

To be published in Part-I Section-I of the Gazette of India-Extraordinary

**F. No. 6/03/2024-DGTR**  
**Government of India**  
**Ministry of Commerce & Industry**  
**Department of Commerce**  
**Directorate General of Trade Remedies**  
**4<sup>th</sup> Floor, Jeevan Tara Building,**  
**5, Parliament Street, New Delhi – 110001**

Dated:12<sup>th</sup> February, 2025

**Case No. AD (OI)-03/2024**

**FINAL FINDINGS**

**Subject: Final findings in the anti-dumping investigation concerning imports of “Titanium dioxide” originating in or exported from China PR.**

**F. No. 6/03/2024 -DGTR:** - Having regard to the Customs Tariff Act, 1975 as amended from time to time (hereafter also referred to as the “Act”) and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 thereof, as amended from time to time (hereafter also referred to as the “Rules”).

**A. BACKGROUND OF THE CASE**

1. Whereas, Kerala Minerals and Metals Ltd., Travancore Titanium Products Ltd., and VV Titanium Pigments Pvt. Ltd. (hereinafter referred to as the “applicants” or the “domestic industry” or the “DI”) have filed an application before the Designated Authority (hereinafter referred to as the “Authority”), on behalf of the domestic industry, in accordance with the Act and the Rules for initiation of an anti-dumping investigation concerning imports of “Titanium Dioxide” (hereinafter referred to as the “subject goods” or “product under consideration” or the “PUC”) originating in or exported from China PR (hereinafter referred to as the “subject country”) and has requested for imposition of anti-dumping duty.
2. And whereas, the Authority, on the basis of sufficient *prima-facie* evidence submitted by the applicants, issued a public notice vide notification no. 6/03/2024-DGTR dated 28<sup>th</sup> March 2024, published in the Part-I Section-I of Gazette of India, Extraordinary, initiating the anti-dumping investigation in accordance with Section 9A of the Customs Tariff Act read with Rule 5 of the Rules to determine the existence, degree and effect of the alleged dumping of the subject goods, originating in or exported from the said subject country, and to recommend the amount of anti-dumping duty, which if levied, would be adequate to remove the alleged injury to the domestic industry.

## **B. PROCEDURE**

3. The procedure described herein below has been followed with regard to the investigation:
  - a. The Authority notified the embassy of the subject country in India about the receipt of the present application before proceeding to initiate the investigation in accordance with Rule 5(5) of the Rules.
  - b. The Authority issued a notification dated 28<sup>th</sup> March 2024, published in Part-I Section-I of Gazette of India, Extraordinary, initiating an investigation concerning the imports of the subject goods from the subject country.
  - c. In accordance with Rule 6(2), the Authority sent a copy of the initiation notification to the embassy of the subject country in India and known producers and exporters from the subject country, the known importers/users of the subject goods and other interested parties, as per the information provided by the applicants. The interested parties were requested to provide relevant information in the form and manner prescribed in the initiation notification and to make their submissions known in writing within the time limit prescribed by the initiation notification.
  - d. The Authority also provided a copy of the non-confidential version of the application to the known producers/exporters and to the embassy of the subject country in India, in accordance with Rule 6(3) of the Rules. A copy of the non-confidential version of the application was circulated to the other interested parties.
  - e. The embassy of the subject country in India was also requested to advise the producers / exporters in their country to respond to the questionnaire within the prescribed time limit. A copy of the letter and questionnaire sent to the producers / exporters was also sent to them along with the names and addresses of the known producers/exporters from the subject country.
  - f. The interested parties were granted an opportunity to present their comments on the scope of the PUC and propose product control numbers (PCNs), if required, within a period of 15 days from the date of the circulation of the non-confidential application.
  - g. The interested parties were granted an opportunity to present their comments on the issues of confidentiality claimed by the domestic industry within 7 days of the circulation of the non-confidential version of the document filed before the Authority.
  - h. The Authority also issued an economic interest questionnaire (hereafter referred to as 'EIQ') to the interested parties seeking inputs on the economic impact of the proposed duties.
  - i. The Authority sent questionnaires to the following known producers/ exporters in the subject country calling for necessary information in accordance with Rule 6(4) of the Rules.
    - i. Lomon Billions Group (China)
    - ii. CNNC Hua Yuan Titanium Dioxide Co. Ltd (China)
    - iii. Shandong Doguide Group Co. Ltd (China)
    - iv. Jinan Yuxing Chemical Co. Ltd (China)
    - v. Shandong Dawn Group Co. Ltd (China)

- vi. Jilin GPRO Titanium Industry Co. Ltd (China)
- vii. Ningbo Xinfu Titanium Dioxide Co. Ltd (China)
- viii. Pangang Group Titanium Resources Co. Ltd (China)
- ix. Anhui Annada Titanium Industry Co. Ltd (China)
- x. Panzhihua Dongfang Titanium Industry Co. Ltd (China)
- xi. Jiangxi Tikon Titanium Co. Ltd (China)
- xii. Guangxi Jinmao Titanium Co. Ltd (China)
- xiii. Shanghai Yuejiang Titanium Chemical Manufacturer Co. Ltd (China)
- xiv. Jiangsu GPRO Group (China)
- xv. Shandong Jinhai (Lubei) (China)
- xvi. China National Blue Star Group Co. (China)
- xvii. Panzhihua Taihai (China)
- xviii. Anhui Annada Titanium Industry Co. Ltd (China)
- xix. Panzhihua Haifengxin Chem. Co. Ltd (China)
- xx. Cangwu Shunfeng Titanium Dioxide Co. Ltd (China)
- xxi. Chemours Chenguang (China)
- xxii. Jiangxi Tikon Titanium Co. Ltd (China)
- xxiii. Guangxi Jinmao (China)
- xxiv. Guang Dong Hui Yun Titanium Industry (China)
- xxv. Jiangsu Taibai Group Co. Ltd (China)
- xxvi. Tianyuan Group (China)
- xxvii. Yunnan Dahutong (China)
- xxviii. Panzhihua Xingzhong (China)

j. In response to the above notification, the following producers/exporters of the product under consideration from subject country have registered as an interested party.

- i. Henan Billions Advanced Material Co., Ltd.
- ii. Lb Group Co., Ltd.
- iii. Lb Lufeng Titanium Industry Co., Ltd.
- iv. Lb Sichuan Titanium Industry Co., Ltd
- v. Lb Xiangyang Titanium Industry Co., Ltd
- vi. Billions (Hong Kong) Corporation Limited
- vii. Anhui Gold Star Titanium Dioxide (Group) Co., Ltd.
- viii. Anhui Gold Star Titanium Dioxide Trading Co., Ltd.
- ix. Yibin Tianyuan Haifeng Hetai Co., Ltd
- x. Yibin Tianyuan Group Co., Ltd
- xi. Efon (Hongkong) Company Limited
- xii. Shandong Xianghai Titanium Co., Ltd.
- xiii. Shandong Jinhai Titanium Resources Technology Co., Ltd.
- xiv. Chongqing Titanium Industry Co., Ltd. of Pangang Group
- xv. Pangang Group Titanium Industry Co., Ltd.
- xvi. Pangang Group Chengdu Vanadium & Titanium Resources Development Co., Ltd.
- xvii. Pangang Group Chongqing Vanadium & Titanium Technology Co., Ltd.

- xviii. Jiangxi Tikon Titanium Products Co Ltd ( A Tronox Company)
- xix. Kunming Donghao Titanium Co., Ltd.
- xx. Inter-China Chemical Co., Ltd.
- xxi. Anhui Annada Titanium Industry Co., Ltd.
- xxii. Shandong Doguide Group Co., Ltd.
- xxiii. Qianjiang Fangyuan Titanium Industry Co., Ltd.
- xxiv. Jinan Yuxing Chemical Co., Ltd.
- xxv. Ningbo Xinfu Titanium Dioxide Co., Ltd.
- xxvi. Ningbo Xinfu Chemical Marketing Co., Ltd.
- xxvii. Shandong Dawn Titanium Industry Co. Ltd.

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

- i. Henan Billions Advanced Material Co., Ltd.
- ii. Lb Group Co., Ltd.
- iii. Lb Lufeng Titanium Industry Co., Ltd.
- iv. Lb Sichuan Titanium Industry Co., Ltd
- v. Lb Xiangyang Titanium Industry Co., Ltd
- vi. Billions (Hong Kong) Corporation Limited
- vii. Anhui Gold Star Titanium Dioxide (Group) Co., Ltd.
- viii. Anhui Gold Star Titanium Dioxide Trading Co., Ltd.
- ix. Yibin Tianyuan Haifeng Hetai Co., Ltd
- x. Yibin Tianyuan Group Co., Ltd
- xi. Efon (Hongkong) Company Limited
- xii. Shandong Xianghai Titanium Co., Ltd.
- xiii. Shandong Jinhai Titanium Resources Technology Co., Ltd.
- xiv. Chongqing Titanium Industry Co., Ltd. of Pangang Group
- xv. Pangang Group Titanium Industry Co., Ltd.
- xvi. Pangang Group Chengdu Vanadium & Titanium Resources Development Co., Ltd.
- xvii. Pangang Group Chongqing Vanadium & Titanium Technology Co., Ltd.
- xviii. Jiangxi Tikon Titanium Products Co Ltd ( A Tronox Company)
- xix. Kunming Donghao Titanium Co., Ltd.
- xx. Inter-China Chemical Co., Ltd.
- xxi. Anhui Annada Titanium Industry Co., Ltd.
- xxii. Shandong Doguide Group Co., Ltd.
- xxiii. Qianjiang Fangyuan Titanium Industry Co., Ltd.
- xxiv. Jinan Yuxing Chemical Co., Ltd.
- xxv. Ningbo Xinfu Titanium Dioxide Co., Ltd.
- xxvi. Ningbo Xinfu Chemical Marketing Co., Ltd.
- xxvii. Shandong Dawn Titanium Industry Co. Ltd.

1. The Authority sent questionnaire to the following known importers / users of the subject goods in India calling for necessary information in accordance with Rule 6(4) of the Rules.
  - i. Asian Paints India Ltd
  - ii. JCT Limited
  - iii. Berger Paints Ltd
  - iv. Schulman Plastics India Ltd
  - v. Berger Becker Coatings Pvt Ltd
  - vi. Hanson Paints
  - vii. Kansai Nerolac Paints Ltd
  - viii. Kamdhenu Paints
  - ix. Akzo Nobel
  - x. UFlex Limited
  - xi. Jotun India Pvt Ltd
  - xii. Apollo Piping Systems
  - xiii. Indigo Paints
  - xiv. Yansetu Inks and Coatings Pvt Ltd
  - xv. Clariant Chemicals
  - xvi. Mundra Masterbatches
  - xvii. SCJ Plastics
  - xviii. Paramount Powders
  - xix. Aashirvaad Pipes
  - xx. Bhavin Industries
  - xxi. Hi-Tech Inks Pvt Ltd
  
- m. The following importer/user have registered themselves as interested parties:
  - i. Kemco Corporation
  - ii. Sandeep Organics Pvt. Ltd.
  - iii. Soltex Petroproducts Ltd
  - iv. Shri Ambica Polyfill
  - v. Merit Polymers Pvt Ltd
  - vi. Plastek Innovations Pvt Ltd
  - vii. Polyworld
  - viii. K T Quality Control Pvt Ltd
  - ix. Kandui Industries India Pvt. Ltd.
  
- n. The following importers and users have submitted questionnaire responses to the Authority:
  - i. Kemco Corporation
  - ii. Nippon Paint India Private Limited through Indian Paint Association
  
- o. The following importer/user has not registered themselves as interested party but made written submissions during the course of the investigation:
  - i. Classic Solvents

- p. The following user associations have registered themselves as interested parties:
- i. Indian Paint Association (IPA)
  - ii. All India Plastics Manufacturers, Association (AIPMA)
  - iii. The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
  - iv. PHD Chamber of Commerce and Industry (PHDCCI)
- q. The following producer/exporter association from China PR has registered themselves as an interested party and made written submissions
- i. China National Coatings Industry Association (CNCIA)
- r. The following user associations have made written submissions during the course of the investigation:
- i. Indian Paint Association (IPA)
  - ii. All India Plastics Manufacturers, Association (AIPMA)
  - iii. The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
  - iv. PHD Chamber of Commerce and Industry (PHDCCI)
- s. The following user association has not registered themselves as interested party but made written submissions during the course of the investigation:
- i. Indian Paint and Coating Association (IPCA)
- t. The period of investigation (POI) for the purpose of the present investigation is 1<sup>st</sup> October 2022 to 30<sup>th</sup> September 2023 (12 months). The injury investigation period covers the periods 1<sup>st</sup> April 2020 – 31<sup>st</sup> March 2021, 1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022, 1<sup>st</sup> April 2022 – 31<sup>st</sup> March 2023 and the period of investigation.
- u. The DG System was requested to provide transaction-wise details of the imports of the subject goods for the injury period and the period of investigation. The same was received by the Authority and considered at the stage of initiation of the investigation as well as for the final findings.
- v. Interested parties were provided 15 days' time from the date of circulation of non-confidential version of application, to file their comments on the scope of PUC and PCN methodology which ended on 6<sup>th</sup> May, 2024 post an extension granted by the Authority upon the request of an interested party. Comments and submissions were received from certain interested parties, which were duly examined by the Authority.
- w. The Authority held a discussion on 3<sup>rd</sup> June 2024 with all the interested parties to discuss the product under consideration and the proposed product control numbers(PCNs). After receiving inputs from the interested parties, the Authority vide

notification dated 16<sup>th</sup> July 2024 finalized the scope of the PUC and PCN methodology. The Authority granted 30 days' time to interested parties from 16<sup>th</sup> July, 2024 to file questionnaire responses.

- x. In view of large number of producers and exporters/traders who responded in the investigation, the Authority, pursuant to Rule 17(3) of the AD Rules and after examining the comments of interested parties, selected the following three (3) producers along with their associated exporters for determination of dumping margin, on the basis of the largest percentage of the volume of the exports to India from China PR during the investigation period, which is listed below:
  - a. **LB Group** comprising of following producers/ exporters - Henan Billions Advanced Material Co., Ltd., LB Group Co., Ltd., LB Lufeng Titanium Industry Co., Ltd., LB Sichuan Titanium Industry Co., Ltd, LB Xiangyang Titanium Industry Co., Ltd , Billions (Hong Kong) Corporation Limited and Billions Europe Ltd, UK
  - b. **Gold Star Group** comprising of producer/exporter- Anhui Gold Star Titanium Dioxide (Group) Co., Ltd and Anhui Gold Star Titanium Dioxide Trading Co., Ltd.
  - c. **Shandong Group** comprising of producer/exporter- Shandong Xianghai Titanium Co., Ltd. and Shandong Jinhai Titanium Resources Technology Co., Ltd.
- y. The Authority determined the dumping margin for non-sampled cooperating producers/ exporters from China PR on the basis of dumping margin of the sampled producers from China PR, and in accordance with the provisions of the Rules.
- z. In accordance with Rule 6(6) of the Rules, the Authority provided an opportunity to the interested parties for presenting their views orally regarding the subject investigation through a public hearing held on 29<sup>th</sup> October, 2024. The interested parties who presented their views in the oral hearing, were requested to file written submissions of the views expressed orally, followed by rejoinder submissions, if any. The interested parties were further directed to share the non-confidential version of the written submissions with the other interested parties.
- aa. The non-injurious price (hereinafter referred to as the 'NIP') has been determined based on the cost of production and reasonable return on capital employed for the subject goods in India, based on the information furnished by the domestic industry on the basis of Generally Accepted Accounting Principles (GAAP) and Annexure III to the AD Rules, 1995 so as to ascertain whether anti-dumping duties lower than the dumping margin would be sufficient to remove injury to the domestic industry.
- bb. The information submitted by the domestic industry has been examined and verified during on site-verification to the extent deemed necessary and has been relied upon for the present findings.

