product under consideration is natural mica-based pearl industrial pigments excluding cosmetic grade. There are significant imports of cosmetic grade being imported for industrial application.
   iii. Applicant requested the Authority in mid-term review to clarify that only cosmetic grade for cosmetic application was exempted from the duty imposed. However, no such clarification was issued.
   iv. On the submission that the product under consideration attracts both anti-dumping and countervailing duty, only industrial form of the product attracts both forms of measures. No other form of mica pigment enjoys both measures.

D.3 Examination by the Authority.

8. The scope of the product under consideration in the final finding of original investigation was defined as:

> “*7. The product under consideration in the present investigation is "Natural Mica based Pearl Industrial Pigments excluding cosmetic grade".*
>
> *8. The product under consideration is chemically titanium dioxide coated micananeous and lustrous pearlescent pigment and is commercially known in the marketplace as Titanium Dioxide or Iron Oxide coated Mica Pearl Pigment or Pearl Lustre Pigments or Pearl Pigments. It is extensively used to impart colours and other effects such as certain inorganic pigments/colouring agents giving lustrous/shining frosted effects, such pearlescent effects, metallic effects, for coating, inks and plastics application.”*

9. None of the parties which have participated in the present investigation have requested any exclusion. Therefore, the scope of the product under consideration remains the same as defined in the original finding.

10. It has been claimed by the interested parties that the product under consideration attracts both anti-dumping duty and countervailing duty. It is seen that the Authority had earlier conducted a countervailing duty investigation on the imports of ‘Effect Pearlescent Pigments or Mica Pearlescent Pigments, excluding Effect Pigments for Automotive Applications’ originating in or exported from China PR. The investigation was initiated vide Notification No. 6/08/2024-DGTR dated 29th March 2024 with the Authority recommending imposition of countervailing duty vide final finding dated 28th March 2025 and the Ministry of Finance imposing countervailing measures vide Notification No. 04/2025-Customs (CVD) dated 26th June 2025. The countervailing duty was enforced only in June 2025, and the duty period covers approx. 3 months of the period of investigation.

11. On the submissions of the HS codes to be considered for the purpose of recommendation of duty, the Authority notes that the subject goods are classified under Chapter 32 of the Customs Tariff Act under the subheading 320611. In the mid-term review, it was found that post imposition of antidumping duty, the product under consideration was also being imported under different HSN codes. The duties were therefore extended to HS codes - 3206 49 90, 3206 19 00, 3204 17 59, 3204 17 39, 3204 17 20, 3204 17 90 and 3207 10 40 also. The same codes have been considered for the present investigation.

12. The Authority notes the clarification provided by the applicant domestic industry on the scope of the PUC in anti-dumping and CVD investigation as mentioned in the following table below.

SN	Form of product	ADD	CVD
1	Natural	Industrial and automotive excluding cosmetic grade	Industrial and cosmetics excluding automotive application
2	Synthetic	None	Industrial and cosmetics excluding automotive application

13. The scope of the product under consideration differs between the anti-dumping duty and countervailing duty investigations. It is seen that the anti-dumping duty investigation covered the natural form of MICA pigment for industrial and automotive applications, while cosmetic grade was excluded. The CVD investigation covered natural forms of the product for industrial and cosmetic applications, with automotive applications excluded. Synthetic forms of the product are not covered under the ADD investigation, whereas the CVD investigation includes synthetic forms used in industrial and cosmetic applications, excluding automotive applications. Thus, the CVD investigation has a broader product scope by including synthetic forms and cosmetic-grade natural products, while excluding automotive applications. It cannot be considered that the entire basket of the product attracts both the forms of measures. A perusal of the note below the duty table in the final findings dated 28.03.2025 in CVD investigation makes it clear that there is no dual remedy. The relevant extract is reproduced below.

> *#For collection of anti-dumping/countervailing duty measures.*
> *a. In case of effect pearlescent pigments or mica pearlescent pigments of natural grade for industrial application, quantum of countervailing duty shall be equivalent to the difference between amount payable as per column (7) and antidumping duty payable as per customs Notification No. 13/2023-Cus (ADD), dated 22nd November 2023.*
> *b. In case of effect pearlescent pigments or mica pearlescent pigments of natural grade for cosmetic application, since no anti-dumping duty is payable, the quantum of countervailing duty shall be equivalent to the amount payable as per column (7).*
> *c. In case of effect pearlescent pigments or mica pearlescent pigments of natural grade for automotive application, no countervailing duty should be charged.*
> *d. In case of effect pearlescent pigments or mica pearlescent pigments of synthetic grade other than for automotive application, since no anti-dumping duty is payable, the quantum of countervailing duty shall be equivalent to the amount payable as per column (7).*

14. The applicant had proposed a PCN methodology. However, based on comments received from the interested parties, the PCN methodology was modified during the investigation and was clarified vide notice dated F. No. 7/31/2025-DGTR dated 16th

April 2026. No interested party has filed any comments thereafter. The final PCN methodology adopted is provided below:

SN	Particulars	Particle Size*	Code
	Non-Automobile (N)		
1	Silver-1	Small (D50<17)- S	N1S
		Regular (D50 between 17-30) - R	N1R
		Large (D50>30)- L	N1L
		Special- X	N1X
2	Gold-2	Small (D50<17)- S	N2S
		Regular (D50 between 17-30) - R	N2R
		Large (D50>30)- L	N2L
		Special- X	N2X
3	Iridescent-3	Small (D50<17)- S	N3S
		Regular (D50 between 17-30) - R	N3R
		Large (D50>30)- L	N3L
		Special- X	N3X
4	Earth tones (Bronze/Copper /Maroon)-4	Small (D50<17)- S	N4S
		Regular (D50 between 17-30) - R	N4R
		Large (D50>30)- L	N4L
		Special- X	N4X
5	Others-5	Small (D50<17)- S	N5S
		Regular (D50 between 17-30) - R	N5R
		Large (D50>30)- L	N5L
		Special- X	N5X
	Automobile Application (A)		
1	Silver- 1	Small (D50<17)- S	A1S
		Regular (D50 between 17-30) - R	A1R
		Large (D50>30)- L	A1L
		Special- X	A1X
2	Gold- 2	Small (D50<17)- S	A2S
		Regular (D50 between 17-30) - R	A2R
		Large (D50>30)- L	A2L
		Special- X	A2X
3	Iridescent- 3	Small (D50<17)- S	A3S
		Regular (D50 between 17-30) - R	A3R
		Large (D50>30)- L	A3L
		Special- X	A3X
4	Earth tones (Bronze/Copper/	Small (D50<17)- S	A4S
		Regular (D50 between 17-30) - R	A4R

	Maroon)-4	Large (D50>30)- L	A4L
		Special- X	A4X
5	Others-5	Small (D50<17)- S	A5S
		Regular (D50 between 17-30) - R	A5R
		Large (D50>30)- L	A5L
		Special- X	A5X

15. It is noted that the subject goods produced by the domestic industry and that imported from the subject country are comparable in terms of characteristics such as physical & chemical characteristics, manufacturing process & technology, functions & uses, product specifications, pricing, distribution & marketing and tariff classification of the goods. The two are technically and commercially substitutable. Accordingly, it is proposed that the product produced by the domestic industry is 'like article' to the product under consideration imported from the subject country in terms of Rule 2(d) of the Rules.

E. DOMESTIC INDUSTRY AND STANDING.

E.1 Submission by opposing interested parties

16. The opposing interested parties have made the following submissions: -
    i. The applicant is a regular importer of the product under consideration from China PR.
    ii. The applicant has imported from China PR during the period of investigation of original investigation, MTR investigation and current SSR investigation.
    iii. The Authority ought to direct disclosure of the import volumes of the product under consideration by the domestic industry during the period of investigation, as well as the reasons why such imports were made.
    iv. The Authority should prescribe the threshold for permissibility of imports by the applicant to qualify as domestic industry.

E.2 Submission by domestic industry

17. The domestic industry has made the following submissions: -
    i. The total imports of the product under consideration during the entire injury period amounted to only ***, of which merely *** MT were imported during the period of investigation.
    ii. These imports were undertaken solely for sample purposes and not for commercial sale.
    iii. The imports made by the applicant are only *** % in relation to own production.

iv. Rule confers discretion upon the Authority to determine whether a producer constitutes the domestic industry notwithstanding that it has imported the product under consideration.

v. No specific quantitative threshold has been prescribed either under the Anti-Dumping Rules or in the Authority's consistent practice. The determination is necessarily based on the facts and circumstances of each case.

E.3 Examination by the Authority .

18. The present application has been filed by Sudarshan Chemical Industries Limited. The applicant is the sole producer of the product in India. The applicant has certified that it is not related to any producer of the product under consideration in the subject country or any importer in India. The applicant has imported the product from the subject country and provided the following information in the application. The same has also been verified from DG System transaction wise import data.