- cc. The examination and verification of the information submitted by the cooperating producers/exporters from the subject country was also carried out to the extent deemed necessary and have been relied upon for the purpose of the present findings.
- dd. The Authority made available the non-confidential version of the evidence presented by various interested parties on mutual basis in the manner prescribed through Trade Notice no. 01/2020 dated 10<sup>th</sup> April 2020. The information/submissions provided by the interested parties on a confidential basis were examined concerning the sufficiency of such confidentiality claims.
- ee. The Authority has considered all the arguments raised and information provided by all the interested parties, to the extent the same are supported with evidence and considered relevant to the present investigation.
- ff. Wherever an interested party has refused access to, or has otherwise not provided necessary information during the course of the present investigation, or has significantly impeded the investigation, the Authority has considered such parties as non-cooperative and recorded the final findings on the basis of the facts available.
- gg. ‘\*\*\*’ in these final findings represent information furnished by an interested party on confidential basis and so considered by the Authority under Rule 7 of AD Rules, 1995.
- hh. The exchange rate adopted by the Authority for the subject investigation is 1 US\$ = Rs. 83.21.

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

4. The product under consideration (hereinafter also referred to as the “PUC” or the “subject good”) as defined at the stage of initiation was as follows:

“

3. *The product under consideration in the present application is “Titanium Dioxide, excluding food, pharma, skin-care, textile and fibre application and nano or ultrafine titanium dioxide having particle size below 100 nm”*

**Specific Exclusions from the scope of the product**

4. *Specifically excluded from the scope of product under consideration are titanium dioxide meant for following applications or specification:*
- i. *food*
  - ii. *pharma*
  - iii. *skin-care*
  - iv. *textile*
  - v. *fibre application*

- vi. Nano or ultrafine titanium dioxide having particle size below 100 nm

### **General Properties of the product**

5. Titanium dioxide (TiO<sub>2</sub>) is a white inorganic compound extracted mainly from mineral ores and is used in a vast number of diverse products. The principal natural source of TiO<sub>2</sub> is mined Ilmenite ore which contain 30 – 60% TiO<sub>2</sub>. Pure TiO<sub>2</sub> is produced from Ilmenite ore either using chloride or sulphate process.
6. The subject good in the present investigation i.e. TiO<sub>2</sub> are pigments. Titanium dioxide can be broadly classified into Pigmentary TiO<sub>2</sub> and Nano/Ultrafine TiO<sub>2</sub>, based on its particle size. Pigmentary titanium dioxide is approximately 200 – 350 nm in dimension which forms 98 % of the total production and is used mainly for its high refractive index and consequent scattering of visible light and high opacity. In other words, 98% of the global production of titanium dioxide is used as a pigment.

### **Grades of Titanium Dioxide-Rutile and Anatase Grades**

7. The petitioners/applicants are manufacturing **rutile and anatase grades** of titanium dioxide which are two forms of titanium dioxide depending on their crystal structure.
8. Rutile is a mineral composed primarily of titanium dioxide. Rutile is produced from ilmenite, which is a mixture of titanium, ferrous iron and ferric iron. Rutile is the most common natural form of TiO<sub>2</sub>. Rutile has among the highest refractive indices of any known mineral and exhibits high dispersion. Natural rutile may contain up to 10% iron and significant amounts of niobium and tantalum.
9. Anatase grade of TiO<sub>2</sub> is produced from ilmenite, which is a mixture of titanium, ferrous iron and ferric iron. It has a very high degree of whiteness. Titanium in ilmenite is extracted by reacting this raw material with sulphuric acid. Titanium goes into the solution as titanium oxy sulphate. Titanium dioxide anatase is obtained from titanium oxy sulphate by injecting live steam and dewatering the treated pulp.

### **Uses**

10. Titanium dioxide is the brightest and whitest of the known pigments and is the most sought white pigment in applications such as paints & coatings, plastics, papers, rubbers and inks on account of its high refractive index and UV resistance. The high refractive index imparts high whiteness and hiding power (opacity) to the end products. TiO<sub>2</sub> pigment also finds application as energy saver as it reduces need of air conditioning because of light reflecting qualities when used in paint coatings on the outside of buildings in warm climates.

### **Tariff Classification**

*11. The product under consideration can be classified under **Chapter 28 and 32** of the Customs Tariff Act, 1975. The dedicated code for the product under Chapter 28 is **28230010**. However, since it is a pigment, imports are also being reported under **32061110 and 32061190**. However, it is possible that the subject goods may be imported under other heading and therefore, the customs classifications are indicative only and not binding on the scope of the present investigation.”*

5. The domestic industry initially proposed the PCN methodology based on the crystalline structure i.e., Anatase and Rutile only.
6. Various comments on the scope of the PUC and the PCN methodology were received from the interested parties. A meeting to discuss the same was held on 3<sup>rd</sup> June 2024. The following are the comments received from interested parties with regards to scope of PUC, and PCN methodology.

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

7. The other interested parties have made the following submissions with respect to the scope of the product under consideration and like article:
  - i. PCN wise assessment is crucial in the investigation to ensure a fair comparison due to differences in physical and chemical characteristics, usage, pricing, and production cost of various grades and types of titanium dioxide (TiO<sub>2</sub>). PCN classification based on production process and crystalline structure: Anatase-Sulphate (A-S), Rutile-Sulphate (R-S), and Rutile-Chloride (R-C) has been proposed by many interested parties.
  - ii. TiO<sub>2</sub> exists in two crystalline forms: Rutile and Anatase. Rutile has a higher refractive index, greater chemical stability, and improved durability due to its more compact and symmetrical crystal lattice. Anatase has a lower refractive index, reduced stability, and a less dense, irregular crystal structure. These differences influence their distinct applications and properties.
  - iii. TiO<sub>2</sub> is produced through the chloride or sulphate route, significantly impacting its properties and grades. The chloride process produces high-purity TiO<sub>2</sub> suitable for high-quality applications like paints and coatings for automobiles and architecture but is more expensive. The sulphate process produces lower-purity TiO<sub>2</sub>, which is cost-effective for applications in paper, plastics, and rubber. Anatase pigment is typically produced via the sulphate process, while rutile pigment can be produced via both chloride and sulphate processes.
  - iv. There is more than a 20% price difference between sulphate-anatase and sulphate-rutile and more than a 40% price difference between sulphate-anatase and chloride-rutile.

- v. Exclusion of “rutile-grade TiO<sub>2</sub> manufactured through the sulphate route” from the PUC is requested since none of the applicants produce this specific grade. Additionally, exclusion of “rutile-grade TiO<sub>2</sub> produced through the chloride process” from the scope of PUC due to significant differences in technical parameters, production costs, end-use, and pricing has been requested.
- vi. Combining anatase and rutile grades of TiO<sub>2</sub> in the scope of PUC would be flawed. They are distinct in their production process, physical, technical, and chemical properties, as well as end uses. These grades are also classified under different tariff headings.
- vii. It has been stated that the domestic industry itself has acknowledged that anatase and rutile grades differ significantly in properties such as purity, refractive index, specific gravity, hardness, and crystal structure, among others. Additionally, they cannot be interchangeably used due to differences in production technology and application.
- viii. Most Chinese producers manufacture rutile-grade TiO<sub>2</sub> through the sulphate process, while Kerala Minerals and Metals Limited produces Rutile-grade TiO<sub>2</sub> using the chloride process. Travancore Titanium Products Limited and VV Titanium Pigments Pvt. Ltd produce anatase-grade TiO<sub>2</sub> via the sulphate process. None of the domestic producers manufacture rutile-grade TiO<sub>2</sub> through the sulphate process. Therefore, the rutile grade manufactured through the sulphate process should be excluded from the PUC.
- ix. It has been submitted that the domestic industry has defined pigmentary TiO<sub>2</sub> as having a particle size range of 200-350nm. Products with particle sizes below 200nm and above 350nm should be excluded from the investigation as they fall outside the defined scope of pigmentary TiO<sub>2</sub>.
- x. Indian Paint Association (IPA) has contended that the scope of the PUC defined in the initiation notification is overly broad, encompassing grades that are neither produced nor supplied domestically by the domestic industry. These grades, with distinct technical and commercial properties, should be excluded as they do not meet the definition of “like product” or “like article” under relevant anti-dumping rules. IPA argues that parameters like consumer perception, physical and chemical properties, usage, and application differences establish non-substitutability.
- xi. The bright and bluish undertone rutile grade is distinguished by its superior physical properties, including higher brightness, enhanced UV resistance, and better overall performance compared to the domestic industry’s product. These properties make it a preferred choice for end consumers, particularly in applications demanding high-quality finishes and durability.
- xii. Performance grades BLR 895 or LR 961 are widely used in industrial and decorative paints due to their ability to deliver exceptional finish, high gloss, superior durability, and a high distinctness of image (DOI). The domestic industry’s grades, however, fall short in these critical aspects. Industrial and decorative paint manufacturers have consistently rejected the domestic industry’s grades, citing their inability to meet the performance standards required for high-end applications.

- xiii. Sulphate grades BLR 698 or BLR 601 excel in providing higher coverage, better finish quality, and a visually appealing bright white appearance. On the other hand, the domestic industry's grades, which are manufactured through the chloride process, often exhibit lower coverage, inferior finish, and a yellowish tint. These deficiencies make the domestic industry's products unsuitable for users seeking precise and consistent outcomes in high-end applications.
- xiv. Further, for industrial paints, the domestic industry's products often require additional sand milling, reducing capacity and throughput. For decorative usage, similar issues are observed. Imported grades do not require sand milling, making them significantly more cost-effective and economically advantageous compared to the domestic industry's product.
- xv. IPA further contends that the domestic industry uses the chloride process to manufacture the PUC, whereas imported grades are manufactured using the sulphate process, resulting in chemical differences between the two. Therefore, grades not manufactured by the domestic industry should be excluded from the scope of the PUC as the domestic industry cannot suffer material injury for such grades during the POI, and they are not like articles to the imported grades.
- xvi. PHD Chamber of Commerce and Industry (PHDCCI) and Associated Chambers of Commerce and Industry of India (ASSOCHAM) sought some clarifications regarding the exclusion of TiO<sub>2</sub> used in the fibre and textile.
- xvii. PHDCCI has contended that the paper and paperboard industry consume approximately 6,000 MT of rutile TiO<sub>2</sub> annually for the production of décor paper, which is primarily used in laminates for furniture and housing. TiO<sub>2</sub> is essential for achieving desired opacity, whiteness, and brightness in décor paper due to its high refractive index, effective light scattering, and UV absorption properties. The sulphate process rutile TiO<sub>2</sub>, being more economical, is the variant predominantly used by the décor paper industry.
- xviii. TiO<sub>2</sub> is applied at the pulp or fibre stage of paper manufacturing for décor paper, and not post-manufacturing. The domestic industry's TiO<sub>2</sub> does not meet the specific requirements of the décor paper industry. Further, there have been no sales of TiO<sub>2</sub> by the domestic industry to the décor paper industry, further confirming the unsuitability of their product for this application. Therefore, TiO<sub>2</sub> used in the pulp or fibre stage for manufacturing décor paper must be excluded from the scope of PUC.
- xix. ASSOCHAM has submitted that TiO<sub>2</sub> anatase grade for making paper other than décor paper (used at fibre/pulp stage) must be excluded from the scope of PUC.
- xx. TiO<sub>2</sub> used in plastic and PVC application may be excluded from the scope of PUC.
- xxi. TiO<sub>2</sub> by rutile chloride process requires higher-grade raw materials such as superior TiO<sub>2</sub> ore, which is more expensive and scarcer as compared to TiO<sub>2</sub> by Rutile sulphate process which requires Ilmenite ore which lowers raw material costs due to being found in abundance and is less expensive. Additionally, rutile produced through chloride process requires specialized corrosive-resistant equipment for handling chemicals such as chlorine

and titanium tetrachloride, increasing production costs and complexity while in Rutile sulphate process, simpler equipment is used and there are fewer safety requirements.

- xxii. TiO<sub>2</sub> with varying particle sizes has different cost patterns, with finer particle sizes requiring more complex production processes and resulting in higher costs.
- xxiii. KMML's Rutile chloride- RC 822, with a TiO<sub>2</sub> content of 91.5%, is lower in quality compared to imported grades with a higher TiO<sub>2</sub> content.