SN	Particulars	Units	2022-23	2023-24	2024-25	POI Oct 24-Sept 2025
1	Imported volume	MT	***	***	***	***

19. The table below shows the information on imports made by the applicant in relative terms in injury investigation period. It is seen that the imports made by the applicant are miniscule in relation to its own production and imports from the subject country.

SN	Particulars	Units	Total
1	Total import by applicant over injury period	MT	***
2	Total import volume from China	MT	***
3	Imports by applicant in relation to imports from China	%	<1%
4	Production by applicant	MT	***
5	Imports by applicant in relation to production	%	<1%

20. The other interested parties have claimed that the Authority should provide a threshold on permissibility of imports by the applicant to qualify as domestic industry. It is noted that neither the Customs Tariff Act, 1975 nor the Anti-Dumping Rules prescribe any quantitative threshold of imports beyond which a domestic producer would cease to qualify as the domestic industry. Rule 2(b) merely provides that a producer who is related to an exporter or importer of the allegedly dumped article, or who is himself an importer thereof, may be excluded from the scope of domestic industry only where the facts so warrant. Thus, determination is required to be made on the basis of the nature, extent and circumstances of the imports. It is required to be seen if the imports are in such volume that the applicant functions as a trader rather than a producer. The authorities have consistently considered (i) the

quantum of imports in absolute and relative terms, (ii) the purpose and bona fide nature of the imports, (iii) whether the producer continues to be principally engaged in domestic manufacture or has assumed the role of an importer-trader, (iv) whether the imports contributed to the injury suffered by the domestic industry, and (v) whether the producer's primary economic interests continue to be aligned with domestic production rather than importation. The analysis is therefore required to be conducted based on the basis of facts of each case and not on the basis of any predetermined numerical threshold.

21. The Authority therefore proposes to hold that the applicant in the present investigation is an eligible domestic industry within the meaning of Rule 2(b) of the anti-dumping rules.

F. MISCELLANEOUS SUBMISSIONS.

F.1 Submission by opposing interested parties

22. The opposing interested parties have made the following miscellaneous submissions.
    - i. Hon'ble Supreme Court in the case of *Sarvesh Mathur v. Registrar General, High Court of Punjab and Haryana* recognized that access to justice requires litigants to be afforded the choice of participating in proceedings either physically or virtually through a hybrid hearing mechanism where necessary infrastructure exists.
    - ii. Trade remedy investigations, by their very nature, involve complex questions.
    - iii. These issues frequently require detailed factual explanations, extensive interaction with the Hon'ble Authority, and clarification of technical aspects through continuous dialogue during the hearing.
    - iv. Since the oral hearing was conducted on 16 July 2026, and the deadline to file written submissions was on 19th July 2026, the interested parties were effectively afforded only one working day (excluding the holidays) to prepare comprehensive written submissions dealing with the extensive oral arguments advanced by multiple interested parties during the hearing.
    - v. The impugned timeline effectively deprives interested parties of a meaningful opportunity to present their case and is inconsistent with the principles of natural justice.

F.2 Submission by the domestic industry

23. The domestic industry has made the following submissions.
    - i. The Authority introduced virtual hearings through Trade Notice No. 01/2020 during the COVID-19 pandemic, and the arrangement was extended vide Trade

Notice No. 01/2021. Since then, virtual hearings have become the established practice in trade remedy investigations.

ii. Rule 6(6) does not prescribe the mode of conducting oral hearings. The conduct of hearings, including through video conferencing, is within the discretion of the Authority.

iii. The interested party has failed to demonstrate any prejudice caused by the virtual hearing. It was afforded adequate opportunity to make oral submissions, file post-hearing submissions, and submit rejoinders.

iv. The Authority granted the interested party (IPA) a substantial extension for filing its questionnaire response and also rescheduled the oral hearing at its request, with corresponding extensions for post-hearing and rejoinder submissions. Despite this, the interested party failed to place meaningful information on record.

v. The purpose of an oral hearing is to elaborate upon submissions already made during the investigation. Any new issues raised during the hearing could be addressed through rejoinder submissions.

F.3 Examination by the Authority.

24. Indian Paint Association has requested that the oral hearing be conducted in a hybrid mode wherein interested parties have option of participating in both physical and virtual mode. The interested party had relied upon the decision of Hon'ble Supreme Court in the matter of Sarvesh Mathur v. Registrar General, High Court of Punjab and Haryana and Mayur L. Desai v. State of Maharashtra to claim that where the infrastructure exists, denial of either mode of participation constitutes an unjustified restriction. The interested party has referred to issues such as the product under consideration, PCNs, dumping margin calculations, technical specifications, and confidential information as being complex requiring hybrid hearing.

25. The Authority notes that the Association advanced no submissions on product under consideration, PCNs, dumping margin calculations, technical specifications during the oral hearing or in its subsequent written submissions. Thus, the alleged complexity of the investigation does not demonstrate the necessity for a hybrid hearing. The Authority notes that while trade remedy investigations may involve complex issues, the complexity of the issues does not, by itself, warrant the conduct of hearings in a hybrid mode. The manner in which an oral hearing is conducted falls within the procedural discretion of the Authority, having regard to the efficient conduct of the investigation, administrative feasibility, and the principles of natural justice. The option of a hybrid hearing may be considered on a case-to-case basis where justified. In the present case, the Indian Paint Association has failed to establish any justification for conducting the hearing in a hybrid mode. The Authority is satisfied that all interested parties were afforded a full and reasonable

opportunity to present their case through oral and written submissions. Accordingly, the Authority finds no merit in the request that the hearing should necessarily be conducted in a hybrid mode only.

26. The Indian Paint Association has claimed that the timeline provided for filing post-hearing written submissions was too short which has deprived the interested parties of a meaningful opportunity to present their case. The Authority notes that the investigation was initiated on 5th March 2026 and interested parties were required to file their questionnaire responses within the prescribed time. Upon requests made by the Indian Paint Association, the Authority granted extensions first up to 8th May 2026 and thereafter up to 11th May 2026. Despite the extensions granted, the Indian Paint Association did not file any questionnaire response.

27. The Authority further notes that the oral hearing was initially scheduled for 8 July 2026. At the request of the interested party, the hearing was rescheduled to 16 July 2026, and the revised timelines for filing post-hearing written submissions and rejoinder submissions were communicated well in advance through the notice. The interested parties had 12 days to prepare their post-hearing written submissions. The Authority also notes that the purpose of post-hearing written submissions is to place on record the oral submissions advanced during the hearing and not to respond to the submissions of other interested parties. Any response to the submissions made by other interested parties is to be filed through rejoinder submissions, for which the deadline was 26th July 2026, seven days after the deadline for post-hearing written submissions. In these circumstances, the Authority finds that the interested parties were provided adequate opportunity to present their case, and the contention that insufficient time was granted for filing written submissions is without merit and is accordingly rejected.

28. A communication was also sent to the Indian Paint Association requesting to explain the reasons for not filing any response despite having twice sought extension of time, and to furnish the documents prescribed under Question 3 of Part-I (General Section) of the Economic Interest Questionnaire, including the minutes of the meeting in which it was resolved by the Association to participate in the present investigation on behalf of its members and the list of members who supported, opposed or remained neutral with regard to such participation, along with certain information relevant to the interest of the users stated to be represented by it. While the association has provided the information on by laws and memorandum of association, it has claimed that information on minutes of meeting along with the list of members who opposed or agreed to participate was not available at that stage as the custodian was not present in the country. The association claimed that it would provide relevant information when available. However, no such information has been furnished to date.

29. The user questionnaire responses and economic interest questionnaire responses of M/s Kansai Nerolac Paints Limited and M/s Berger Paints India Limited were filed on 11.05.2026 through the legal representative of the Association and were uploaded on the SETU portal under the registration of the Association. Neither company registered itself as an interested party in terms of paragraph 24 of the initiation notification. On examination, the responses were found to be materially incomplete. In the case of M/s Kansai Nerolac Paints Limited, the transaction-wise purchase details in Annexure-3 were filed without the particulars prescribed in the format, Annexure-5 did not cover the entire period and contained internally inconsistent figures, and Annexure-6 was filed without any data. In the case of M/s Berger Paints India Limited, none of the prescribed data annexures was filed, with a statement that the data was under compilation and would be submitted subsequently. Both responses further stated, at several places, that material aspects would be elaborated upon in the subsequent submissions of the Association; no such submissions were ever filed. Vide letter dated 10.07.2026, the companies were requested to clarify the capacity in which they were participating in the investigation and to provide the requisite information and clarifications. No response to the said letter has been received.

Section -II

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

G.1 Submission by opposing interested parties

30. The opposing interested parties have not made any submissions with regard to normal value, export price and dumping margin.

G.2 Submission by the applicant

31. The domestic industry has made the following submissions with regard to normal value, export price and dumping margin:
    i. China PR should be considered a non-market economy. Should it be contended that Article 15(a)(ii) of China PR's Accession Protocol has already ceased and therefore the same cannot be applied to the present case, Article 15(a)(i) is still applicable and must be considered for determination of normal value for China PR.
    ii. The obligation under 15(a)(i) of China PR's Accession Protocol requires the criterion stipulated in para 8 of Annexure I of the Rules to be satisfied by the exporter.
    iii. Since Chinese producers are not entitled to market economy treatment, the Designated Authority should follow para 7 of Annexure I of the Rules for the determination of Normal Value.
    iv. Normal value has been determined by the applicant based on cost of production in India duly adjusted for selling general and administrative expenses.

G.3 Examination by the Authority

G.3.1 Normal value

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

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

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

the cost of production of the said article in the country of origin along with reasonable addition for administrative, selling and general costs, and for profit, as determined in accordance with the rules made under sub-section 6);

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

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

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

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

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

non-market economy country or the concerned firms from such country may rebut such a presumption by providing information and evidence to the designated authority that establishes that such country is not a non-market economy country on the basis of the criteria specified in sub-paragraph (3).

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

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

34. The following producers/exporters have registered as interested parties in the present investigation:

SN	Name of interested party
a.	Rika Technology Company Limited
b.	Fujian Kuncai Material Technology Company Limited
c.	Henan Lingbao New Materials Technology Company Limited
d.	Henan Lingbao New Materials Company Limited

35. Henan Lingbao New Materials Technology Company Limited and Henan Lingbao New Materials Company Limited registered but did not file any exporter questionnaire response. Accordingly, a separate dumping margin for these producers has not been determined.

36. At the stage of initiation, the Authority proceeded with the presumption of treating China PR as a non-market economy country. Upon initiation, the Authority advised the producers/exporters in China PR to respond to the notice of initiation and provide information on whether their data/information could be adopted for normal value determination. The Authority sent copies of the market economy treatment/supplementary questionnaire to all the known producers/exporters in China PR to provide relevant information in this regard.

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

> "*(a) In determining price comparability under Article VI of the GATT 1994 and the Anti-Dumping Agreement, the importing WTO Member shall use either Chinese prices or costs for the industry under investigation or a methodology that is not based on a strict comparison with domestic prices or costs in China based on the following rules:*
>
> *(i) If the producers under investigation can clearly show that market economy conditions prevail in the industry producing the like product with regard to the manufacture, production and sale of that product, the importing WTO Member shall use Chinese prices or costs for the industry under investigation in determining price comparability;*
>
> *(ii) The importing WTO Member may use a methodology that is not based on a strict comparison with domestic prices or costs in China if the producers under investigation cannot clearly show that market economy conditions prevail in the industry producing the like product with regard to manufacture, production and sale of that product.*
>
> *(b) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO Member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.*

(c) The importing WTO Member shall notify methodologies used in accordance with subparagraph (a) to the Committee on Anti-Dumping Practices and shall notify methodologies used in accordance with subparagraph (b) to the Committee on Subsidies and Countervailing Measures.

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

38. It is noted that while the provision contained in Article 15 (a)(ii) of China's Accession Protocol has expired on 11th December 2016, the provision under Article 2.2.1.1 of WTO read with obligation under Article 15(a)(i) of the Accession Protocol requires the criterion stipulated in para 8 of Annexure I of the Rules to be satisfied through information/data to be provided in the supplementary questionnaire on claiming the market economy status.

39. The Authority notes that none of the producers/exporters from China PR have filed the supplementary questionnaire to rebut this presumption as mentioned in para 8 of Annexure I of the Rules. Under these circumstances, the Authority has to proceed in accordance with para 7 of Annexure I of the Rules.

40. It is noted that paragraph 7 of Annexure I to the Rules stipulates three methods of constructing the normal value for non-market economies: (a) on the basis of price or constructed value in a market economy third country; (b) export price from a third country to other countries, including India; and (c) on any other reasonable basis**.** The Authority notes that under the provisions of paragraph 7 of Annexure-I to the AD Rules, the normal value must first be determined on the basis of the price or constructed value in a market economy third country, or the price of the exports from such country to other countries, including India. However, when such basis is not possible, only then the Authority can determine normal value on any other reasonable basis, including the price paid or payable in India.

41. In the application filed before the Authority, the domestic industry had claimed normal value based on the price payable in India, duly adjusted for reasonable administrative, selling and general costs, and profits.

42. None of the interested parties, including the domestic industry, have provided any information on record which would allow determination of normal value based on price or constructed value in a market economy third country, or price of exports from a third country to other countries, including India. It is seen that in the original and the midterm review investigation, the normal value was determined based on the price paid or payable in India duly adjusted for reasonable administrative, selling and general costs, and profits.

43. It is therefore proposed to determine normal value based on the price payable in India, having regard to the optimized cost of production in India, duly adjusted for reasonable administrative, selling and general costs, and profits. Accordingly, PCN wise normal value has been determined.

G.3.2 Export price

i. Rika Technology Company Limited.

44. Rika Technology Company Limited (Rika) is a producer of the product under consideration in China and has directly exported the product under consideration to unaffiliated customers in India. The producer has exported ***MT of the product, under four commercial invoices, at an invoice value of ***USD.

45. The producer has claimed adjustments on account of ocean freight, marine insurance, inland transportation, port and related expenses, bank charges, VAT and credit cost and the same has been accepted. PCN-wise export price has been determined for the producer and the weighted average export price at ex-factory level is shown in the dumping margin table below.

ii. Fujian Kuncai Material Technology Company Limited

46. Fujian Kuncai Material Technology Company Limited (Kuncai) is a producer of the product under consideration in China and has exported the product under consideration to India, partly to unaffiliated customers and partly through its affiliated entity in India, which has resold the goods to unaffiliated customers in India. The producer has exported ***MT of the product at an invoice value of *** USD.

47. The Authority has examined the claim with reference to the transaction-wise data and has accepted the adjustments as claimed, except as under. First, for transactions where inland transportation was reported as nil on the ground that the goods were delivered to the port by the exporter's own vehicles, the Authority has considered a notional inland freight, determined as the weighted average of the inland transportation reported by the exporter itself for the remaining transactions, since the movement of goods from the factory to the

port involves a cost irrespective of the ownership of the vehicle. Second, for conversion of the ex-factory price into US dollars, the Authority has instead applied the transaction-wise exchange rates recorded in the exporter's own listing.

iii. Non-cooperative producers/exporters

48. The net export price for the remaining producers has been determined by considering the facts available.

G.3.3 Dumping margin

49. Considering the normal value and the export price for the product under consideration as determined above, the dumping margin for the product under consideration from the subject country has been determined as below: -

Particulars	Unit	Kuncai	Rika	All other producers/ exporters
Constructed normal value, weighted average	USD/MT	***	***	***
Net export price, weighted average	USD/MT	***	***	***
Dumping margin	USD/MT	***	***	***
Dumping margin	%	***	***	***
Dumping margin	Range (%)	30-40	40-50	60-70

50. It is seen that the dumping margin is more than *de-minimis* for the producers/exporters from China PR. Dumping from the subject country has continued.

Section -III

H. ASSESSMENT OF INJURY AND CAUSAL LINK

H.1 Submission of the other interested parties

51. The other interested parties have made the following submissions with regards to injury and causal link:
    i. Cash losses of the domestic industry have turned into positive which clearly shows that the domestic industry has neither suffered any injury nor is there any likelihood
    ii. The installed capacity and capacity utilization of the domestic industry increased by 18% in the period of investigation as compared to the previous years.
    iii. The production of the domestic industry increased significantly in the period of investigation as compared to previous years.
    iv. The domestic sales of the domestic industry increased significantly in the period of investigation as compared to the base years i.e., by 60%.
    v. The domestic industry was in net losses throughout the injury period despite both anti-dumping and CVD duties in force. It clearly shows that the imports from China PR is not a cause of injury. The domestic industry is facing injury on account of its internal inefficiencies.
    vi. As per the market intelligence of RIKA, imports of synthetic MICA increased by around 300% in the last four years. Demand for the product is being substituted by Synthetic MICA.
    vii. The capacity of the domestic industry increased significantly from 100 in the base year to 118 during the period of investigation. This has increased the cost of the domestic industry significantly and is the real cause of injury to the domestic industry.
    viii. The export sales of the domestic industry declined significantly from 104 in 2020-21 to 94 during the period of investigation.
    ix. The domestic industry has suffered injury on account of the increase in the fixed cost per unit due to decline in production as export sales declined significantly.
    x. The production of product under consideration of the domestic industry declined from 136 in 2024-25 to 127 during the period of investigation.
    xi. Imports of the product under consideration from the subject country have consistently declined over the injury period.
    xii. Applicant is an export-oriented manufacturer of the product under consideration, and its export volumes as per trends, have remained substantial throughout the injury period.
    xiii. Import prices from China have increased in the period of investigation. The import prices stood at 5.19 lakhs (Rs/MT) in 2022-23, then increased to 5.69

lakhs in 2023-24, then declined to 3.42 lakhs in 2024-25, and then substantially rose to 6.16 lakhs in the period of investigation.