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

8. The domestic industry has made the following submissions with regard to the scope of the product under consideration and like article:
  - i. Exclusion of rutile grade as a whole cannot be accepted as the majority of domestic production and imports are of rutile grade, and KMML exclusively produces rutile-grade TiO<sub>2</sub>.
  - ii. The domestic industry has submitted that Anatase grade of TiO<sub>2</sub> is produced domestically by the domestic industry. Further, with respect to exclusion of rutile TiO<sub>2</sub> through sulphate process, the domestic industry has submitted that the production process does not result in a distinct product. Furthermore, there is no significant difference in price or interchangeability between products made by the sulphate and chloride processes. Comparison between imported and domestically produced Rutile through Chloride reveals that the performance of the Rutile through Chloride of the domestic industry is highly comparable to the imported.
  - iii. Exclusions based solely on differences in production processes have not been accepted by Directorate General of Trade Remedies (DGTR) unless they result in different products.
  - iv. The domestic industry also opposes the respondent's contention of exclusion of TiO<sub>2</sub> with particle sizes below 200nm and above 350nm, stating that these sizes are being produced and supplied domestically. The interested parties have not provided any valid justification for restricting these particle sizes.
  - v. The contention regarding bright and bluish undertone rutile TiO<sub>2</sub> by Indian Paint Association (IPA) is similarly contested by the domestic industry on the grounds that no distinctively different product has been demonstrated, and the parameters referred to by respondents are not substantiated with data. The BIS for Rutile TiO<sub>2</sub> does not state characteristics such as 'bright' or 'blue' or 'bright and bluish' undertones. The undertone of a TiO<sub>2</sub> product is inherently subjective and does not have measurable characteristics. No two TiO<sub>2</sub> producers can offer exact uniformity in terms of brightness and undertone. Further, the domestic industry does offer products with bright and bluish undertones, which can be assessed through the Carbon Black Undertone (CBU) value range. Additionally, the opacity, brightness, and gloss values of the domestic industry's products are comparable, or in some cases, superior to those of imported products.
  - vi. The domestic industry opposes the exclusion of performance-grade TiO<sub>2</sub>, such as BLR 895 or LR 961 as BLR895 grade is not analogous to DI's RC822, but is highly comparable to DI's RC808 in compositional, surface coating, and performance attributes. DI's RC822 and

RC822+ are comparable to imported BLR 896 and BLR896+ respectively while RC800 is the R-C domestic industry grade that is comparable to imported LR961. R-C by domestic industry has comparable physical and performance attributes including pH, opacity, gloss, durability etc, to imported R-C and satisfies the requirement of specific end uses such as decorative and industrial applications. Below specified are the R-C grades offered by domestic industry that are comparable to R-C imported grades mentioned by the other interested party in their submission:

<b>R-C Imported</b>	<b>Comparable R-C by DI</b>
BLR 895	RC 808
BLR 896	RC 822
BLR 896+	RC 822+
LR 961	RC 800

- vii. With respect to exclusion of sulphate grades, such as BLR 698 or R 868 or BLR 601/ R 216, the domestic industry submits that they cannot be excluded on the basis of grade name of a specific producer as they are only names but not International Standards to be adhered to.
- viii. The domestic industry also submits that the sand milling process is necessary for both imported products and domestic products because it is an essential step in mixing raw materials for paint production. This process is required to ensure uniformity and proper dispersion of the product in industrial applications. Additional sand milling is required only when agglomeration levels of TiO<sub>2</sub> are higher, whereas grade produced by the domestic industry offers high levels of dispersion and low agglomeration. The coverage of the domestic industry's rutile through chloride process is not inferior to that of imports, as evidenced by the scattering ability, high rutile percentage, and superior tint strength values.
- ix. In response to PHDCCI and ASSOCHAM, the domestic industry submits that TiO<sub>2</sub> used for making textiles (used at fibre/pulp stage), TiO<sub>2</sub> rutile grade used for making décor paper (used at fibre/pulp stage), and TiO<sub>2</sub> used for making food can be excluded from the scope of PUC, as these products are not used as pigments. Additionally, TiO<sub>2</sub> used for making skin care, pharmaceutical applications, and nano or ultrafine TiO<sub>2</sub> with particle sizes below 100nm can be excluded from the scope of PUC as the domestic industry does not produce these articles.
- x. However, the domestic industry objects to ASSOCHAM'S contention of excluding TiO<sub>2</sub> anatase grade used for making paper other than décor paper (used at fibre/pulp stage) on the ground that domestic industry is producing and selling this product.
- xi. Further, the domestic industry submits that PVC application should also be considered as plastic application, as PVC is a type of plastic in this sense. TiO<sub>2</sub> is used in making of masterbatches which are used in the plastic industry to add colour to plastic.
- xii. Plastic industry constitutes around 25% of the demand of TiO<sub>2</sub> in India and domestic industry manufactures grades consumed by the plastic industry. The application, being a

major consumption for TiO<sub>2</sub>, is catered by the DI. Therefore, PVC application must be included in the scope of PUC.

- xiii. The exclusion of rutile through sulphate based solely on differences in production processes is unjustified, as variations in methods do not inherently create a fundamentally different product. Both rutile through sulphate and rutile through chloride share interchangeable uses and exhibit only the characteristics of the rutile crystal. Consumers often purchase both types, underscoring their functional equivalence. Additionally, the cost of production for both processes is comparable, despite differences in raw materials. Notably, one of the applicants, TTPL, has the necessary technology and setup to produce rutile through sulphate route and actively manufactures rutile TiO<sub>2</sub> using this process.

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

9. After examining the transaction wise import data called from DG System and submissions of the interested parties, the Authority observes a significant difference in the import prices and cost of production of Rutile Chloride (R-C) and Rutile Sulphate (R-S). Accordingly, the Authority deems it necessary to establish separate PCNs for fair comparison of both products for the purpose of this investigation.
10. The Authority considers as follows with regard to exclusion requests made and concerns expressed by the interested parties:
- a. Rutile through sulphate TiO<sub>2</sub> should be excluded- With respect to submissions alleging that the domestic industry does not produce rutile through sulphate process, the Authority notes that the Indian industry produces rutile grade through sulphate process as well as chloride process. Further, it is noted that TTPL, has the necessary technology and setup to produce rutile through sulphate route and has manufactured and sold rutile TiO<sub>2</sub> produced using sulphate process during POI. Therefore, the Authority disagrees with the exclusion sought for this product type.
  - b. TiO<sub>2</sub> with particle sizes below 200 nm and above 350 nm- The interested parties have argued that TiO<sub>2</sub> with particles size below 200 nm and above 350 nm should be excluded. It is noted that subject goods below particle size 100 nm is already exempted from the scope of product under consideration. Further, information on record shows that all the grades of TiO<sub>2</sub> with particles size above 100nm is being produced and sold by the applicants. Thus, the Authority holds that the product scope excludes only particle size below 100 nm.
  - c. TiO<sub>2</sub> rutile with bright and bluish undertone, Performance Grade TiO<sub>2</sub> (BLR 895 or LR 961) and Sulphate Grades (BLR 698/R 868 or BLR 601/R 216) - The interested parties have requested that certain grades, including TiO<sub>2</sub> Rutile grade with a bright and bluish undertone, performance grades, and specific sulphate grades, be excluded. However, the authority notes that these requests are not supported by credible scientific data showing differences in physical or chemical characteristics or end uses compared to the domestic products. The domestic industry has asserted that it provides comparable products and contends that exclusions should not be based solely on grade names created by individual

producers. These grade names are specific to the producers and do not align with international standards. Since consumers use these products interchangeably, there is no evidence to justify the exclusion of these product types.

- d. TiO<sub>2</sub> anatase grade for making paper other than décor (used at fibre/pulp stage)- The interested party has requested that anatase grade for making paper be excluded from the scope of the product under consideration. The domestic industry has submitted that the domestic industry produces and has sold material to consumers for production of papers (other than décor paper). Since the domestic industry produces this product, the Authority disagrees with this exclusion request.
- e. TiO<sub>2</sub> for certain applications- Rutile grade for making décor paper and TiO<sub>2</sub> used in the production of textiles, food- The interested parties have requested that TiO<sub>2</sub> used in the production of textiles and food, and rutile grade used for producing décor paper may be excluded from the scope of product under consideration. The domestic industry has agreed with such request for exclusion as TiO<sub>2</sub> in these applications is not used as a pigment. The Authority excludes TiO<sub>2</sub> for these applications.
- f. Nano or ultrafine- The domestic industry and interested parties have agreed with exclusion of nano or ultrafine as the domestic industry does not produce this article and the demand for this product is low. The Authority accordingly excludes this product type from the scope of product under consideration.
- g. TiO<sub>2</sub> for skin care and pharmaceutical applications- The interested parties have requested that TiO<sub>2</sub> used for skin care and pharmaceutical applications may be excluded from the scope of product under consideration. The domestic industry has agreed with such request for exclusion as TiO<sub>2</sub> for these applications is not being produced by the domestic industry. The scope of product under consideration thus excludes TiO<sub>2</sub> for skin care and pharmaceutical applications.

11. In view of the above, the Authority holds the product under consideration and product control numbers(PCNs) as below:

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*12. The product under consideration in the present application is “Titanium Dioxide, excluding food, pharma, skin-care, textile and fibre application and nano or ultrafine titanium dioxide having particle size below 100 nm”*

**Specific Exclusions from the scope of the product**

*13. Specifically excluded from the scope of product under consideration are titanium dioxide meant for following applications or specification:*

<b>S. No.</b>	<b>Product excluded</b>	<b>Description of the excluded product and details</b>
1	Food	TiO <sub>2</sub> used in food additives like food colouring
2	Pharma	TiO <sub>2</sub> used as ingredient in tablet film coatings
3	Skin-care	TiO <sub>2</sub> is used in cosmetics and sunscreen lotions for UV-absorbing and photocatalyst applications
4	Textile	TiO <sub>2</sub> used in production of textile/fibre. TiO <sub>2</sub> which is used in the production of textiles and fibres largely because of its photo-catalytic self-cleaning, UV-protection and delustering abilities, etc. is excluded from the scope of product under consideration. <b>However, such exclusion does not extend to the TiO<sub>2</sub> that is used as a pigment for printing over the textile/garment/cloth/fabric.</b>
5	Fibre	TiO <sub>2</sub> is used for delustering the artificial fibre and this fibre is used to produce the textiles. Fibre grade materials are used to blend with fibre threads to make the cloth itself. TiO <sub>2</sub> Rutile grade for making décor paper (used at fibre/pulp stage).
6	Nano or ultrafine	Nano or ultrafine titanium dioxide having particle size below 100 nm used in textile/paint industry to offer characteristics such as dust free textile/paint.

### **PCN Methodology**

<b>PCN</b>	<b>PCN Code</b>
<i>Rutile -Chloride</i>	<i>R-C</i>
<i>Rutile- Sulphate</i>	<i>R-S</i>
<i>Anatase-Sulphate</i>	<i>A-S</i>

12. The Authority notes that the product produced by the applicants and the product under consideration imported from the subject country is comparable in terms of physical and chemical characteristics, functions and uses, product specifications, pricing, distribution and marketing, and tariff classification of the goods. The Authority holds that the subject goods produced by the applicants' is like article to the product under consideration imported from the subject country within the scope and meaning of Rule 2(d) of the Anti-dumping Rules.

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

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

13. No submissions have been made by other interested parties with regard to the scope of domestic industry and its standing.

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

14. The applicants have made the following submissions with regard to the scope of domestic industry and standing:
- i. The application has been filed by M/s. Kerala Minerals and Metals Ltd, M/s. Travancore Titanium Products Ltd and M/s. VV Titanium Pigments Pvt. Ltd.
  - ii. The applicants comprise of all the producers in India involved in the manufacturing of the PUC. Applicants have neither imported nor are related to any importer or exporter of subject goods.
  - iii. The applicants constitute a 'major proportion' of the total Indian production and satisfies the requirements of Rule 2(b) and Rule 5(3) of the AD Rules.

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

15. Rule 2(b) of the AD Rules defines the domestic industry as under:

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

16. The present application has been filed by M/s Kerala Minerals and Metals Ltd, M/s Travancore Titanium Products Ltd and M/s VV Titanium Pigments Pvt. Ltd. The applicants are the only producers of subject goods in the POI in the country. There are no other domestic producers of subject goods.
17. The applicants have not imported the subject goods and are not related to either an importer or exporter of subject goods from subject country. Information on record shows that the applicants account for 100% of Indian production in the POI. The application thus, satisfies the criteria of standing in terms of Rule 5(3) of the Rules. Therefore, the Authority holds the applicants/petitioners as the eligible domestic industry. Further, the applicants constitute the domestic industry.

## **E. CONFIDENTIALITY**

### **E.1. Submissions by other interested parties**

18. The following submissions have been made by other interested parties with respect to confidentiality:
- i. The domestic industry has claimed excessive confidentiality, violating Rule 7 of the AD Rules and Trade Notices 1/2013 dated 9<sup>th</sup> December, 2013 and 10/2018 dated 7<sup>th</sup> September, 2018. The non-confidential version of the petition fails to provide a reasonable understanding of the allegations and does not meet the prescribed standards for disclosure.
  - ii. Rule 7 mandates that non-confidential summaries of confidential data must be provided, with a good cause statement for claims of confidentiality. The domestic industry has failed to justify its claims or provide meaningful non-confidential summaries. Significant data, including costing information and injury indicators, have either been completely withheld or provided in trends rather than actual figures, making it impossible for interested parties to analyse and respond effectively.
  - iii. Trade Notice 10/2018 specifies disclosure requirements for multiple producer petitioners, which the domestic industry has not adhered to. Key data points such as sales quantity, sales value, Profit before interest and tax (PBIT), Non-injurious price (NIP), and depreciation expenses are either not provided or disclosed inadequately in non-confidential versions.
  - iv. In Section VI (Costing Information) of the petition, the domestic industry has entirely withheld information, failing to provide justification for the confidentiality claimed. Annexures referenced in the petition are not included in the non-confidential version.
  - v. The domestic industry has not complied with the requirements laid down in Trade Notice 10/2018 by not adequately providing information regarding various indicators, such as production volumes, sales realizations, funds raised, and financial details like depreciation, interest, and PBIT.
  - vi. Excessive confidentiality prevents other interested parties from exercising their right of defense. The Hon'ble Supreme Court of India in *Automotive Tyre Manufacturers Association vs. Designated Authority*<sup>1</sup> held that duty to follow the principles of natural justice is implicit in the exercise of power conferred on DA under the AD Rules.

### **E.2. Submissions by domestic industry**

19. The following submissions have been made by the domestic industry with regard to confidentiality:
- i. The domestic industry consists of three entities: two PSUs (KMML and TTPL) and one private company (VVT). KMML produces only Rutile grade by chloride process, VVT produces only Anatase grade, and TTPL produces both grades. There is a significant difference in the cost and selling price of Rutile and Anatase grades during the POI.

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1. (2011) 2 SCC 258.

- ii. Disclosure of aggregate figures could enable producers to deduce the cost and price of grades they do not produce, harming the DI's competitive interests. Cost, profit, and selling price are highly sensitive business information, and disclosure would negatively impact the competitive position of the DI.
- iii. It is further submitted by domestic industry that claims of confidentiality are in consonance with the practice of the Authority in cases such as *Anti-dumping investigation concerning imports of Phthalic Anhydride originating in or exported from Russia and Japan*<sup>2</sup>, where there were 3 (three) producers as a part of the domestic industry, the Authority did not provide details such as selling price and PBIT of the constituents of the domestic industry and has claimed it confidential. This pattern was also followed in other cases such as *Anti-dumping investigation concerning imports of Phthalic Anhydride (PAN) originating in or exported from China PR, Indonesia, Korea RP and Thailand*<sup>3</sup>, *Anti-dumping investigation concerning imports of Glazed Unglazed Porcelain Vitrified tiles in polished or unpolished finish from China PR*<sup>4</sup> and *Anti-dumping investigation concerning imports of Plastic Processing Machines originating in or exported from China PR*<sup>5</sup>.
- iv. Further, many respondents have not disclosed affiliated companies, names of shareholders, details of the company such as telephone and fax numbers. These details have been claimed confidential without a valid justification.
- v. Sample domestic and export sales documents have not been disclosed. While documents itself may be confidential, the list of documents submitted has not been disclosed.

### E.3. Examination by the Authority

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

*“7. Confidential Information:*

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

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2. 14/6/2014-DGAD (<https://www.dgtr.gov.in/anti-dumping-cases/phthalic-anhydride-originating-or-exported-russia-and-japan>).

3. 6/16/2020-DGTR (<https://www.dgtr.gov.in/anti-dumping-cases/anti-dumping-investigation-concerning-imports-phthalic-anhydride-pan-originating>).

4. 14/14/2014-DGAD (<https://www.dgtr.gov.in/anti-dumping-cases/glazed-unglazed-porcelain-vitrified-tiles-polished-or-unpolished-finish-less-3>).

5. 6/54/2020-DGTR (<https://www.dgtr.gov.in/anti-dumping-cases/anti-dumping-investigation-concerning-imports-plastic-processing-machines>).

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

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

22. The information provided by the interested parties on confidential basis was examined with regards to sufficiency of such claims. The Authority holds that the domestic industry’s claims on price parameters have been accepted, while volume parameters have been disclosed. Hence, the Authority is satisfied with information provided by the domestic industry on confidential basis.
23. On being satisfied, the Authority accepts the confidentiality claims, wherever warranted and such information has been considered confidential and not disclosed to the other interested parties. Wherever possible, the parties providing information on confidential basis were directed to provide sufficient non-confidential version of the information filed on confidential basis. The Authority also notes that all interested parties have claimed their business-related sensitive information as confidential.

#### **F. SAMPLING OF FOREIGN PRODUCERS**

24. A large number of producers and exporters of the subject goods from China submitted questionnaire response. In view of the large number of producers and exporters, the Authority decided to resort to sampling in the present investigation in accordance with the provisions of Rule 17(3). Based on the questionnaire responses filed before the Authority, the following three groups were chosen for individual dumping margin determination.
- i **LB Group** comprising of following producers/exporters- Henan Billions Advanced Material Co., Ltd., LB Group Co., Ltd., LB Lufeng Titanium Industry Co., Ltd., LB Sichuan Titanium Industry Co., Ltd, LB Xiangyang Titanium Industry Co., Ltd, Billions (Hong Kong) Corporation Limited and Billions Europe Ltd, UK.
  - ii **Gold Star Group** comprising of producer/exporter- Anhui Gold Star Titanium Dioxide (Group) Co., Ltd and Anhui Gold Star Titanium Dioxide Trading Co., Ltd.
  - iii **Shandong Group** comprising of producer/exporter- Shandong Xianghai Titanium Co., Ltd. and Shandong Jinhai Titanium Resources Technology Co., Ltd.
25. The Authority vide email dated 29.08.2024 intimated all the interested parties regarding the sampling methodology and the sampled groups for further investigation and sought the comments from them. The comments sent by the interested parties were examined by the Authority and the final sampled groups of exporters/producers were intimated vide notification no F.No.-06/03/2024 dated 7<sup>th</sup> October, 2024. The Authority also informed the interested parties that these

producers along with their associated exporters were considered for determination of individual dumping margin.

26. The Authority invited comments from the interested parties. The submissions made by the interested parties are briefly as under.

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

27. There were no submissions made by other interested parties in this regard.

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

28. The following submissions have been made by the domestic industry:

- i. 21 producers have filed questionnaire responses as per the interested parties' list, which is a high number to permit individual determination.
- ii. Given the low volumes of exports by certain parties, it is obvious that their product profile and exports pattern is not representative of exports into India, in terms of both product profile and time period.
- iii. In the past, Chinese producers who have had negligible export volumes in the POI, after getting individual lower duty, flood the Indian market.
- iv. The global norm in sampling is to consider at most three companies:
  - a. In *Ceramic Tiles from India*<sup>6</sup>, Europe originally considered two companies and refused to extend sampling size to three companies even following aggressive representations from the company at number 3.
  - b. In *Wood Pulp from Canada*<sup>7</sup>, China's Ministry of Commerce (MOFCOM) refused to individually determine dumping margin for the company at number 3 even though the companies in the first three places were exporting almost equal volume.
  - c. The USA considers more than two companies as 'unduly burdensome'. In the matter of *Quartz Surface Products from India*<sup>8</sup>, out of 50 companies considered, investigation and determination of dumping margin was carried out only for two companies, the results of which were extended to the others.
- v. Filing of questionnaire response on voluntary basis cannot be grounds to determine individual dumping margin.

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

29. After reviewing the comments from interested parties, the export data was organized in descending order of production of PUC. Based on the largest percentage of export volume to India from China during the POI, three (3) producers, along with their associated

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6. European Commission (2024). *Commission Implementing Regulation (EU) 2024/804 of 7 March 2024* (Official Journal of the European Union, L 63, 1-25).

7. "Symposium on State-Owned Enterprises in China," *World Trade Review* 16, no. 4 (October 2017): 750-752.

8. "Certain Quartz Surface Products from India: Preliminary Results and Rescission in Part of Antidumping Duty Administrative Review; 2022-2023," *Federal Register*, Vol. 89, No. 131, pp 56292-56295, Tuesday, July 9, 2024.

exporters/producers, were selected for the determination of the dumping margin. These 3 sampled producers/exporters group contribute to about 49% of exports during the POI, making them an appropriate and representative sample. Therefore, the Authority has considered the sampled producers to determine dumping margin and the dumping margin for non-sampled cooperating producers/ exporters from China PR would be determined on the basis of the same.

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

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

30. Following submissions have been made by other interested parties with regards to the normal value, export price and dumping margin:
- i Market economy status should be granted to China PR based on the development of the market economy of China. Article 15(a)(ii) of China's Accession Protocol expired on December 11, 2016.
  - ii After 11<sup>th</sup> December 2016, anti-dumping regulations cannot contain any provisions allowing for the establishment of the normal value for the Chinese exporting producers on a basis other than their domestic prices and costs.
  - iii India has no legal basis under the WTO Agreement to calculate normal value in anti-dumping investigation for products from China PR using the non-market economy methodology. Any such action by India would be inconsistent with the requirements of the Agreement on Implementation of Article VI of the GATT.
  - iv The surrogate country methodology is no longer applicable in calculating normal value, regardless of whether China PR is treated as a market economy due to the principle of *pacta sunt servanda*, Section 15 of China's Accession Protocol to WTO and Appellate Body Report on EC- Fasteners initiated by China PR.
  - v China PR should not be treated as a non-market economy as per China's accession protocol to WTO, the same was also confirmed by the WTO Appellate Body in "EC-Fasteners". US and EU in their respective bilateral agreement with China PR had also noted about the expiry of non-market economy status after 15 years after China enters WTO.

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

31. The submissions of the domestic industry with regards to the normal value, the export price and the dumping margin, are as follows:
- i China should be considered a non-market economy country and normal value in case of the producers/exporters from China PR should be determined in accordance with para-7 read with para 8 (2) and 8(3) of Annexure I of the AD Rules. In terms of Para 8 in Annexure I to the AD Rules, it is presumed that the producers of the subject goods in China PR are operating under non-market economy conditions. Therefore, normal value of the subject goods in China PR has been estimated in terms of Para 7 of Annexure I to the AD Rules.

- ii Article 15 (d) of the Protocol, the provision of 15(a)(ii) has expired in December 2016 i.e., 15 years after China PR's accession to the WTO. However, Article 15(a)(i), which provides for presumption of non-market economy for China PR, is still in force. Hence, a valid presumption exists that China PR is a non-market economy country for anti-dumping investigations.
- iii The Authority shall follow Para 1 – 6 of Annexure I for the determination of normal value only if the responding Chinese companies establish that their costs and price information is such that individual normal value and dumping margin can be determined. If the responding Chinese companies are not able to demonstrate that their costs and price information can be adopted, the Designated Authority shall reject the claim of individual dumping margin.
- iv Paragraph 1 to 6 of Annexure I of the Rules does not apply for computation of normal value for imports from China PR, unless a producer/exporter shows with sufficient evidence that he is operating under market economy conditions. As a result, normal value for China PR has to be determined in terms of Para 7 of Annexure I of the Rules.

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

32. Under Section 9A(1)(c) of the Act, 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*
  - (b) the cost of production of the said article in the country of origin along With reasonable addition for administrative, selling and general costs, and for profits, as determined in accordance with the rules made under sub-section (6):*

*Provided that in the case of import of the article from a country other than the country of origin and where the article has been merely transhipped 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 sent questionnaires to the known producers/exporters from the subject country, as well as to the appropriate diplomatic representative advising them to provide information in the

form and manner prescribed by the Authority within the prescribed time limit. The Authority received questionnaire responses from the following exporters/producers:

- i. Henan Billions Advanced Material Co., Ltd.
- ii. LB Group Co., Ltd.
- iii. Lb Lufeng Titanium Industry Co., Ltd.
- iv. Lb Sichuan Titanium Industry Co., Ltd
- v. Lb Xiangyang Titanium Industry Co., Ltd
- vi. Billions (Hong Kong) Corporation Limited
- vii. Anhui Gold Star Titanium Dioxide (Group) Co., Ltd.
- viii. Anhui Gold Star Titanium Dioxide Trading Co., Ltd.
- ix. Yibin Tianyuan Haifeng Hetai Co., Ltd
- x. Yibin Tianyuan Group Co., Ltd
- xi. Efon (Hongkong) Company Limited
- xii. Shandong Xianghai Titanium Co., Ltd.
- xiii. Shandong Jinhai Titanium Resources Technology Co., Ltd.
- xiv. Chongqing Titanium Industry Co., Ltd. of Pangang Group
- xv. Pangang Group Titanium Industry Co., Ltd.
- xvi. Pangang Group Chengdu Vanadium & Titanium Resources Development Co., Ltd.
- xvii. Pangang Group Chongqing Vanadium & Titanium Technology Co., Ltd.
- xviii. Jiangxi Tikon Titanium Products Co Ltd ( A Tronox Company)
- xix. Kunming Donghao Titanium Co., Ltd.
- xx. Inter-China Chemical Co., Ltd.
- xxi. Anhui Annada Titanium Industry Co., Ltd.
- xxii. Shandong Doguide Group Co., Ltd.
- xxiii. Qianjiang Fangyuan Titanium Industry Co., Ltd.
- xxiv. Jinan Yuxing Chemical Co., Ltd.
- xxv. Ningbo Xinfu Titanium Dioxide Co., Ltd.
- xxvi. Ningbo Xinfu Chemical Marketing Co., Ltd.
- xxvii. Shandong Dawn Titanium Industry Co. Ltd.

34. The Authority has sampled following three groups which includes related traders and producers:

- i LB Group comprising of following producers/exporters- Henan Billions Advanced Material Co., Ltd., LB Group Co., Ltd., LB Lufeng Titanium Industry Co., Ltd., LB Sichuan Titanium Industry Co., Ltd, LB Xiangyang Titanium Industry Co., Ltd, Billions (Hong Kong) Corporation Limited and Billions Europe Ltd, UK.
- ii Gold Star Group comprising of producer/exporter- Anhui Gold Star Titanium Dioxide (Group) Co., Ltd and Anhui Gold Star Titanium Dioxide Trading Co., Ltd.
- iii Shandong Group comprising of producer/exporter- Shandong Xianghai Titanium Co., Ltd. and Shandong Jinhai Titanium Resources Technology Co., Ltd.

35. The normal value and export price for all producers/ exporters from the subject country have been determined as below.

### G.3.1 Normal Value

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

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

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

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

*(b) In proceedings under Parts II, III and V of the SCM Agreement, when addressing subsidies described in Articles 14(a), 14(b), 14(c) and 14(d), relevant provisions of the SCM Agreement shall apply; however, if there are special difficulties in that application, the importing WTO Member may then use methodologies for identifying and measuring the subsidy benefit which take into account the possibility that prevailing terms and conditions in China may not always be available as appropriate benchmarks. In applying such methodologies, where practicable, the importing WTO Member should adjust such prevailing terms and conditions before considering the use of terms and conditions prevailing outside China.*

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

*d) Once China has established, under the national law of the importing WTO Member, that it is a market economy, the provisions of subparagraph (a) shall be terminated provided that the importing Member's national law contains market economy criteria as of the date of accession. In any event; the 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. "*

37. It is noted that while the provision contained in Section 15 (a)(ii) has expired on 11.12.2016, the provision under Article 2.2.1.1 of WTO Anti-dumping Agreement read with the obligation under Section 15(a)(i) of the Accession Protocol require criterion stipulated in paragraph 8 of Annexure I of the Rules to be satisfied through the information/data to be provided in the supplementary questionnaire on claiming market economy treatment.
38. At the stage of initiation, the Authority proceeded as per the information made available by the domestic producers on the cost of production of the subject goods with due addition of SGA and profits. Upon initiation, the Authority advised the producers/ exporters in China PR to respond to the notice of the initiation and provide information relevant to the determination of their market economy status. The Authority sent copies of the supplementary questionnaire to all the known producers/ exporters for rebutting the presumption of a non-market economy in accordance with criteria laid down in Para 8(3) of Annexure-I to the Rules and furnish relevant detailed information. The Authority also requested the Government of China PR to advise the producers exporters in China PR to provide the relevant information.
39. None of the exporters/producers contested the non-market economy status of China. Thus, in view of the above position and in the absence of rebuttal of the non-market economy presumption by any Chinese exporting company, the Authority considers it appropriate to treat China PR as a non-market economy country in the present investigation and proceeds with para 7 of Annexure-I to the Rules for determination of normal value in case of China PR.
40. Para 7 of Annexure I of the Rules reads as under:
- In case of imports from non-market economy countries, normal value shall be determined on the basis of the price or constructed value in the market economy third country, or the price from such a third country to other countries, including India or where it is not possible, or on any other reasonable basis, including the price actually paid or payable in India for the like product, duly adjusted if necessary, to include a reasonable profit margin. An appropriate market economy third country shall be selected by the designated authority in a reasonable manner, keeping in view the level of development of the country concerned and the product in question, and due account shall be taken of any reliable information made available at the time of selection. Accounts shall be taken within time limits, where appropriate, of the investigation made in any similar matter in respect of any other market economy third country. The parties to the investigation shall be informed without any unreasonable delay the aforesaid selection of the market economy third country and shall be given a reasonable period of time to offer their comments.*
41. In the absence of sufficient information on record regarding the other methods enshrined in Para 7 of Annexure I of the AD Rules, the Authority has determined the normal value by considering the method on “any other reasonable basis”.

42. The Authority has therefore constructed the normal value for China PR on the basis of cost of production in India, duly adjusted, including selling, general and administrative expenses and reasonable profits. The constructed normal value so determined for Chinese producers/exporters is mentioned in the dumping margin table below.

### **G.3.2 Export Price for all sampled producers and exporters**

#### **A) LB Group (Sampled)**

- i. M/s. LB Group Co Ltd.**
- ii. M/s. LB Lufeng Titanium Industry Co. Ltd.**
- iii. M/s. LB Sichuan Titanium Industry Co. Ltd.**
- iv. M/s. LB Xiangyang Titanium Industry Co. Ltd.**
- v. M/s. Henan Billions Advanced Material Co. Ltd**
- vi. M/s. Billions (Hong Kong) Corporation Limited**
- vii. M/s Billions Europe Ltd., UK**

43. **LB Group Co., Ltd.** was established on August 20, 1998 as a public listed company in accordance with Company Law of the People's Republic of China.