xiv. Had prices of imports from China been the determining factor in influencing the applicant's pricing decisions, the applicant's prices would be reasonably expected to have risen and fallen in tandem with the fluctuations of Chinese prices.

xv. Applicant's market share has increased from an indexed 100 in the base year to 139 in the period of investigation. On the other hand, the market share recorded by the subject country shows a fall from 100 in the to 53 in the period of investigation.

xvi. NSR is a voluntary business decision and depends on multiple factors including the cost of production. Mere presence of price undercutting, in itself, cannot be treated as a conclusive indicator of material injury or material retardation.

xvii. If the cost of production of the domestic industry is inefficient due to misallocation of expenses, internal deficiencies or other company-specific factors, it will lead to an inflated cost of production and thereby a higher selling price that is not in consonance with prevailing market norms.

xviii. Poor returns arising from the applicant's own voluntary capacity expansion decisions cannot be attributed to subject imports.

xix. Applicant's plants are not dedicated to the product under consideration and cost allocation across product specific lines needs verification.

xx. The applicant has strong export orientation as around 30%-40% of its produce is exported despite huge demand in the India market and protection of anti-dumping duty.

xxi. Domestic industry has provided that the volume of imports of product under consideration from China was 798 MT and in the demand between 10,000–15,000 MT, Chinese imports constitute a mere 5-8% share. The small volume of imports cannot reasonably be regarded as the cause of any material injury suffered.

H.2 Submission of the domestic industry

52. The domestic industry has made the following submissions with regards to injury and causal link:

i. The imposition of duty has allowed the domestic industry to survive in the domestic market. The domestic industry has invested in the product by expanding its capacity. Had the anti-dumping duty been not in force, the domestic industry would have been able to sustain in the domestic market. Therefore, continuation of anti-dumping duty is critical for the survival of the domestic industry.

ii. Imports from the subject country declined following the imposition of anti-dumping duty, increased in 2024-25, and declined again during the period of investigation. Overall, imports have declined in both absolute and relative terms over the injury period.

iii. Price undercutting by the subject imports continues to remain positive.

iv. The domestic industry incurred losses in the base year due to a sharp increase in raw material costs without a corresponding increase in import prices. The subsequent mid-term review established that dumping had intensified.

v. The existing anti-dumping duty has prevented further deterioration in the domestic industry's performance and enabled a partial recovery from injury.

vi. The domestic industry expanded its capacity by adding a new production line in 2023-24. The available capacity is sufficient to meet the entire domestic demand; however, the plants also manufacture other mica-based pigments.

vii. Production, domestic sales, and capacity utilisation have improved over the injury period, but the domestic industry continues to operate with substantial idle capacity, and production remains below installed capacity.

viii. The domestic industry's market share has increased while the market share of subject imports has declined. Nevertheless, dumped imports continue to account for nearly 20% of Indian demand.

ix. Although financial performance has improved over the injury period, the domestic industry continues to incur losses, with negative return on investment and profit before interest and tax. Cash profits have turned positive only in the period of investigation.

x. The domestic industry has suffered losses exceeding ₹ ***crore during the injury period against net fixed assets of about ₹ *** crore, demonstrating its continued vulnerability to dumped imports.

xi. Persistent losses have adversely affected the domestic industry's ability to generate returns, attract investment, and finance working capital requirements. In the absence of continued protection, the likelihood of further financial deterioration is significant.

xii. The anti-dumping duty has resulted in improvement in growth and volume parameters; however, price-related parameters continue to remain adverse, and the domestic industry has not achieved a sustainable recovery.

xiii. Contrary to the submission of the interested parties, only 10-15% of the production has been exported by the domestic industry. The primary market for the domestic industry is domestic market.

xiv. On the submission of the interested parties that the capacity expansion has led to injury, the capacity expansion happened in 2023-24, and the losses of the domestic industry declined thereafter. Had the capacity expansion been a cause of injury, the losses would have increased.

H.3 Examination by the Authority

53. Rule 11 of Antidumping Rules read with Annexure II provides that an injury determination shall involve examination of factors that may indicate injury to the

domestic industry, "… *taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on the domestic producers of such articles…".* In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, inventory, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the Anti-Dumping Rules.

54. 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 has considered all injury parameters and, thereafter, concludes whether injury to the domestic industry continues, or recur, in case the antidumping duty is ceased. The Authority has examined the injury parameters objectively considering the facts and arguments submitted by the domestic industry and other interested parties.

55. The Authority has taken note of various submissions made by the domestic industry and other interested parties on injury and causal link and has analyzed the same considering the facts available on record and applicable laws. The injury analysis carried out by the Authority *ipso facto* addresses submissions made by the domestic industry and other interested parties.

56. The Authority has also examined the arguments and counterarguments of the interested parties with regard to injury to the domestic industry. The injury analysis made by the Authority hereunder addresses the various submissions made by the interested parties.

57. The Authority notes that the domestic industry has recognized that with the imposition of anti-dumping duty, the domestic industry has been able to survive in the domestic market. Prior to the imposition of anti-dumping duty, the adverse effect of dumping was felt on both the volume and price parameters of the domestic industry. However, with the imposition of anti-dumping duty, the domestic industry has recorded improvement. It is considered that the legal requirement of an original investigation is different from the sunset review investigation. The requirement in a sunset review investigation is to examine whether the expiry of the said anti-dumping duty is likely to lead the continuation or recurrence of dumping and injury to the domestic industry. Reference is drawn to the decision of CESTAT in the case of

Kalyani Steel Limited vs Designated Authority 2006 (203) ELT 418 (Tri – Delhi), which has held that marginal improvement in some parameters on account of imposition of duty does not mean that the adverse effects of dumped imports are completely eliminated.

58. On the submission of the interested parties that the injury to the domestic industry has been caused due to the shifting of demand from Natural Mica (product under consideration) to Synthetic Mica (non-product under consideration), it is seen that the demand for the product (PUC) has increased when seen over the injury period. The domestic industry has also seen an increase in domestic sales. Had the demand shifted from Natural Mica to Synthetic Mica, the demand and the domestic sales of the domestic industry would have declined. Therefore, a possible decline in demand due to shifting from Natural Mica to Synthetic Mica cannot be a cause of injury to the domestic industry.

59. On the submission that the net selling price of the domestic industry is a voluntary decision and positive price undercutting cannot be considered a factor showing injury, the contention of the interested parties is misplaced. While the net sales realization is determined by the domestic industry, it is influenced by prevailing market conditions. Where the dumped imports are available at prices below the domestic industry's selling price, the domestic industry is constrained from increasing its prices to remunerative levels.

60. On the submission that poor returns arising from the domestic industry's capacity expansion cannot be attributed to dumped imports, it is noted that the domestic industry undertook the capacity expansion to cater to growing domestic demand and achieve economies of scale. It is further noted that, despite the increase in production and capacity utilisation following the expansion, the domestic industry continues to incur losses and earn negative returns due to the continued presence of dumped imports. The losses were high in the period prior to capacity expansion and have declined post expansion, which shows that capacity expansion cannot be a cause of injury.

61. On the submission that the manufacturing facilities also produce other mica-based pigments which require verification, it is noted that the domestic industry has maintained product-specific cost records and allocated common costs using accepted cost accounting principles. The cost allocation methodology has been examined and verified by the Authority during the investigation. In the absence of any evidence demonstrating incorrect allocation, a mere allegation does not undermine the reliability of the injury analysis.

62. On the submission of the interested parties that the injury is due to high fixed costs due to the decline in export sales, it is seen that the production and export sales of

the domestic industry have increased over the injury period and the losses suffered by the domestic industry have declined. Therefore, the contention of the interested parties cannot be accepted.

63. On the submission of the interested parties that the domestic industry has continued to incur losses despite the imposition of anti-dumping and countervailing duties, which demonstrates that such losses are not attributable to low-priced imports from China. It is noted that the scope of the product under consideration in the anti-dumping and anti-subsidy investigations is different. Both the anti-dumping and countervailing measures are applicable only to industrial-grade natural mica. Therefore, the claim that entire low-priced imports from China attract both anti-dumping and countervailing measures is incorrect. It is further noted that though the losses suffered by the domestic industry have declined during the injury period, the injury analysis undertaken below demonstrates that the landed price of the subject imports is below both the cost of sales and the selling price of the domestic industry. The Authority, therefore, notes that the subject imports have exerted price pressure on the domestic industry. It is also considered that the interested parties have not highlighted any factor which according to them could have caused injury to the domestic industry. Therefore, the submissions are rejected.

H.3.1 Volume effect of the dumped imports

a. Assessment of demand/consumption

64. The Authority has determined demand or apparent consumption of the product in India as the sum of domestic sales of the domestic industry and imports of the product from all sources.