During the POI, LB Group Co., Ltd., has sold \*\*\* MT subject goods to India. Out of this, the producer/exporter has sold \*\*\* MT indirectly through a related exporter/trader namely, Billions (Hong Kong) Corporation Limited, Hong Kong. It is further noted that out of this \*\*\*MT, Billions (Hong Kong) Corporation Limited, Hong Kong has sold \*\*\*MT to India directly and rest of \*\*\* MT has been sold to India indirectly through another related exporter/trader namely, Billions Europe Ltd., UK. The producers/exporters have claimed adjustments on accounts of ocean, freight, insurance, inland transportation, port and other related expenses, bank charges and commission to arrive at net export price at ex-factory level and the net export price so determined is as shown in the dumping margin table.

44. **LB Lufeng Titanium Industry Co., Ltd.** was established on April 20, 2015 as a limited liability company in accordance with Company Law of the People's Republic of China.

During the POI, LB Lufeng Titanium Industry Co., Ltd. has sold \*\*\* MT subject goods to India. Out of this, the producer/exporter has sold \*\*\* MT indirectly through a related exporter/trader namely, Billions (Hong Kong) Corporation Limited, Hong Kong. The producers/exporters have claimed adjustments on accounts of ocean, freight, insurance, inland transportation, port and other related expenses, bank charges and commission to arrive at net export price at ex-factory level and the net export price so determined is as shown in the dumping margin table.

45. **LB Sichuan Titanium Industry Co., Ltd.** was established on February 21, 2001 as a limited liability company in accordance with Company Law of the People's Republic of China.

During the POI, LB Sichuan Titanium Industry Co., Ltd. China PR, has sold \*\*\*MT subject goods to India. Out of this, the producer/exporter has sold \*\*\*MT indirectly through a related exporter/trader namely, Billions (Hong Kong) Corporation Limited, Hong Kong. It is further noted that out of this \*\*\* MT, Billions (Hong Kong) Corporation Limited, Hong Kong

has sold \*\*\* MT to India directly and rest of \*\*\* MT of subject goods Billions (Hong Kong) Corporation Limited, Hong Kong has sold to India indirectly through another related exporter/trader namely, Billions Europe Ltd., UK. The producers/exporters have claimed adjustments on accounts of ocean, freight, insurance, inland transportation, port and other related expenses, bank charges and commission to arrive at net export price at ex-factory level and the net export price so determined is as shown in the dumping margin table.

46. **LB Xiangyang Titanium Industry Co., Ltd.**, China PR, was established on April 29, 2011 as a limited liability company in accordance with Company Law of the People's Republic of China.

During the POI, LB Xiangyang Titanium Industry Co., Ltd., China PR, has sold \*\*\* MT subject goods to India. Out of this, the producer/exporter has sold \*\*\* MT indirectly through a related exporter/trader namely, Billions (Hong Kong) Corporation Limited, Hong Kong. The producers/exporters have claimed adjustments on accounts of ocean, freight, insurance, inland transportation, port and other related expenses, bank charges and commission to arrive at net export price at ex-factory level and the net export price so determined is as shown in the dumping margin table.

47. **Henan Billions Advanced Material Co., Ltd.** was established on May 19, 2016 as a limited liability company in accordance with Company Law of the People's Republic of China.

During the POI, Henan Billions Advanced Material Co., Ltd., has sold \*\*\* MT subject goods to India. Out of this, the producer/exporter has sold \*\*\*MT indirectly through a related exporter/trader namely, Billions (Hong Kong) Corporation Limited, Hong Kong. It is further noted that out of this \*\*\* MT, Billions (Hong Kong) Corporation Limited, Hong Kong has sold \*\*\* MT to India directly and rest of \*\*\* MT of subject goods Billions (Hong Kong) Corporation Limited, Hong Kong has sold to India indirectly through another related exporter/trader namely, Billions Europe Ltd., UK. The producers/exporters have claimed adjustments on accounts of ocean, freight, insurance, inland transportation, port and other related expenses, bank charges and commission to arrive at PCN-wise weighted average of export price at ex-factory level and the ex-factory export price so determined is as shown in the dumping margin table.

**B) Gold Star Group (Sampled)**

i. **M/s. Anhui Gold Star Titanium Dioxide (Group) Co. Ltd.**

ii. **M/s. Anhui Gold Star Titanium Dioxide Trading Co. Ltd.**

48. **Anhui Gold Star Titanium Dioxide (Group) Co. Ltd.** was established as a limited liability company in accordance with Company Law of the People's Republic of China, on January 18, 1996.

During the POI, Anhui Gold Star Titanium Dioxide (Group) Co., Ltd., China PR, has sold \*\*\* MT subject goods to India indirectly through a related exporter/trader namely, Anhui Gold Star Titanium Dioxide Trading Co., Ltd., China PR on ex-works basis. The producer/exporter has claimed no adjustments to arrive of export price at ex-factory level and the net export price so determined is as shown in the dumping margin table.

49. **M/s. Anhui Gold Star Titanium Dioxide Trading Co., Ltd.**, was established as a limited liability company in accordance with Company Law of the People's Republic of China, on October 20, 2017.

During the POI, Anhui Gold Star Titanium Dioxide Trading Co., Ltd., has sold \*\*\*MT subject goods to India. Out of this, the producer/exporter has sold \*\*\* MT of subject goods from its related producer/exporter namely M/s. Anhui Gold Star Titanium Dioxide (Group) Co., Ltd., China PR. The producer/exporter has claimed adjustments on accounts of ocean, freight, insurance, inland transportation, port and other related expenses, bank charges and commission to arrive at net export price at ex-factory level and the net export price so determined is as shown in the dumping margin table.

**C) Shandong Group (Sampled)**

**i. M/s. Shandong Xianghai Titanium Co. Ltd.**

**ii. M/s. Shandong Jinhai Titanium Resources Technology Co. Ltd.**

50. **M/s. Shandong Xianghai Titanium Co., Ltd.**, was established on October 16, 2013 as a limited liability company in accordance with Company Law of the People's Republic of China.

During the POI, Shandong Xianghai Titanium Co., Ltd., has sold \*\*\* MT subject goods to India. The producers/exporters have claimed adjustments on accounts of ocean, freight, insurance, inland transportation, port and other related expenses, bank charges and commission to arrive at net export price at ex-factory level and the ex-factory export price so determined is as shown in the dumping margin table.

51. **M/s. Shandong Jinhai Titanium Resources Technology Co., Ltd. China PR**, was established on April 24, 2012 as a limited liability company in accordance with Company Law of the People's Republic of China.

During the POI, Shandong Jinhai Titanium Resources Technology Co., Ltd. China PR, has sold \*\*\* MT subject goods to India directly. The producers/exporters have claimed adjustments on accounts of ocean, freight, insurance, inland transportation, port and other related expenses, bank charges and commission to arrive at net export price at ex-factory level and the ex-factory export price so determined is as shown in the dumping margin table.

**D) Non sampled cooperating producers/exporters**

52. The Authority has considered the weighted average dumping margin evaluated on the basis of individual dumping margins for the producers/exporters of the sampled category. This weighted average dumping margin has been accorded to the non-sampled category of producers/exporters of subject goods and has been mentioned in the dumping margin table.

**E) Non-cooperating producers/exporters**

53. The Authority determines the export price for non-cooperating producers/ exporters from China PR on the basis of facts available. The export price so determined has been mentioned in the dumping margin table.

### G.3.3 Determination of dumping margin

54. Considering the normal value and export price determined, as explained above, it is determined that the dumping margin is more than the *de-minimis* limit prescribed under the Rules.
55. It is noted that many cooperating producers and exporters are related to each other and form a group of related companies. It has been a consistent practice of the Authority to consider related exporting producers and exporters as one single entity for the determination of a dumping margin and thus to establish one single dumping margin for them. The rationale for this approach is that calculating individual dumping margins might encourage circumvention of anti-dumping measures, thus rendering them ineffective, by enabling related exporting producers to channel their exports to India through the company with the lowest individual dumping margin.
56. In accordance with the above, related producers and exporters have been regarded as one single entity and attributed one single dumping margin which was calculated on the basis of the weighted average of the dumping margins of the cooperating related producers and exporters.

**Dumping Margin (DM) Table**

S. No	Producer	CNV(\$/MT)	Net Export Price (\$/MT)	Dumping Margin (DM) (\$/MT)	DM (%)	DM Range (%)
1.	M/s Anhui Gold Star Titanium Dioxide (Group) Co., Ltd.	***	***	***	***	60-70
2.	M/s Anhui Gold Star Titanium Dioxide Trading Co., Ltd.					
3.	M/s Shandong Jinhai Titanium Resources Technology Co., Ltd.	***	***	***	***	40-50
4.	M/s Shandong Xianghai Titanium Co., Ltd.					
5.	M/s LB Xiangyang Titanium Industry Co Ltd, and	***	***	***	***	35-45
6.	M/s LB Sichuan Titanium Industry Co., Ltd.					
7.	M/s LB Lufeng Titanium Industry Co., Ltd.					

8.	M/s LB Group Co., Ltd.					
9.	M/s Henan Billions Advanced Material Co., Ltd.					
10.	<b>Non-Sampled Cooperative Producers/Exporters</b>	***	***	***	***	40-50
11.	<b>Residual</b>	***	***	***	***	90-100

### SECTION III

#### **H. ASSESSMENT OF INJURY AND CAUSAL LINK**

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

57. The following submissions were made by the other interested parties with regard to injury and causal link:
- i. Import volume data shows significant reliance on imports to meet domestic demand, particularly from China PR.
  - ii. Imports have shown steady increase in tandem with increase in demand in the POI.
  - iii. Sales of the domestic industry have increased slightly while imports from other countries declined in the POI.
  - iv. Domestic industry is unable to meet the increasing demand for the subject goods and the demand supply gap highlighting the need for imports.
  - v. Grade-wise examination would enable a clearer assessment of how different quality grades have contributed to changes in cost and pricing dynamics. This approach will allow identification of grades that may be experiencing higher or lower demand, pricing pressures, or cost variances, leading to more tailored strategies for pricing, marketing, and production. Such an analysis can also uncover trends that might be obscured in the aggregate data, thereby enabling more informed decision-making and enhancing profitability.
  - vi. The alleged injury to the domestic industry cannot be attributed solely to subject imports. Other contributing factors include fluctuations in raw material prices, supply chain disruptions, changing consumer preferences, and increased competition from both domestic and foreign producers.
  - vii. The DI's claim of a 22% return on capital employed (ROCE) for determining the non-injurious price is excessive and inconsistent with the Anti-Dumping Rules, as it inflates the non-injurious price calculation by applying an unjustifiable rate across both net worth and debt components of capital employed. It is submitted that non-injurious price should be calculated based on the actual ROCE earned by the domestic industry during periods without dumping allegations, considering the prevailing economic conditions and ensuring that interest costs and profit margins reflect realistic and reasonable levels.

- viii. Injury must be analysed separately for rutile and anatase grades as they are distinct forms of the PUC due to their unique crystal structures and resultant physical and chemical differences.
- ix. Injury must be analysed separately for rutile-chloride and rutile-sulphate as they cannot be used interchangeably. Mere adoption of PCN is insufficient for a holistic injury examination and does not reflect the correct volume effect, price effect, and economic parameters for determining injury as per the AD Rules.
- x. Domestic industry has used two separate import volumes to calculate dumping margin, and for determining net export price, injury margin, price undercutting. Domestic industry has created an inconsistency that could distort the injury examination. Volume of imports from China has risen by 50% while that of non-subject countries have experienced a decline of about 25%. Imports into India have increased by only 12.80%, aligning with the increase in total Indian demand. Hence, Chinese imports are taking away market share of non-subject country imports and not Indian market share, which remained more or less at the same level.
- xi. Segregation of Chinese imports reveals that the increase in imports pertain to rutile-sulphate due to the non-availability of rutile-sulphate domestically. Imports of rutile-sulphate are a necessity than a choice.
- xii. Price undercutting in itself cannot be an indicator of injury leading to material injury. Setting of net sales realisation (NSR) is a business decision, therefore, DI's internal inefficiency that may lead to higher cost of production and higher NSR cannot be a reason to claim injury or material injury.
- xiii. As per the audits of the Comptroller and Auditor General, KMML has maintained pricing practices that ensure recovery of variable costs which contradict claims of price suppression or depression.
- xiv. KMML has not expanded its production capacity since fiscal year 2006-07 despite being the sole domestic producer of rutile TiO<sub>2</sub> in India. Despite consistent and increasing demand from the user industry, capacity of KMML has remained the same. Capacity utilisation data suggests that KMML's performance has been consistent over time, showing no changes in output or capacity utilisation.
- xv. Sales prices of KMML have increased substantially over the injury period, whereas the cost of production has decreased indicating that KMML is currently not facing adverse financial impacts that would necessitate imposition of duties.
- xvi. KMML has reported gross profits across all segments including PUC, of 120% and 20% respectively from 2019-20 to 2022-23. Thus, claims regarding decline in profitability are devoid of merit and warrant rejection.
- xvii. Achieving 4, 00,000 MT capacity as mentioned by the domestic industry during the oral hearing would require an approximate capital outlay of INR 10,000 Cr. Considering the domestic industry is reportedly, financially constrained due to internal inefficiencies and borrowing, such investment seems highly improbable.
- xviii. Domestic industry's sales volume and sales price have risen slightly which indicate stability and improvement in the domestic industry's performance, negating the assertion that the domestic industry is suffering from injury.

- xix. Increase in imports from China PR has been modest and cannot be considered significant enough to substantiate a claim of threat of material injury.
- xx. India does not constitute an exceptionally high-growth or lucrative market for foreign exporters as demand has remained relatively steady over recent years and does not indicate significant or increasing attractiveness to foreign exporters.
- xxi. Domestic industry has not provided reliable data on the actual installed capacity in China which is dedicated for the production of the PUC as opposed to the grades of TiO<sub>2</sub> which are not subject to this investigation, in the absence of which, the Authority should disregard the domestic industry's speculative assertions of excess capacities.
- xxii. The COVID-19 pandemic and resultant lockdown is a factor in the performance of the domestic industry and demonstrates the absence of any causal relationship between the dumped goods and injury to the domestic industry. KMML's annual report of 2022-23 reports an increase in COVID related expenses, which may have increased the costs of the company.
- xxiii. Domestic industry has the option to address any injury arising from alleged subsidies as claimed by the domestic industry by filing a separate anti-subsidy petition. It would be inappropriate to include in the present anti-dumping assessment any injury purportedly caused by subsidisation such as export tax rebates.
- xxiv. The domestic industry is inefficient owing to the massive increase in its interest costs which may have contributed significantly to the domestic industry's rising cost of sales, turning prior profits into losses, and leading to the decline in ROI.
- xxv. The domestic industry has specifically highlighted injury from the LB Group. However, it must be noted that LB Group is backward integrated, thereby maintaining a more competitive cost structure. KMML relies on purchased raw materials and is hence unable to efficiently manage its raw materials. KMML's annual report shows that there is a significant increase in raw material costs which is disproportionate to the rise in sales, indicating inefficiencies.

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

58. The following submissions were made by the domestic industry with regard to injury and causal link:
- i. Demand increased steadily until 2021-22 but declined in 2022-23 and during the POI.
  - ii. Imports from the subject country have increased significantly from the base year to the POI.
  - iii. The increase in imports is substantial both in absolute and relative terms.
  - iv. The share of imports from the subject country in relation to Indian production and consumption has grown consistently over the injury period.
  - v. Subject imports hold \*\*\*% market share in total Indian demand.
  - vi. Price undercutting was determined by comparing the landed price of the subject imports with the selling price of the domestic industry. The subject imports are undercutting the prices of the DI.

- vii. The cost of sales increased till 2022-23, after which it saw a slight decline in the POI. The selling price increased till 2021-22 and then decreased till the POI. Subject imports therefore, are suppressing the prices of the domestic industry.
- viii. The capacity of domestic industry has remained constant throughout the injury period.
- ix. Production and capacity utilisation of domestic industry has increased from the base year to 2021-22, however declined significantly since then till POI.
- x. Despite sufficient demand in the country, the domestic industry is operating at a very low utilisation level.
- xi. Sales of the domestic industry increased till 2021-22, declined in 2022-23, and saw an increase in the POI.
- xii. Market share of the applicants declined over the injury period whereas share of subject imports have increased and is more than 50%. The subject imports have also taken away the share of other countries in demand.
- xiii. With regard to the profitability parameters of the domestic industry, COVID and low-priced imports caused the domestic industry to incur losses in the base year.
- xiv. In 2021-22, the domestic industry started earning profits, cash profits, and a reasonable ROI. However, it started incurring severe losses in 2022-23, which continued into the POI, where the landed price of the subject imports started to decline significantly. The ROI of the domestic industry was negative \*\*\*% in the POI.
- xv. The inventories with the domestic industry have undergone a highly significant increase over the injury period. The inventory in the POI is at \*\*\* MT, despite a reduction in production.
- xvi. The number of employees and the wages paid have declined marginally over the injury period.
- xvii. Productivity per employee has increased from the base year to 2021-22, it has however declined significantly since then till the POI, following the movement of production.
- xviii. The subject imports have adversely affected the growth of the domestic industry in respect of price and profitability parameters.
- xix. There is an increase in dumped imports from the subject country, even beyond the demand supply gap in India, after accounting for the new producer that has already started producing subject goods after the POI.
- xx. Injury must be seen for the domestic industry as a whole as the PUC is defined as 'titanium dioxide' and injury analysis must be considered for the product as a whole.
- xxi. Calculation of dumping margin and injury margin has been carried out based on anatase and rutile grades, as they are identified and any unknown grades of TiO<sub>2</sub> have not been considered.
- xxii. To calculate price undercutting, the total volume of imports has been considered.
- xxiii. Landed price of Chinese imports declined after 2021-22, the landed price of non-Chinese imports increased significantly, especially in the POI.
- xxiv. Volume of imports from China increased as that of other countries declined.
- xxv. The increase in stocks over the injury period is from about 50 crores to 250 crores.
- xxvi. Capacity utilisation for one of the constituents of the domestic industry is only at 32% in the POI, while that of another applicant is 32% for two different PCNs.

- xxvii. Domestic industry was forced to follow movement of landed price and not costs by reducing selling price in 2022-23 even with a cost increase. However, landed price was too low and below cost and declined further in the POI.
- xxviii. KMML suffered massive declines in PBT by about \*\*\* Cr and in PBIT by about \*\*\* Cr while its interest cost increased only \*\*\* Cr.
- xxix. The reference made to KMML's policy is to variable costs and not full costs and ignores full costs knowing that market forces may not allow for full costs to be recovered.
- xxx. COVID related expense was made initially in 2021, as per orders of the Government of Kerala. The amount paid in 2022-23, was simply a part payment to complete the amount contributed as part of the company's CSR obligations. Moreover, CSR expenses are not even considered for reporting profits and are met from profit after tax.

### H.3. Examination by the Authority

59. The Authority has taken note of the submissions made by the interested parties and has examined various parameters in accordance with the Rules after duly considering the submissions made by the interested parties. The injury analysis made by the Authority hereunder *ipso facto* addresses the various submissions made by the interested parties.
60. Rule 11 of the Rules read with Annexure II provides that an injury determination shall involve examination of factors that may indicate injury to the domestic industry, taking into account all relevant facts, including the volume of dumped imports, their effect on prices in the domestic market for like articles and the consequent effect of such imports on the domestic producers of such articles. In considering the effect of the dumped imports on prices, it is considered necessary to examine whether there has been a significant price undercutting by the dumped imports as compared with the price of the like article in India, or whether the effect of such imports is otherwise to depress prices to a significant degree or prevent price increases, which otherwise would have occurred, to a significant degree. For the examination of the impact of the dumped imports on the domestic industry in India, indices having a bearing on the state of the industry such as production, capacity utilization, sales volume, inventory, profitability, net sales realization, the magnitude and margin of dumping, etc. have been considered in accordance with Annexure II of the Rules.

#### H.3.1 Assessment of Demand/Apparent Consumption

61. The Authority has defined, for the purpose of the present investigation, demand, or apparent consumption of the subject goods in India as the sum of domestic sales of the applicants and imports from all sources. The demand for the PUC is as follows:

Particulars	Unit	2020-21	2021-22	2022-23	POI
Imports from Subject Country- China	MT	1,46,998	1,72,187	2,02,922	2,26,869
<i>Indexed</i>		100	117	138	154

Imports from other countries	MT	1,46,874	1,77,252	1,41,605	1,22,608
<i>Indexed</i>		100	121	96	83
Sales of Domestic Industry	MT	46,855	47,913	38,998	47,223
<i>Indexed</i>		100	102	83	101
Indian Demand	MT	***	***	***	***
<i>Indexed</i>		100	117	113	116

62. It is seen that the demand for the product under consideration increased in 2021-22 and declined marginally thereafter till POI. The imports from subject country have increased significantly by 54% when compared with base year 2020-21.

### H.3.2 Volume effect of dumped imports on domestic industry

#### a) Imports in absolute and relative terms

63. With regard to the volume of the dumped imports, the Authority is required to consider whether there has been a significant increase in the dumped imports, either in absolute terms or in relation to production or consumption in India. For the purpose of the injury analysis, the Authority has relied upon the transaction-wise import data from DG System. The Authority has considered the data based on the finalised PUC and PCN of the subject goods. The import volumes of the subject goods and share of the same during the injury investigation period are as follows:

Particulars	Unit	2020-21	2021-22	2022-23	POI
<b>Import Volume</b>					
Subject Country- China	MT	1,46,998	1,72,187	2,02,922	2,26,869
<i>Indexed</i>		100	117	138	154
Other Countries	MT	1,46,874	1,77,252	1,41,605	1,22,608
<i>Indexed</i>		100	121	96	83
Total Imports Volume	MT	2,93,872	3,49,439	3,44,527	3,49,476
<i>Indexed</i>		100	119	117	119
<b>Subject imports in relation to</b>					
Total imports	%	50	49	59	65
<i>Indexed</i>		100	99	118	130
Indian production	%	287	302	433	494
<i>Indexed</i>		100	105	151	172
Indian demand	%	43	43	53	57
<i>Indexed</i>		100	100	123	133

64. It is seen that:

- a. The subject imports have witnessed a significant increase throughout the injury period. Imports from other countries increased in 2021-22, but declined sharply thereafter till the POI.

- b. Share of imports from China PR in total imports was already quite high. Further, the same increased over the injury period, and share of imports from other countries have declined.
- c. Subject imports in relation to Indian production and consumption has increased over the injury period.
- d. It can be observed that there is an overall increase in the demand.

### H.3.3 Price effect of dumped imports on domestic industry

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

#### a) Price Undercutting

67. In order to determine whether the imports are undercutting the prices of the domestic industry in the market, price undercutting has been worked out by comparing the landed price of the subject imports with the selling price of the domestic industry during the investigation period. For the purpose, the Authority notes that there is significant difference in the prices of different types of the product under consideration. Therefore, the Authority has compared landed price of imports with the selling price of the domestic industry for comparable types, by considering the PCN notified by the Authority. Thus, weighted average price undercutting has been determined after considering associated import volumes and same is given below-

Particulars	Unit	A-S	R-S	R-C	Weighted Average
Landed Price	₹/MT	1,78,574	2,01,911	2,26,934	<b>2,05,197</b>
Net Selling Price	₹/MT	***	***	***	***
Price Undercutting	₹/MT	***	***	***	***
Price Undercutting	%	***	***	***	***
Price Undercutting	Range	0-10	Negative	5-15	Negative

68. It is seen from the data that the imports are not undercutting the prices of the domestic industry in the market. However, the Authority notes that the R-S form manufactured by the domestic industry is in uncoated form.

## b) Price Suppression/Depression

69. For the purpose of analysing price suppression and depression in the domestic market, the applicants have provided information about (a) cost of sales, (b) domestic selling price, as is given in the table below.

Particulars	Unit	2020-21	2021-22	2022-23	POI
Landed Price	₹/MT	1,74,761	2,61,253	2,33,166	2,05,197
<i>Indexed</i>		100	149	133	117
Cost of Sales	₹/MT	***	***	***	***
<i>Indexed</i>		100	110	147	135
Selling Price	₹/MT	***	***	***	***
<i>Indexed</i>		100	133	124	113

70. It is seen that both the selling price and the cost of sales increased over the injury period. However, the increase in cost of sales was much higher than the increase in selling price of the subject goods. Further, whereas the selling price was above cost of sales till 2021-22, the same declined below the level of cost of sales in 2022-23 and the POI. The landed price of imports shows a fluctuating trend, with a significant increase in 2021-22 followed by a decline during the POI. The landed price of imports were materially below cost of sales in the POI. The selling price trend also reflects price depression, as it declined from its peak in 2021-22 (₹\*\*\*/MT) to \*\*\*/MT) during the POI, despite the cost of sales remaining elevated. Subject imports are, thus, causing significant price suppression in the domestic market.

### H.3.4 Economic Parameters of the domestic industry

71. Annexure II to the Rules provide that the examination of the impact of the dumped imports on the domestic industry should include an objective and unbiased evaluation of all relevant economic factors and indices having a bearing on the state of the industry, including actual and potential decline in sales, profits, output, market share, productivity, return on investments or utilization of capacity; factors affecting domestic prices, the magnitude of the margin of dumping; actual and potential negative effects on cash flow, inventories, employment, wages, growth and the ability to raise capital investments. Accordingly, various injury parameters relating to the domestic industry are discussed herein below.

72. The performance of the applicants in the POI has been compared with its performance in the base year.

**a) Capacity, Production, Capacity Utilisation, and Sales**

73. The Authority has considered the capacity, production, capacity utilisation, and sales volume of the domestic industry over the injury period. The table below shows factual position.

<b>Particulars</b>	<b>Unit</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>POI</b>
Installed Capacity	MT	82,500	82,500	82,500	82,500
<i>Indexed</i>		100	100	100	100
Production	MT	51,221	56,956	46,811	45,944
<i>Indexed</i>		100	111	91	90
Capacity Utilisation	%	62	69	57	56
<i>Indexed</i>		100	111	92	90
Domestic Sales	MT	46,855	47,912	38,999	47,223
<i>Indexed</i>		100	102	83	101

74. It is seen that:

- Capacity of the domestic industry has remained constant throughout the injury period.
- Production and capacity utilization of the domestic industry has increased from base year to 2021-22 but declined significantly since then till POI.
- Despite sufficient demand in the country, the applicants are operating at low utilization level.
- Production, sales and capacity utilization in 2020-21 were lower due to country wide COVID-related lockdown.
- Sales of the domestic industry increased till 2021-22, declined in 2022-23 and increased again in the POI.

**b) Market Share in Demand**

75. The market share of the subject imports and the domestic industry over the entire injury period was as follows:

<b>Particulars</b>	<b>Unit</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>POI</b>
Subject Country	%	***	***	***	***
<i>Indexed</i>		100	100	123	133
Other Countries	%	***	***	***	***
<i>Indexed</i>		100	103	86	72
Domestic Industry	%	***	***	***	***
<i>Indexed</i>		100	102	74	87

76. The market share of the subject country has increased significantly over the injury period. The market share of the domestic industry has decreased over the injury period, while the share of imports from the subject country has increased, and the share of imports from non-subject countries has consistently declined.

**c) Profitability, Cash Profits, and Return on Investment**

77. The profit, cash profits, profit before interest (PBIT), and return on investment of the domestic industry over the injury period has been analysed and were as follows:

<b>Particulars</b>	<b>Unit</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>POI</b>
Cost of Sales	₹/MT	***	***	***	***
<i>Indexed</i>		100	110	147	135
Selling Price	₹/MT	***	***	***	***
<i>Indexed</i>		100	133	124	113
Profit/Loss per Unit	₹/MT	***	***	***	***
<i>Indexed</i>		100	476	( 327)	( 307)
Profit/Loss (PBT)	₹ Lacs	***	***	***	***
<i>Indexed</i>		100	1,220	(872)	( 1007)
PBIT – Domestic Sales	₹ Lacs	***	***	***	***
<i>Indexed</i>		100	923	( 620)	( 707)
PBIT – per Unit	₹/MT	***	***	***	***
<i>Indexed</i>		100	434	( 278)	( 259)
Cash Profit – Domestic Sales	₹ Lacs	***	***	***	***
<i>Indexed</i>		100	691	( 454)	( 513)
Cash Profit – per Unit	₹/MT	***	***	***	***
<i>Indexed</i>		100	387	( 242)	( 226)
Return on Investment	%	***	***	***	***
<i>Indexed</i>		100	829	( 512)	( 552)

78. It is seen that

- The costs of sales increased over the injury period, whereas the selling price increased in 2021-22 and declined consistently thereafter till the POI. Resultantly, the profits of the domestic industry increased in 2021-22 and steeply declined thereafter leading to significant financial losses. The financial losses suffered have increased in the POI.
- As a result of decline in profits, the cash profits declined significantly over the injury period. The domestic industry has suffered cash losses in 2022-23 and the POI.
- The return on investment followed the same trend as that of profit before tax. Return on investment declined significantly over the injury period. The ROI was at a negative \*\*\*\*% in the POI.
- The profitability of the domestic industry was low in 2020-21 due to COVID related lockdown. In any case, the performance of the domestic industry deteriorated steeply by the POI in respect of profits, cash profits and return on investment.