SN	Particulars	UOM	2022-23	2023-24	2024-25	POI
1	Sales of domestic industry	MT	***	***	***	***
	Trend	Index	100	125	153	160
2	Imports from subject country	MT	1,183	994	973	809
3	Import from other countries	MT	137	219	206	189
4	Demand	MT	***	***	***	***
	Trend	Index	100	111	126	124

65. It is seen that the demand for the product has increased over the injury period, with a slight decline during the period of investigation compared to previous year.

b. Imports in absolute and relative terms

66. With regards to the volume of dumped imports, the Authority is required to consider whether there has been a significant increase in the dumped imports, either in absolute terms or relative to production or consumption in India. For the purpose of the injury analysis, the Authority has relied on the DG system import data. The information is as below:

SN	Particulars	UOM	2022-23	2023-24	2024-25	POI
1	Imports from subject country	MT	1,183	994	973	809
2	Import from other countries	MT	137	219	206	189
3	Imports in relation to					
a	Indian production	%	***	***	***	***
	Trend	Index	100	61	52	43
b	Indian consumption	%	***	***	***	***
	Trend	Index	100	76	65	55
c	Total imports	%	***	***	***	***
	Trend	**Index**	**100**	**91**	**92**	**90**

67. It is seen that:
   i. Imports from the subject country have declined over the injury period, post imposition of anti-dumping duty.
   ii. With the imposition of anti-dumping duty, the imports in relation to production and consumption have also declined.

H.3.2 Price effect of the dumped imports

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

a. Price undercutting

69. Price undercutting has been determined by comparing the net sales realization of the domestic industry with the landed price of imports for the period of investigation. Price undercutting has been compared based on PCN wise basis.

SN	PCN	Import volume (MT)	Landed price (Rs/MT)	NSR (Rs/MT)	Undercutting (Rs/MT)	Undercutting (%)

1	A1L	2.500	11,50,129	***	***	***
2	A1R	42.325	11,08,686	***	***	***
3	A1S	0.425	11,72,631	***	***	***
4	A2R	6.375	17,01,668	***	***	***
5	A2S	40.200	12,51,680	***	***	***
6	A3R	46.380	14,43,659	***	***	***
7	A4R	4.650	15,74,328	***	***	***
8	A4S	1.000	15,47,340	***	***	***
9	A5R	0.025	76,42,017	***	***	***
10	N1L	32.350	3,85,216	***	***	***
11	N1R	164.639	3,67,483	***	***	***
12	N1S	141.395	4,01,128	***	***	***
13	N2L	52.250	5,38,484	***	***	***
14	N2R	116.050	6,69,800	***	***	***
15	N2S	122.758	6,99,214	***	***	***
16	N3R	34.300	5,24,852	***	***	***
17	N4R	1.235	5,25,658	***	***	***
18	N5R	0.100	14,41,891	***	***	***
	Total / weighted average	**809**	6,52,269	***	***	10-20

70. It is seen that the price undercutting is positive.

b. Price suppression and depression

71. In order to determine whether the dumped imports are depressing the domestic prices and whether the effect of such imports is to suppress prices to a significant degree or prevent price increases which otherwise would have occurred in normal

course, the changes in the costs and prices over the injury period were compared as below:

SN	Particulars	UOM	2022-23	2023-24	2024-25	POI
1	Cost of sales of domestic industry	₹/MT	***	***	***	***
	Trend	Index	100	101	95	87
2	Selling price of domestic industry	₹/MT	***	***	***	***
	Trend	Index	100	100	98	97

72. It is seen that when seen over the injury period, both the cost of sales and selling price of the domestic industry have declined. While the cost has declined by 13 index points, the selling price has declined by 3 index points. The domestic industry has stated that the imposition of anti-dumping duty has allowed it to survive, and the losses have significantly declined. The domestic industry has been unable to achieve remunerative level and therefore, its prices are depressed.

I.3.1 Economic parameters of the domestic industry

73. Annexure II to the Rules provides that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital investments. The various injury parameters relating to the domestic industry are discussed below. The Authority has examined the injury parameters objectively taking into account various facts and arguments made by the interested parties in their submissions.

a. Production, capacity, capacity utilisation and domestic sales

74. The Authority has considered capacity, production, capacity utilization and domestic sales of the domestic industry over the injury period.

SN	Particulars	UOM	2022-23	2023-24	2024-25	POI
1	Capacity	MT	***	***	***	***
	Trend	Index	100	118	118	118
2	Production - Total	MT	***	***	***	***
	Trend	Index	100	137	151	149

3	Capacity utilisation	%	***	***	***	***
	Trend	Index	100	116	128	126
4	Production Like Article	MT	***	***	***	***
	Trend	Index	100	137	159	159
5	Domestic sales	MT	***	***	***	***
	Trend	Index	100	125	153	160
6	Export sales	MT	***	***	***	***
	Trend	Index	100	188	188	186

75. It is seen:
    i. The domestic industry has expanded capacity over the injury period. It has been stated that imposition of anti-dumping duty has allowed the domestic industry to increase capacity.
    ii. The capacity utilisation of the domestic industry has increased over the injury period. The domestic industry is, however, operating with idle capacity despite there being sufficient demand.
    iii. The production of the domestic industry has increased over the injury period.
    iv. The domestic sales of the domestic industry have increased over the injury period.
    v. The imposition of anti-dumping duty has allowed the domestic industry to improve its volume parameters.

b. Market share

76. The Authority has examined the effect of the dumped imports on the market share of the domestic industry, subject country and other countries as under.

SN	Market share of	UOM	2022-23	2023-24	2024-25	POI
1	Domestic industry	%	***	***	***	***
	Trend	Index	100	113	121	129
2	Subject country	%	***	***	***	***
	Trend	Index	100	76	65	55
3	Other countries	%	***	***	***	***
	Trend	Index	100	145	120	111

77. It is seen that:
    i. The market share of the domestic industry has increased over the injury period.
    ii. The market share of the subject country has declined.
    iii. The market share for other countries has increased.
    iv. With the imposition of anti-dumping duty, the market share of the domestic industry has improved.

c. Profitability, cash profit and return on capital employed

78. The performance of the domestic industry has been examined in respect of profitability, profits, cash profits, PBIT, and return on investment.

SN	Particulars	UOM	2022-23	2023-24	2024-25	POI
1	Profit/(Loss)	₹/MT	***	***	***	***
	Trend	Index	-100	-109	-78	-32
2	Profit/(Loss)	₹ Lacs	***	***	***	***
	Trend	Index	-100	-136	-119	-51
3	PBIT	₹ Lacs	***	***	***	***
	Trend	Index	-100	-144	-128	-47
4	Cash Profit	₹ Lacs	***	***	***	***
	Trend	Index	-100	-127	-103	40
5	ROCE	%	***	***	***	***
	Trend	Index	-100	-86	-65	-24

79. It is seen that –
   i. The domestic industry has suffered financial losses over the entire injury period. However, the degree of losses has declined over the injury period.
   ii. The cash losses and losses before interest have also declined over the injury period. While cash losses have turned into cash profit, the profit before interest continues to remain negative.
   iii. The domestic industry's return on capital employed continued to remain negative over the injury period.
   iv. With the imposition of anti-dumping duty, the losses suffered have declined. However, the domestic industry continues to suffer financially. It has been stated by the domestic industry that the imposition of anti-dumping duty has prevented further deterioration in its performance and enabled a partial recovery.

d. Inventories

80. The performance of the domestic industry has been examined in respect of inventory and is shown below.

SN	Stock	Unit	2022-23	2023-24	2024-25	POI
1	Opening stock	MT	***	***	***	***
	Trend	Index	100	73	166	312
2	Closing stock	MT	***	***	***	***
	Trend	Index	100	229	241	286
3	Average Stock	MT	***	***	***	***

	Trend	Index	100	139	198	301

81. The closing inventory with the domestic industry has increased sharply over the injury period.

e. Employment, wages and productivity

82. Employment, wages and productivity of the domestic industry over the injury period is given in the table below:

SN	Particulars	UOM	2022-23	2023-24	2024-25	POI
1	Salary & Wages	₹ Lacs	***	***	***	***
	Trend	Index	100	114	129	142
2	No. of Employees	Nos	***	***	***	***
	Trend	Index	100	99	102	105
3	Productivity per day	MT/days	***	***	***	***
	Trend	Index	100	137	159	159
4	Productivity per employee	MT/Nos	***	***	***	***
	Trend	Index	100	139	156	151

83. It is seen that the salaries and wages paid by the domestic industry and number of employees have improved over the injury period. Productivity per day and per employee has also increased over the injury period.

f. Growth

84. The table below shows the information on growth.

SN	Particulars	UOM	2023-24	2024-25	POI
1	Production – Like article	Y/Y	37%	15%	0%
2	Domestic sales	Y/Y	25%	22%	5%
3	Profit/(Loss) per MT	Y/Y	(-) 9%	29%	59%
4	Profit/(Loss) Rs lakhs	Y/Y	(-) 36%	13%	57%
5	PBIT in Rs lakhs	Y/Y	(-) 44%	11%	63%
6	Cash Profit in Rs lakhs	Y/Y	(-) 27%	19%	139%

85. It is seen that the domestic industry has recorded a positive growth in both volume and price parameters. While production and sales have improved, the domestic industry continues to remain in losses with the degree of losses declining over the injury period.

g. Ability to raise capital investment

86. It is seen that the domestic industry has increased its capacity. However, the domestic industry continues to remain in losses. While there are a large number of producers of other types of pigments in India, the domestic industry continues to remain the sole producer as the dumped prices continue to adversely affect the operations. The ability to raise capital investment or raise money for capital employed has been impacted.

h. Factors affecting the domestic prices.