**d) Inventory**

79. The data relating to the inventory position of the domestic industry over the injury period and POI is given in the table below:

<b>Particulars</b>	<b>Unit</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>POI</b>
Opening Inventory	MT	***	***	***	***
<i>Indexed</i>		***	***	***	***
Closing Inventory	MT	***	***	***	***
<i>Indexed</i>		***	***	***	***
Average Inventory	MT	***	***	***	***
<i>Indexed</i>		100	126	237	394

80. It is seen that the level of inventories with the domestic industry increased significantly over the injury period.

#### **e) Employment, Wages, and Productivity**

81. The position with regard to employment, wages, and productivity of the domestic industry is as follows:

<b>Particulars</b>	<b>Unit</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>POI</b>
Number of employees	Nos	***	***	***	***
<i>Indexed</i>		100	99	96	99
Wages	₹ Lacs	***	***	***	***
<i>Indexed</i>		100	84	82	83
Productivity per employee	MT/No.	***	***	***	***
<i>Indexed</i>		100	113	95	91
Productivity per day	MT/Day	***	***	***	***
<i>Indexed</i>		100	111	91	90

82. The Authority notes that the number of employees and wages paid have decreased over the injury period. The productivity per employee has increased from the base year to 2021-22 and declined in 2022-23 and the POI.

#### **f) Growth**

83. It is seen that the imports have led to an adverse effect on the growth of the domestic industry in respect of both volume and price parameters.

<b>Particulars</b>	<b>Unit</b>	<b>2021-22</b>	<b>2022-23</b>	<b>POI</b>
Capacity	Y/Y	0%	0%	0%
Production	Y/Y	11%	-18%	-2%
Sales	Y/Y	2%	-19%	21%

PBT	Y/Y	1119%	-163%	-17%
PBIT	Y/Y	823%	-156%	-17%
Cash profit per unit	Y/Y	591%	-151%	-17%
ROI	Y/Y	729%	-150%	-10%

**g) Factors affecting domestic price**

84. The Authority has examined the import prices from the subject country, change in the cost structure, competition in the domestic market, factors other than dumped imports that might be affecting the prices of the domestic industry in the domestic market. The Authority further notes that the principal factor affecting the domestic prices is the dumped imports of the subject goods from the subject country.

**h) Ability to raise capital**

85. The Authority notes that even though the domestic industry has the ability to raise new investments to increase its capacities to cater to the demand of the PUC in India the domestic industry has been unable to utilise its capacities and is facing losses due to dumped imports. The dumping of the subject goods has impacted the domestic industry's ability to raise capital investments. The Authority also notes that new players are planning to make and making investments in the Indian industry of the PUC, but they are however, unable to move forward due to the dumped imports.

**i) Magnitude of dumping and dumping margin**

86. It is seen that the dumping margin from the subject country is not only more than *de-minimis* but also significant.

**I. CAUSAL LINK AND OTHER FACTORS**

87. The Authority examined whether other factors listed under the Rules could have caused injury to the domestic industry. The Authority examined known factors other than the dumped imports and ascertain whether these are at the same time have been injuring the domestic industry, so that the injury caused by other, if any, is not attributable to the dumped imports. Factors which are relevant in this respect include, *inter alia*, the volume of subject goods not sold at dumped prices, contraction in demand or changes in the pattern of consumption, trade restrictive practices, changes in technology, the export performance of the domestic industry and the productivity of the domestic industry.

**i) Volume and prices of imports from third countries**

88. It is seen that the imports of the product under consideration from other countries are significant. However, they are at significantly higher prices than selling price of the domestic industry. Therefore, imports from other countries are not a cause of material injury suffered by the domestic industry.

**ii) Contraction in Demand**

89. The demand has consistently increased throughout the injury period. Thus, decline in demand is not the cause of injury.

**iii) Changes in pattern of consumption**

90. There are no changes in the pattern of consumption for the product under consideration over the injury period that could have caused injury to the domestic industry.

**iv) Conditions of competition and trade restrictive practices**

91. The investigation has not shown any change in the conditions of competition or any trade restrictive practices.

**v) Developments in Technology**

92. No evidence has been brought forward to show that there are no significant changes in technology.

**vi) Export performance of the domestic industry**

93. The information provided has been considered for domestic operations of the domestic industry.

**vii) Performance of other products**

94. The domestic industry has provided the injury data for the PUC and the same has been adopted by the Authority for the purpose of the injury analysis. Performance of other products produced and sold by the domestic industry has not been considered.

**I.1. Conclusion on Injury and Causal Link**

95. Analysis of the performance of the domestic industry over the injury period shows material injury to the domestic industry. The causal link between dumped imports and the injury to the domestic industry is established on the following grounds:

i. Imports have increased in absolute terms and relative terms.

- ii. The increase in cost of sales is higher than the increase in selling price of the subject goods over the injury period with selling price going below the level of cost of sales in 2022-23 and the POI. The landed price of subject imports increased till 2021-22 and declined in 2022-23 and the POI leading to price suppression and depression in the domestic market.
  - iii. Domestic industry has not been able to increase production and sales due to dumping.
  - iv. Subject imports hold \*\*\*% of the market share despite domestic industry's capacity lying unutilised.
  - v. Inventories of the domestic industry has been on the rise and has increased significantly in the POI, despite production reducing over the injury period.
  - vi. The domestic industry's profitability and return on capital employed has been adversely affected. The domestic industry has made losses in 2022-23 and the POI. The ROI of the domestic industry in the POI is significantly low.
96. The above analysis indicates that the domestic industry is suffering material injury due to increased dumped imports of the PUC into India from the subject country. There exists a causal relation between the increase in dumped imports of the subject goods originating in or exported from the subject country and the material injury suffered by the domestic industry.

#### **J. MAGNITUDE OF INJURY MARGIN**

97. The Authority determines the NIP for the domestic industry on the basis of principles laid down in the Rules read with Annexure III, as amended. The NIP of the product under consideration is to be determined by adopting the information/data relating to the cost of production provided by the domestic industry for the POI. 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 product under consideration was allowed as pre-tax profit to arrive at the NIP as prescribed in Annexure III to the Rules. The Authority has determined NIP separately for each of the quarters of the POI.
98. It is noted that many cooperating producers and exporters are related to each other and form a group of related companies. It has been a consistent practice of the Authority to consider related exporting producers and exporters as one single entity for the determination of injury margin and thus, to establish one single injury margin for them. This is in particular because calculating individual injury margins might encourage circumvention of anti-dumping measures, thus rendering them ineffective, by enabling related exporting producers to channel their exports to India through the company with the lowest individual injury margin.
99. In accordance with the above, related producers and exporters have been regarded as one single entity and attributed one single injury margin which was calculated on the basis of the weighted average of the injury margins of the cooperating related producers and exporters.

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

S.No.	Producer	NIP(\$/MT)	Landed Value (\$/MT)	Injury Margin(IM) (\$/MT)	IM (%)	IM Range
1.	M/s Anhui Gold Star Titanium Dioxide (Group) Co., Ltd.	***	***	***	***	20-30
2.	M/s Anhui Gold Star Titanium Dioxide Trading Co., Ltd.					
3.	M/s Shandong Jinhai Titanium Resources Technology Co., Ltd.	***	***	***	***	20-30
4.	M/s Shandong Xianghai Titanium Co., Ltd.					
5.	M/s LB Xiangyang Titanium Industry Co., Ltd.	***	***	***	***	15-25
6.	M/s LB Sichuan Titanium Industry Co. Ltd					
7.	M/s LB Lufeng Titanium Industry Co., Ltd.					
8.	M/s LB Group Co., Ltd					
9.	M/s Henan Billions Advanced Material Co., Ltd.					
10.	<b>Non-Sampled Cooperative Producers/Exporters</b>	***	***	***	***	15-25
11.	<b>Residual</b>	***	***	***	***	25-35

#### **K. THREAT OF MATERIAL INJURY**

101. In the present investigation, the domestic industry has contended threat of material injury. The Authority examined the threat of material injury to the domestic industry considering the parameters relating to the threat of material injury in terms of Paragraph (vii) of Annexure II of the Rules, which states as under:

*“A determination of a threat of material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances, which would create a situation in which the dumping would cause injury, must be clearly foreseen and imminent. In making a determination regarding the existence of a threat of material injury, the Designated Authority shall consider, inter alia, such factors as:*

- a. a significant rate of increase of dumped imports into India indicating the likelihood of substantially increased importation;*
- b. sufficient freely disposable or an imminent, substantial increase in capacity of the exporter indicating the likelihood of substantially increased dumped exports to Indian market, taking into account the availability of other export markets to absorb any additional exports;*
- c. whether imports are entering at prices that will have a significant depressing or suppressing effect on domestic prices, and would likely to increased demand for further imports; and*
- d. inventories of the article being investigated.”*

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

102. The following submissions have been made by other interested parties with regard to threat of material injury:
- i. Increase of imports from the subject country has been only 4% on a year-on-year basis and cannot be considered as significant enough to substantiate threat.
  - ii. Marginal increase in imports both in relative and absolute terms is not sufficient to support the claim of threat of material injury.
  - iii. India does not constitute an exceptionally high-growth or lucrative market for exports of the subject goods due to stable demand.
  - iv. Stable demand does not indicate significant or increasing attractiveness to foreign exporters, including Chinese exporters.
  - v. Threat must be both imminent and clearly foreseen and existence of surplus production capacity alone does not fulfil this criterion.
  - vi. Domestic industry has not provided reliable data on actual installed capacity in China dedicated for production of the subject goods as compared to those grades of titanium dioxide that are used in food or pharmaceuticals.
  - vii. Lack of bifurcated data on China’s capacities for the product under consideration and other titanium dioxide types leaves a gap in understanding the extent of production dedicated to the subject goods in China.
  - viii. It is the established policy of one of the constituents of the domestic industry to price the product under consideration above its variable costs of production, contradicting the claims of existence of threat of material injury.

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

103. The following submissions have been made by the domestic industry with regard to threat of material injury:
- i. Imports have increased significantly over the injury period with relative to increase in demand. Imports increased in the POI significantly whereas the demand declined.
  - ii. Imports of rutile grade increased significantly.
  - iii. Post POI import volumes and prices of the subject country have remained consistent.
  - iv. Chinese capacity for the subject goods is around 55 lacs MT, which amounts to 56% of the global capacity to produce the subject goods. Capacity with one Chinese exporter alone is 15 lacs MT.
  - v. Domestic demand of China PR is weak, thereby showing freely disposable capacity for exports.
  - vi. Public domain knowledge suggests that production levels of the subject goods in China showed year on year increase despite weak demand.
  - vii. Chinese government heavily aids producers and manufacturers in China, creating distortions in the Chinese economy, significantly affecting input costs.
  - viii. Various jurisdictions around the world have imposed measures against imports of titanium dioxide from China PR, indicating China's behaviour to dumped goods.
  - ix. Imposition of global actions has resulted in a restricted export market for China, which already has weak demand, hence creating the possibility that China will redirect its excess capacity to the Indian market.
  - x. Chinese producers of the subject goods have suffered a loss of market due to the global actions, and such volume is likely to shift to India.
  - xi. Indian market is price sensitive, and availability of low-priced imports would have an adverse impact on the prices of the product in the market, and hence leaves the domestic industry susceptible to aggravated injury.
  - xii. Subject imports are at a price lower than cost of sales of the domestic industry, forcing it to reduce its selling price and making the domestic industry vulnerable.

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

104. The Authority has examined the threat of material injury considering the parameters relating to the threat of material injury in terms of Paragraph (vii) of Annexure II of the Rules below.

### **a. Significant rate of increase of dumped imports into India**

105. From an analysis of the import data, it is seen that there has been a year-on-year increase of imports into India and the rate of increase in imports in the POI as compared with the base year is significant. Imports have increased by 54%. The import price has also seen a significant decline in prices from 2021-22 to the POI. A significant increase in imports with declining prices indicates the threat of substantially increased imports in the future.

**b. Freely disposable capacity with the producers**

106. The applicants have submitted that there is significant freely disposable capacity for titanium dioxide in China PR. The interested parties have contended that the disposable capacities as submitted by the domestic industry are unreliable and should be bifurcated into that of capacity of PUC and of NPUC. However, the domestic industry has relied upon the website of the Chinese producers<sup>9</sup> as evidence, apart from which they have relied upon a market research report. As per such information, the capacity available with just one sampled group is 15 lacs MT, making it nearly three times that of Indian demand.
107. The Authority has compared the information on capacity and production, as made available by the responding producers. It is seen that the sampled producers alone have a surplus capacity of \*\*\*MT which is in the range of 85-95 % of total Indian demand.

S. No	Particulars	Gold Star Group	Shandong Group	LB Group	Total
1.	Capacity	***	***	***	***
2.	Production	***	***	***	***
3.	Surplus	***	***	***	***

**c. Imports entering at prices that will have a significant depressing or suppressing effect on domestic prices**

108. As noted above from the movement of cost of sales, selling price and landed price of imports that the subject imports are suppressing the domestic prices. The increase in selling price is lower than the increase in cost of sales, and the selling price is below the level of cost of sales since 2022-23. The landed price of imports increased till 2021-22 and declined significantly thereafter, while the cost of sales increased.

**d. Level of inventories**

109. The level of inventories available with the producers in subject countries could not be ascertained as such information was not made available by the interested parties. Accordingly, this parameter for ascertaining threat of injury could not be examined by the Authority.

**e. Trade remedial actions by other countries**

110. It is seen that various countries including Brazil, Saudi Arabia, the Eurasian Economic Union, and the EU have imposed anti-dumping duty on imports of subject goods in their country from China PR. Further, the United States has imposed an additional import duty since 2018. This

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9. <https://www.lomonbillions.global/key-facts/>

highlights the tendency of the producers from the subject country to dump goods in various markets. The actions by various countries can be seen in the table below:

SN	Date	Country	Action	Exporters	Duty
1.	21 <sup>st</sup> Oct	Brazil	Interim duty	LB Group	578 USD/MT
				Gold Star Group	654 USD/MT
2.	9 <sup>th</sup> Oct	Saudi Arabia	Initiated case	--	--
3.	3 <sup>rd</sup> Sep	Eurasian Economic Union	Final duty	LB Group	14.27%
				Shandong Group	16.25%
4.	10 <sup>th</sup> July	EU	Preliminary duty	LB Group	39.7%
				Gold Star Group	14.4%

#### f. Loss of market due to trade remedial actions

111. It has been brought to the notice of the Authority that in lieu of the actions imposed globally, there is a loss of market to China PR. Chinese exports are highly likely to be diverted into the Indian market, considering the Indian market's stable demand. This poses a credible threat of the volumes exported to these countries shifting to India due to imposition of such measures as can be seen from the table below.