87. The examination of imports data shows that the weighted average price undercutting is positive and the landed price of imports from the subject country is below the cost of sales of the domestic industry. There is no other producer in the domestic market and therefore, the domestic industry would price its product based on the prices offered by the exporters in the subject country. The landed price of imports from other countries is higher and therefore, the dumped imports from the subject country have affected the prices of the domestic industry.

i. Magnitude of dumping

88. The investigation has shown that dumping margin is positive and above *de-minimis level.* It is seen that there is continued dumping of the subject goods in India from the subject country.

j. Analysis on Injury

a. Although the volume of imports from the subject country has declined during the injury period, the imports continue to remain significant in both absolute terms and relative to production and consumption, despite the anti-dumping duty being in force.
b. The landed price of the subject imports is below the cost of sales of the domestic industry while the weighted average price undercutting is positive.
c. The continued presence of dumped imports has prevented the domestic industry from increasing its prices to a remunerative level. Consequently, the domestic industry's selling prices continue to remain below its cost of sales.
d. Following the imposition of anti-dumping duty, the domestic industry's production, sales, and capacity utilisation have improved. However, the industry continues to operate with substantial unutilised capacity.
e. Inventories of the domestic industry have increased over the injury period.
f. While the domestic industry's market share has improved, the subject imports continue to retain a significant share of the Indian market despite the anti-dumping duty.

g. The domestic industry continues to suffer significant financial losses, negative return on capital employed, and inadequate cash profits.

h. The domestic industry has recorded positive growth in volume-related parameters, accompanied by some improvement in price-related parameters. However, the price parameters continue to remain adverse and do not reflect a sustainable recovery.

i. The dumped imports from the subject country continue to exert significant price depressing effects on the domestic industry, preventing it from recovering its costs and earning a reasonable return.

I. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF INJURY

I.1 Submission of the other interested parties

89. The other interested parties have made the following submissions with regards to likelihood of injury

i. There is no likelihood of injury.

ii. RIKA Technology has undertaken miniscule capacity expansion.

iii. The mere existence of surplus production capacity in the subject country does not, by itself, establish that such capacity is likely to be directed towards the Indian market.

iv. The Applicant has failed to furnish any data or evidence regarding the bifurcation of the alleged surplus capacities between natural mica-based pearl industrial pigments (which constitute the product under consideration) and synthetic mica-based pearl industrial pigments (which fall outside the scope of the PUC).

I.2 Submission of the domestic industry

90. The domestic industry has made the following submissions with regard to likelihood of injury:

i. China PR is the world's largest exporter of pearlescent pigments, supported by strong supply chains, raw material availability, and export incentives, including a 13% export tax rebate on pigments and pigment-based products.

ii. China's proposed 15th Five-Year Plan promotes the chemical industry, new materials, industrial upgradation, and export-oriented growth, providing continued policy support to pigment producers.

iii. Mica-based pearlescent pigments have been classified as a Strategic Emerging Industry under China's Classification of Strategic Emerging Industries (2023).

iv. The Guidance Catalogue for the First Batch of Application Demonstration of Key New Materials (2024) identifies high-performance pigments as key new materials for industrial development and Guidance Catalogue for Industrial Restructuring (2024) categorizes pigments under the "Encouraged" category, reflecting continued government support.

v. The 14th Five-Year Plan also recognizes the importance of the pearlescent pigment industry, as noted by the Authority in the countervailing duty investigation concerning effect pearlescent pigments.

vi. Chinese producers have undertaken substantial capacity expansions, including Global New Material International (12,000 MT), Fujian Kuncai (20,000 MT), Rika Technology (8,000 MT), and Luohe Pearlescent New Materials (2,000 MT).

vii. These capacity additions have been undertaken despite existing excess capacity and can be utilized to manufacture the product under consideration.

viii. The Chinese pearlescent pigment market is projected to grow from approximately USD 391 million in 2024 to USD 758 million by 2033, indicating continued expansion of the industry.

ix. Since the product under consideration does not have a dedicated HS code, the domestic industry has relied on Chinese export data under HS Code 320619 as the best available information to assess export trends.

x. Analysis of third-country exports shows that approximately 99.7% of Chinese exports were dumped and injurious, while 81.7% were priced below the prices charged by Chinese exporters in India, indicating a strong likelihood of export diversion to India in the absence of duties.

xi. China's exports of the relevant HS category have increased significantly, demonstrating the expanding export orientation of the Chinese pearlescent pigment industry and the likelihood of continued exports to India.

I.3 Examination by the Authority

91. The Authority has examined the likelihood of continuation or recurrence of injury considering the requirement laid down under Section 9A (5), Rule 23 and parameters relating to the threat of material injury in terms of Annexure - II (vii) of the anti-dumping rules, and other relevant factors brought on record by the interested parties.

92. The present investigation is a sunset-review of duties imposed on the imports of the product under consideration. Under the Rules, the Authority is required to determine whether cessation of existing duty is likely to lead to continuance or recurrence of dumping and injury to the domestic industry.

93. There are no specific methodologies available to conduct such a likelihood analysis. However, Clause (vii) of Annexure II of the Rules provides, inter alia, for factors which could be taken into consideration, viz.

i. A significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation.

ii. 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.

iii. 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

iv. Inventories of the article are being investigated.

94. The Authority has, *inter alia*, considered the above requirements and in order to determine whether dumping is likely in the event of cessation of anti-dumping duty, and if so, whether the same is likely to cause injury to the domestic industry in case of cessation of anti-dumping duty. Additionally, the Authority has relied on all the relevant information brought on record by the domestic industry and the other interested parties.

95. On the submission of the interested parties that domestic industry has not provided segregated information on capacity expansion for the product under consideration, the Authority notes from the information filed by the participating producers (Appendix-1) from the subject country and the information filed by the domestic industry (Proforma IVA) that the plants for the product under consideration are not dedicated to produce effect pigment of a particular form (natural or synthetic) and effect pigment for a particular application (cosmetic, industrial or automobile). Both the domestic industry and the producers from China have reported production of product under consideration and non-product under consideration. Therefore, the Authority considers that information on segregated capacity expansion may not be available. It is also recognized that the interested parties have not provided any information showing that the capacity expansions are not planned for non-product under consideration.

a. Continued dumping.

96. The table below shows the dumping margin determined in the original investigation, mid-term review investigation and the present review investigation.

SN	Particulars	Original investigation	Mid-term review	SSR
1	Fujian Kuncai Material Technology Company Limited	0-10%	10-20%	30-40%
2	Zhejiang Coloray Technology Development Company Limited	Not participated	70-80%	Not participated
3	Henan Lingbao New Materials Technology Company Limited	Not participated	70-80%	Not participated
4	Rika Technology Company Limited	Not participated	Not participated	40-50%

97. It is seen that the dumping from China has continued. The continuation of dumping in the current period shows the likelihood of dumping in event of expiry of measures.

b. Third country export below normal value.

98. The Authority has examined the third country exports of the participating producers to examine if the third country exports are below associated normal value. The analysis has been undertaken considering the PCN methodology adopted. The table below summarizes the information.

Particulars	Unit	Kuncai	Rika
Exports to third countries	MT	***	***
Exports below normal value	MT	***	***
Exports below normal value	%	***	***
Exports below normal value	Range	85-95	90-100

99. It is seen that out of the total exports by Fujian Kuncai Material Technology Company Limited, ***% of third-country export volumes during the period of investigation are below normal value. In case of Rika Technology Company Limited, ***% exports are below normal value.

c. Third country export below non-injurious price.

100. The Authority has examined the third country's exports of the participating producers to examine if the third country exports are below non-injurious price. The analysis has been undertaken considering the PCN methodology adopted. The table below summarizes.

Particulars	Unit	Kuncai	Rika
Exports to third countries	MT	***	***
Exports below non-injurious price	MT	***	***
Exports below non-injurious price	%	***	***
Exports below non-injurious price	Range	70-80	90-100

101. It is seen that out of the total exports by Fujian Kuncai Material Technology Company Limited, ***% of third-country export volumes during the period of investigation are below the non-injurious price. In case of Rika Technology Company Limited, it is seen that ***% are below the non-injurious price. It is therefore considered that if the third country exports are diverted to the Indian market, they would enter the domestic market at injurious prices likely to cause material injury to the domestic industry.

d. Idle capacities.

102. The Authority has examined the Appendix 1 filed by the participating producers to examine if the producers in China are operating with idle capacities.

SN	Particulars	Capacity in MT	Production in MT	Idle capacity in MT
1	Fujian Kuncai Material Technology Company Limited	***	***	***
2	Rika Technology Company Limited	***	***	***

103. It is seen that the idle capacity with Kuncai alone is *** MT, which is more than twice the entire demand in India during the period of investigation.

e. Export orientation.

104. The Authority has examined the Appendix 1 filed by the participating producers to examine the export orientation of the producers in China.

SN	Particulars	Export sales in MT	Total sales in MT	Export orientation %	Export orientation (Range)
1	Fujian Kuncai Material Technology Company Limited	***	***	***	30-40
2	Rika Technology Company Limited	***	***	***	20-30

105. It is seen that data from both the participating producers shows that the producers are export oriented.

106. The domestic industry has highlighted new articles showing that faced with over capacity situation, China PR's pearlescent pigment industry is currently facing a structural oversupply problem. The domestic industry has highlighted the following capacity expansions: -

Company	Expansion
Global New Material International	12,000 MT
Fujian Kuncai Material Technology Company Ltd.	20,000 MT
Rika Technology Company Ltd.	8,000 MT
Luohe Pearlescent New Materials Company Limited	2,000 MT

Total expansion	42,000 MT

107. It is seen that the producers in China were already operating with idle capacity (as examined above). The producers have undertaken further capacity expansion.

108. The domestic industry has also highlighted that if the export data from China is examined, the exports from China have consistently increased. The table below shows the information provided by the domestic industry.

2022-Q2	**2022-Q3**	**2022-Q4**	**2023-Q1**	**2023-Q2**	**2023-Q3**	**2023-Q4**
2,694	3,229	3,010	3,009	4,041	4,252	4,015
2024-Q1	**2024-Q2**	**2024-Q3**	**2024-Q4**	**2025-Q1**	**2025-Q2**	**2025-Q3**
5,023	3,982	4,223	5,782	7,091	10,109	9,963

Source – Trademap data - 320619

109. The domestic industry has also provided evidence showing that the Government of China has recognized the pigment industry as emerging industry under which it will propose the upgradation of 'key industries' and accelerate the development of strategic emerging industrial clusters. The proposed outline of China PR's 15th Five-Year Plan focuses on the development of the pearlescent pigment industry.

110. Based on the foregoing analysis, it is evident that producers in China PR have been continuously expanding their production capacities with a strong export orientation. A significant proportion of their production is intended for export markets, reflecting their increasing dependence on external demand. In the event of expiry of the existing anti-dumping duties, there is a strong likelihood that producers in China will utilize these capacities to target the Indian market, leading to a significant increase in imports into the Indian market.

J. CAUSAL LINK & NON-ATTRIBUTION ANALYSIS

111. As per the Rules, the Authority is required to, inter alia, examine any known factors other than dumped imports which are injuring or are likely to cause injury to the domestic industry, so that the injury caused by these other factors may not be attributed to the dumped imports. While the present investigation is a sunset review investigation and causal link has already been examined in original investigation, the Authority examined whether other known listed factors have caused or are likely to cause injury to the domestic industry. It was examined whether other factors listed under the Rules could have contributed or are likely to contribute to the injury suffered by the domestic industry.

a. Volume and price of imports from third countries

112. It is noted that apart from the imports from the subject country, there were imports above de-minimis level from the European Union. However, imports from these countries are priced significantly higher than the domestic industry prices and the import price from subject country. Therefore, imports from other countries are neither causing nor likely to cause injury to the domestic industry.

b. Contraction in demand

113. It is seen that the demand for the product under consideration has increased over the injury period. Therefore, a possible decline in demand is neither causing nor likely to cause injury to the domestic industry.

c. Trade restrictive practices

114. It is seen that there is no restrictive trade practice which has caused or is likely to cause injury to the domestic industry.

d. Development of technology

115. It is noted that information on record shows that technology for production of the product has not undergone any change. Therefore, development in technology is neither causing nor likely to cause injury to the domestic industry.

e. Export performance

116. The domestic industry has exported the product under consideration and these exports have increased. The Authority has considered segregated data for domestic operations only. Therefore, the injury found above cannot be attributed to the export performance.

f. Performance of other products of the company

117. The Authority has considered data relating to the performance of the subject goods only. Therefore, performance of other products is neither causing nor likely to cause injury to the domestic industry.

g. Causal link between dumping and likelihood of injury.

118. The factors listed above clearly establish that with the cessation of anti-dumping duty, the domestic industry is likely to suffer continued injury.

   i. The imports from subject country are at dumped prices and the dumping has continued.
   ii. When seen on PCN wise basis, the imports from the subject country are entering the domestic market at prices below the domestic industry's cost and selling price.
   iii. As the imports are low priced, they continue to hold significant share in the domestic market. However, with the imposition of anti-dumping duty, the market share of dumped imports has declined.

iv. As the imports have declined, the domestic industry has been able to increase its production and sales. The market share of the domestic industry has increased but it continues to operate with idle capacity.

v. The domestic industry has suffered continued losses, but the losses have declined after the mid-term review.

vi. As the imports are entering the domestic market at prices below the cost and price, they are causing and likely to further cause material injury to the domestic industry in event of expiry of measures.

vii. The producers in the subject country are operating with idle capacities and export orientation. If the anti-dumping measures, expire, the producers in subject country will increase exports to Indian market.

viii. The producers in subject country are undertaking further capacity expansion.

ix. Government of China has considered the pigment industry to be of emerging industry and the proposed outline of China PR's 15th Five-Year Plan focuses on the development of the pearlescent pigment industry.

x. There is a likelihood of injury to the domestic industry in event of expiry of measure.

K. MAGNITUDE OF INJURY MARGIN

119. The Authority has determined the NIP for the domestic industry on the basis of principles laid down in AD Rules read with Annexure III, as amended. The NIP of the PUC has been determined by adopting the information/data relating to the cost of production provided by the domestic industry. The NIP has been considered for comparing the landed price 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. 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 PUC was allowed as pretax profit to arrive at the NIP as prescribed in Annexure III to the AD Rules.

120. The landed value has been determined as the CIF value of exports to India, together with the applicable basic customs duty of 7.5 percent and social welfare surcharge thereon, aggregating 8.25 percent. For sales on FOB and CFR terms, the additions on account of ocean freight and insurance made by the exporters for constructing the CIF value have been retained as claimed.

121. The landed price and non-injurious price determined as above have been compared for the product under consideration. The injury margin has been determined PCN wise and then weighted average injury margin has been determined. The injury margin determined for the producers/exporters is provided in the table below:

Particulars	Unit	Kuncai	Rika	Any other producer
Quantity exported to India	MT	***	***	***
Non-injurious price, weighted average	USD/MT	***	***	***
Landed value, weighted average	USD/MT	***	***	***
Injury margin	USD/MT	***	***	***
Injury margin	%	***	***	***
Injury margin	Range (%)	10-20	20-30	30-40

L. INDIAN INDUSTRY INTEREST

L.1 Submission of the other interested parties

122. The opposing interested parties have made the following submissions with regard to Indian industry's interest:
    i. India is the major supplier of the key raw material i.e., Natural MICA to China PR and therefore, continued imposition of antidumping duties will adversely impact the Indian exports of Natural MICA to China.
    ii. There is a demand and supply gap in the country.
    iii. Applicant enjoys an insulated monopoly position, shielded from both domestic and import competition.
    iv. The product is presently protected by anti-dumping duty imposed in the original investigation, and by a countervailing duty imposed on 28 March 2025.
    v. Applicant's own admission that its capacity is shared with other product lines undermines any claim of a supply-security rationale for continued protection.
    vi. Impact on the downstream Indian paint and coatings industry warrants a fresh assessment in the present review in view of the countervailing duty imposed.

L.2 Submission of the domestic industry.

123. The domestic industry has made the following submissions with regard to Indian industry's interest:
    a. The product under consideration is primarily used in paints. However, the product under consideration only goes as a colouring agent and is not a feedstock raw material.
    b. The impact of anti-dumping duty is 0.27-0.5% in paint for automotive applications and 0.53-0.63% in case of paint for industrial application.
    c. Capacity with the domestic industry is sufficient to cater the entire demand in India.
    d. Anti-dumping duties were in force on imports of the product under consideration from the subject country. Despite the duties remaining in force,

there is no public information indicating that downstream industries suffered any adverse impact.

e. Import prices from China are consistently and significantly lower than those from other sources across all PCNs. When consumers have purchased from other countries at high prices, it is evident that the anti-dumping duty on dumped imports of product under consideration cannot adversely affect them.

L.3 Examination by the Authority.

124. The Authority examined whether the continued imposition of the proposed anti-dumping duty would be against public interest. This determination is based on consideration of information on records and interests of various parties, including the domestic industry, foreign producers and consumers.

125. The Authority issued a gazette notification inviting views from all interested parties, including importers, consumers and other interested parties. The Authority also prescribed a questionnaire for the users to provide the relevant information with regard to the present investigation, including the possible effect of the anti-dumping duty on their operation. The Authority sought information on, inter-alia, interchangeability of the product supplied by the various suppliers from different countries, ability to switch sources, the effect of the antidumping duty on the consumers, and the factors that are likely to accelerate or delay the adjustment to the new situation caused by the imposition of the anti-dumping duty.

126. The Authority notes that the purpose 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 establish a situation of open and fair competition in the Indian market.

127. On the submission of the interested parties that the domestic industry is an export-oriented unit and there is a demand and supply gap, it is noted that the capacity with the domestic industry is sufficient to cater to the demand in the country. Even though the domestic industry's plant is not dedicated for the product under consideration, it is seen that idle capacity with the domestic industry is sufficient to cater the demand being met by imports from the subject country. Therefore, the contention of the interested parties that there is a demand and supply gap cannot be accepted. It is also noted that imposition of anti-dumping duty does not restrict imports. Imports will continue to happen at fair prices. Anti-dumping duty ensures that the imports are entering the Indian market at fair prices and a level playing field is maintained between the foreign exporters and the domestic industry.

128. The Authority had prescribed an economic interest questionnaire which was sent to all interested parties in this investigation. The economic interest questionnaire was

filed by the domestic industry and the users. However, the users have not quantified the impact of anti-dumping duty on downstream industry.

129. The Authority has examined the information filed in the user questionnaire response of M/s Kansai Nerolac Paints Limited, being the only user which has filed the prescribed data annexures, in order to determine the share of the product under consideration in the cost of the downstream product and the effect of the duty thereon. The position is as follows.

SN	Particulars	UOM	Value
1	Cost of the product under consideration consumed in the downstream product	Rs.	***
2	Total cost of sales of the downstream product	Rs.	***
3	Share of the product under consideration in the total cost of the downstream product (1/2)	%	5-10
4	Landed price of subject imports in the period of investigation	Rs./MT	6,52,269
5	Anti-dumping duty in force for M/s Fujian Kuncai Material Technology Company Limited, being the largest supplier in the period of investigation	US$/MT	299
6	Anti-dumping duty at 1 US$ = Rs. 86.76	Rs./MT	25,941
7	Increase in the price of the product under consideration on account of the duty (6/4)	%	0-5
8	Increase in the total cost of the downstream product on account of the duty (3 x 7)	%	<1

130. It is seen that on the information filed by the participating user, the anti-dumping duty in force accounts for an increase of ***% in the total cost of the downstream product. The user has reported a profit of Rs. ***crore in the period of investigation, being ***% of its total cost of sales. The increase in cost attributable to the duty is thus a small fraction of the margin available to the downstream industry, and the anti-dumping duty would be of very low cost to that industry in the event the Authority considers it appropriate to extend the measures.

131. The domestic industry has separately quantified the impact of the anti-dumping duty on the downstream product on the assumption that the duty results in a price increase of 10% on a landed price of Rs. 667 per kg. The quantification filed by the domestic industry is reproduced below. The figures in the rows describing cost and impact are per litre of paint and the percentages are expressed on the price of the paint.

Automotive applications

Particulars	**UOM**	**Bike**	**Car**	**Truck**
Mica used in 1 litre of paint	Kg/litre	0.02-0.15	0.02-0.15	0.02-0.15
Price of paint	Rs./litre	500-2,000	500-2,000	500-2,000
Landed price of mica pigment	Rs./Kg	667	667	667
Cost of mica pigment in 1 litre of paint	Rs./litre	13-100	13-100	13-100
Cost of mica pigment as a share of the price of paint	%	2.67-5.00	2.67-5.00	2.67-5.00
Price increase assumed by the domestic industry (ADD)	%	10	10	10
Price increase assumed by the domestic industry	Rs./Kg	67	67	67
Impact of the duty on 1 litre of paint	Rs./litre	1-10	1-10	1-10
Impact of the duty as a share of the price of paint	%	0.27-0.50	0.27-0.50	0.27-0.50
Paint used in the vehicle (industry estimate)	Litre	0.5	4	8.5
Cost of paint in the vehicle	Rs.	250-1,000	2,000-8,000	4,250-17,000
Cost of mica pigment in the vehicle	Rs.	6.67-50.04	53.38-400.32	113.42-850.69
Impact of the duty on the vehicle	Rs.	0.67-5.00	5.34-40.03	11.34-85.07

Industrial applications

Particulars	**UOM**	**Light machinery**	**Heavy machinery**	**Industrial tanks**	**Mining equipment**
Mica used in 1 litre of paint	Kg/litre	0.02-0.15	0.02-0.15	0.02-0.15	0.02-0.15
Price of paint	Rs./litre	500-1,100	500-1,100	500-1,100	500-1,100
Landed price of mica pigment	Rs./Kg	667	667	667	667

Particulars	UOM	Light machinery	Heavy machinery	Industrial tanks	Mining equipment
Cost of mica pigment in 1 litre of paint	Rs./litre	13-100	13-100	13-100	13-100
Cost of mica pigment as a share of the price of paint	%	2.67-9.10	2.67-9.10	2.67-9.10	2.67-9.10
Price increase assumed by the domestic industry	%	10	10	10	10
Price increase assumed by the domestic industry	Rs./Kg	67	67	67	67
Impact of the duty on 1 litre of paint	Rs./litre	1-10	1-10	1-10	1-10
Impact of the duty as a share of the price of paint	%	0.27-0.91	0.27-0.91	0.27-0.91	0.27-0.91
Paint used in the equipment (industry estimate)	Litre	3	17	95	110
Cost of paint in the equipment	Rs.	1,500-3,300	8,500-18,700	47,500-1,04,500	55,000-1,21,000
Cost of mica pigment in the equipment	Rs.	40.03-300.24	226.85-1,701.37	1,267.69-9,507.67	1,467.85-11,008.88
Impact of the duty on the equipment	Rs.	4.00-30.02	22.68-170.14	126.77-950.77	146.79-1,100.89

132. It is seen that the impact of the anti-dumping duty on the downstream industry is insignificant on the information filed by the participating user as well as on the quantification filed by the domestic industry. It is also seen that the imposition of anti-dumping duties has allowed the domestic industry to survive in the domestic market. The domestic industry has recorded an improvement in volume parameters and the losses have declined. The anti-dumping measures have thus allowed the domestic industry to invest by expanding its capacity

133. The interested parties may offer their comments on this disclosure statement within the time allowed. The comments, if any, would be considered by the Authority before notifying the final findings. The interested parties are requested to follow the issue-wise

pattern of this disclosure statement in filing their comments. Since the investigation is time bound, no request for extension of time shall be entertained.

SECTION IV

A. METHODOLOGY FOR DETERMINATION OF NON-INJURIOUS PRICE

1. The non-injurious price of the product under consideration has been determined by adopting the verified information and data relating to the cost of production for the period of investigation (October 2024 - September 2025) in respect of the domestic industry. Detailed analysis/examination of the financial records maintained by the companies, wherever applicable, were carried out for this purpose. The non injurious price for the domestic industry has been determined in terms of the principles outlined in the Rules as briefly described below:

a. Raw Material Cost: The best utilization of raw materials by the domestic producer, over the period of investigation and preceding three years' period, at the rates prevailing in the period of investigation was considered.

b. Cost of Utilities: The best utilization of utilities by the domestic producer, over the period of investigation and preceding three years' period, at the rates prevailing in the period of investigation was considered.

c. Production: The best utilization of production capacity over the period of investigation and preceding three years' period was considered.

d. Salary & Wages: Propriety of the expenses grouped under this head and charged to the cost of production was examined. It is ensured that no extraordinary or non- recurring expenses were charged to the cost of production.

e. Depreciation: The reasonableness of the amount of depreciation charged to the cost of production was examined to ensure that no charge has been made for facilities not deployed to production of subject goods.

f. Identification and Allocation/Apportionment of Expenses: The expenses to the extent identified to the PUC were directly allocated and common expenses or overheads classified under factory, administrative and selling overheads were apportioned on reasonable basis. It is ensured that no extraordinary or non- recurring expenses were charged to the cost of production.

g. Reasonable Return on Capital Employed: A reasonable return (pre-tax) at 22% on average capital employed (that is Average Net Fixed Assets and Average Working Capital) for the product under consideration was allowed for recovery of interest, corporate tax, and profit. Interest: Interest is allowed as an item of cost of sales and after deducting the interest, the balance amount of return has been allowed as pre-tax profit to arrive at the Non- injurious Price.

h. Non-injurious price for the domestic industry: The weighted average NIP for the product under consideration is proposed as ₹ ***per MT and the PCN wise NIP is as follows:

PCN	NIP (Rs./MT)
A1R	***
A1X	***
A3R	***

A4R	***
N1L	***
N1R	***
N1S	***
N1X	***
N2L	***
N2R	***
N2X	***
N3L	***
N3R	***
N3X	***
N4R	***
N4X	***
Weighted Average	***