Particulars	UOM	2020	2021	2022	2023	2024
China Global Exports	MT	12,91,858	13,88,669	14,68,805	16,93,380	10,04,541
China exports to India	MT	1,51,242	1,76,914	1,93,768	2,54,655	1,48,566
% Share	%	12%	13%	13%	15%	15%
Particulars	UOM	2020	2021	2022	2023	2024
China exports to EU	MT	2,03,459	2,26,531	2,22,034	2,61,734	1,71,596
China exports to USA	MT	18,227	13,118	20,418	15,619	8,986
China exports to Brazil	MT	1,08,344	1,02,322	96,014	1,20,989	76,978
China exports to Saudi Arabia	MT	13,606	10,721	17,152	23,678	15,209
Potential volume that can shift to India	MT	3,43,635	3,52,692	3,55,619	4,22,020	2,72,769

(Source: Trademap)

### **g. Vulnerability of the Indian industry**

112. It has been contended by the domestic industry that the Indian market is price sensitive and is vulnerable to imports that are low-priced. As has been noted above, the landed value of the subject imports has dropped consistently. In this situation, the Authority holds that there is a tenable threat of aggravated injury to the industry, considering the dumping of subject imports.

## **L. INDIAN INDUSTRY'S INTEREST & OTHER ISSUES**

### **L.1. Submissions by other interested parties**

113. The following submissions have been made by the other interested parties with regards to public interest:
- i) Imposition of anti-dumping duty would increase the price of the subject goods, there by impacting paint and plastic manufacturers.
  - ii) One of the other interested parties have submitted that TiO<sub>2</sub> has no substitutes that provide the same performance in their products. They have projected that the imposition of a 10% anti-dumping duty (ADD) would increase paint production costs by ₹5/kg for finished products, potentially raising paint prices by ₹3.5–6/kg depending on dosage levels in formulations. Given the significant share of TiO<sub>2</sub> in paint formulations (15–20%), the cost increase would likely be passed on to consumers. Despite this, it is believed that demand for TiO<sub>2</sub> is not highly price-sensitive but driven by quality, as domestic industry cannot meet the required standards for whiteness, sheen, and gloss. They have highlighted a significant dependency on imports, as the domestic industry lacks the capacity to meet demand.
  - iii) Consumers relying on affordable products would be unable to afford these products anymore.
  - iv) The cost of imports has already been increased due to the customs duty payable on the subject goods at 10%. Addition of anti-dumping duty would lead to a substantial price hike for titanium dioxide.
  - v) Imposition of duty would be against consumer interest as the largest consumer of subject goods is the paint industry. The demand supply gap in the country can only be overcome with imports.
  - vi) In total Indian consumption, there is likely not more than 10% of total Indian production. Hence, if duties are applied, it will affect the majority negatively.
  - vii) Domestically available rutile grade is not suitable and hence users will have to import, which will be deterred by duties if imposed.
  - viii) The duties imposed by the EU is causing difficulties to paint manufacturers within the EU and the same situation is likely to be replicated in India.
  - ix) Imposition of duties will bring challenges to the Indian masterbatch industry as there is financial stress on the industry due to inverted duty structure, and further, there will be a potential setback on export competitiveness.

- x) India does not constitute an exceptionally high-growth or lucrative market for foreign exporters as demand has remained relatively steady over recent years and does not indicate significant or increasing attractiveness to foreign exporters.
- xi) One of the other interested parties have asserted that the imposition of anti-dumping duties would have minimal impact on their operations. Despite previous price increases of up to 50% for TiO<sub>2</sub>, they experienced no interruptions in demand, suggesting that price hikes do not significantly affect the downstream industry. Further, they have emphasized that the demand for TiO<sub>2</sub> is not highly price-sensitive, with no substitutes available in the market. They also mentioned that large paint companies typically pass price increases on to consumers without a reduction in demand. There are viable alternatives to Chinese TiO<sub>2</sub> from non-subject countries, so they could easily switch suppliers if duties are imposed. TiO<sub>2</sub> is a small component in finished products, and price increases would have a minimal effect on profitability.

## **L.2. Submissions by the domestic industry**

114. The following submissions have been made by the domestic industry with regards to public interest:
- i) The domestic industry constitutes the entire Indian industry and one more producer has recently entered the market. Imposition of duties is essential to ensure a fair market price and will prevent India from becoming solely import reliant. If duties are not imposed, Chinese producers will create a monopoly in the market.
  - ii) Increasing market share of the subject imports of China have not only caused injury to the domestic industry but also taken all the share of other countries.
  - iii) Encouraging domestic production will further boost employment, improve standard of living and increase the GDP of the country.
  - iv) Titanium dioxide is used in the paints and coating industry, plastic industry, paper, rubber and leather industries. The cost on account of subject goods for the downstream industry is miniscule. 70% of the demand for subject goods is generated by the paints industry wherein TiO<sub>2</sub> hardly constitute 5% of the composition.
  - v) Titanium dioxide primarily serves the paint industry accounting for approximately 70% of total demand. The subject goods constitute a 5%, 25% and 30% of the overall composition of paints used in households, paints used in industrial application and powder coating used in appliances respectively. The eventual impact of duties on the end consumer would be minimal and non-consequential.
  - vi) If measures are not imposed, the industry is likely to shut down due to inability to match the price of the dumped imports, deteriorating profitability, and other financial indicators.
  - vii) The paint industry, even if unable to pass on any possible increase in cost to the consumers, would be able to absorb the impact of duties imposed themselves.
  - viii) As regards the plastics industry, the sector would remain profitable even if the impact of duties were not to be passed on or were not absorbed.
  - ix) Existence of demand supply gap does not justify dumping of the subject goods.
  - x) There exist imminent plans to expand the capacity of the domestic industry, and to make additions to the Indian industry, which will take away the need for imports as a whole.

- xi) Any minimal impact on masterbatch industry can be passed on to the downstream user, and alternatively, there are other sources of TiO<sub>2</sub> from where the masterbatch industry can source TiO<sub>2</sub>.
- xii) For export competitiveness, exporters of masterbatch can obtain an advance authorisation license, which would enable them to import products duty-free.
- xiii) India is a growing market and the volume of demand offered by the Indian market is significant and unmatched by other countries individually.
- xiv) Multiple investigating authorities have levied duties and initiated investigations on imports of TiO<sub>2</sub> from China.
- xv) Rutile through sulphate and rutile through chloride can both be sourced from alternate sources of supply, in the event that importers and users want to opt for alternate sources.
- xvi) The product is a price sensitive and capital-intensive product and expansion of capacity for such product presents challenges and requires considerable time. Domestic industry is making efforts in this regard.
- xvii) The domestic industry requires a fair market to make investments to further its plans of expansions.

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

115. The Authority notes that the purpose of imposition of anti-dumping duty, in general, is to eliminate injury caused to the domestic industry by the unfair trade practices of dumping so as to re-establish a situation of open and fair competition in the Indian market, which is in the general interest of the country. Imposition of anti-dumping measures does not aim to restrict imports from the subject country in any way. Trade remedial investigations are intended to restore equal competitive opportunities in the domestic market by ensuring a level playing field for domestic producers by the imposition of appropriate duties against trade distorting imports. At the same time, the Authority is aware that the impact of such duties is not limited to only the domestic producers of the PUC but also affects the users and consumers of the PUC. Moreover, the imposition of duties may stimulate the emergence of new producers within the country.
116. The Authority issued initiation notification inviting views from all the interested parties, including importers, consumers and others. The Authority also prescribed a questionnaire for the users/ consumers to provide relevant information about the present investigation including any possible effects of anti-dumping duty on their operations. Information was sought on, *inter-alia*, interchangeability of the product supplied by various suppliers from different countries, ability of the domestic industry to switch sources, effect of anti-dumping duty on the consumers, factors that are likely to accelerate or delay the adjustment to the new situation caused by imposition of anti-dumping duty.
117. The interested parties have filed economic interest questionnaires. It is noted from the submission of all the interested parties that the subject goods are primarily used in the paint industry which constitutes a major portion of the total demand for the subject goods and the subject goods form very low percentage of the total volume of composition of the paints. The

analysis submitted by the applicants and other interested parties shows that difference in the cost of the subject goods due to impact of imposition of duties would not be significant.

118. The Authority notes that there exists a demand-supply gap in the present investigation. The Authority notes the submission of the domestic industry that active steps are being taken to expand capacity by the existing producers and also by new producers. One new producer namely, M/s Meghmani Organics Pvt Ltd, has already set up new capacities post POI. It is also recognised that dumping needs to be addressed, so as to provide the Indian industry with a fair and level playing field to plan capacity expansion considering the fact that the industry is a capital-intensive industry.
119. It is also noted in this regard that existence of demand-supply gap does not justify dumping in any situation. The same has been held by the CESTAT in *DSM Idemitsu Limited v. Designated Authority*<sup>10</sup> as well as by the Gujarat High Court in *NOCIL Limited v. Government of India*. The Gujarat High Court held as follows in this regard:

*“Where gap of demand and supply exists, the imports are inevitable but that is not a justification for imports coming into India at unfair and dumped prices. In view of the information made available by the petitioner to the authority, it is clearly found that there is continuous dumping, in the present case and, therefore, the demand and supply gap is not the basis for allowing such import.”*

120. The Authority notes that the volume of imports from the subject country has increased throughout the injury period. The share of subject imports forms 57% of the total Indian demand. The increase in imports from the subject country has also adversely impacted the market share of the volume of imports from non-subject countries, whose share in the market has been reduced from 43% in the base year to 31% in the POI. The consumers have alternate sources of supply. Therefore, even if volume of imports declines as a consequence of the imposition of anti-dumping duties, imports from non-subject countries would replace such dumped imports and, thereby, mitigate the adverse effects, if any.

## **M. POST-DISCLOSURE SUBMISSIONS**

### **M.1 Submissions by other interested parties:**

- i. Rutile-Sulphate Titanium Dioxide should not be included in the investigation scope, because it is distinct from Rutile-Chloride in terms of applications and pricing.
- ii. Domestic producers lack the capacity to meet India's demand, with total installed capacity at 82,500 MT while demand is \*\*\*MT, making imports essential.
- iii. There is no causal link between imports and injury to the domestic industry, as several other market factors have impacted the domestic industry's financial health.

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10. 2000(119) ELT 308 (TRI-DEL).

- iv. The raw material price fluctuations, supply chain disruptions, and global macroeconomic issues are key reasons for financial difficulties faced by domestic producers, rather than imports.
- v. The other interested parties challenge the injury analysis methodology, arguing that the Authority has not sufficiently examined non-import factors affecting the domestic industry.
- vi. The domestic manufacturers have not expanded capacity despite years of protection, demonstrating that anti-dumping duties have not led to increased domestic production.
- vii. Imports from China help bridge the demand-supply gap, ensuring stable input costs for the plastics industry.
- viii. Anti-dumping duties will lead to increased costs for key downstream sectors, including plastics, paints, and paper, affecting price stability for finished goods.
- ix. Many alternative sources of supply (such as from Australia, Mexico, and Malaysia) exist, meaning that anti-dumping duties on China will not necessarily benefit domestic producers but rather shift trade flows to other countries.
- x. Strongly opposes the imposition of anti-dumping duties on public interest grounds, stating that such measures will harm India's competitiveness in the global plastics industry.
- xi. Titanium Dioxide (TiO<sub>2</sub>) produced via the Chloride and Sulphate processes serve different market segments, and the DGTR should not treat them as interchangeable for anti-dumping calculations.
- xii. The classification of China PR as a non-market economy is incorrect, because China's pricing and cost structures are market-driven and should be accepted in the normal value determination.
- xiii. The application of a 22% Return on Capital Employed (ROCE) for the domestic industry is incorrect as it is outdated and results in an artificially high non-injurious price (NIP).
- xiv. The Authority's determination of dumping margins is incorrect, because the methodology used does not reflect transaction-level price variations and should be adjusted accordingly.
- xv. The imposition of anti-dumping duties would not be in public interest as they will increase input costs for key downstream industries such as paints, plastics, and paper.
- xvi. The global economic factors have influenced Titanium Dioxide prices, and the Authority should not attribute all price movements to dumping.
- xvii. The injury to the domestic industry is not caused by imports, but rather due to inefficiencies in production, outdated technology, and high operational costs.
- xviii. The use of surrogate country methodology in the calculation of normal value is incorrect, asserting that China PR should be treated as a market economy.
- xix. The domestic industry has been unable to supply Titanium Dioxide at competitive prices, leading to a natural shift toward imports rather than a case of dumping.
- xx. The other interested parties oppose reference price-based anti-dumping duties, stating that such duties are prone to manipulation and may not reflect actual market conditions.

- xxi. Requests that the injury margin calculations be reassessed, ensuring that cost fluctuations in raw materials and other economic conditions are properly accounted for.
- xxii. The landed price of imports has fluctuated significantly due to global economic factors.
- xxiii. Similar anti-dumping investigations in Brazil and the European Union have used different methodologies for injury assessment, suggesting that the Authority should align its approach with global practices.
- xxiv. The dumping margin calculation does not reflect actual market behaviour, as weighted averages do not account for transaction-level pricing variations.
- xxv. Indian importers have diversified their sourcing strategies, meaning that duties on Chinese imports could result in a shift to other supplying countries rather than benefiting the domestic industry.
- xxvi. Requests that the Authority disclose the names of paint companies that have purportedly purchased Rutile-Sulphate TiO<sub>2</sub> from the domestic industry, as claimed in the disclosure statement.
- xxvii. The paint industry in India is growing rapidly and requires a stable supply of Titanium Dioxide at competitive prices, which the domestic industry has not been able to ensure.
- xxviii. The injury to the domestic industry is exaggerated, as demand for paints and coatings has remained strong, allowing producers to operate profitably.

#### **M.2 Submissions by the domestic industry:**

- i. Imports have increased by 54% over the injury period, despite a relatively stable demand, leading to a decline in domestic market share.
- ii. The domestic industry claims that China's non-market economy status should be upheld, and the normal value should be determined accordingly.
- iii. China's surplus production capacity is significantly higher than India's total demand, meaning dumped imports are likely to continue without intervention.
- iv. The dumped imports have affected production, sales, profits, and return on investment, leading to financial stress and underutilization of capacity.
- v. The domestic industry argues that there is a direct link between dumped imports and the injury suffered by domestic producers.
- vi. Cost of sales has increased, but selling price has declined, leading to a steep reduction in profits and negative return on investment (ROI).
- vii. Cash losses have been recorded by domestic manufacturers in recent years due to dumped imports.
- viii. Price suppression caused by low-priced imports has prevented the domestic industry from increasing prices in response to rising costs.
- ix. Market share of Chinese imports has increased consistently, whereas the share of domestic production has shrunk significantly.
- x. The domestic industry supports the exclusion of food, pharma, skin-care, textile, and nano/ultrafine Titanium Dioxide from the scope of the investigation.

- xi. The domestic industry strongly opposes the exclusion of Rutile-Sulphate TiO<sub>2</sub> from the scope of anti-dumping duties. Both Rutile-Chloride and Rutile-Sulphate grades have similar chemical and physical properties.
- xii. The difference in prices is not a valid reason for differentiation, as production costs are comparable.
- xiii. The other interested parties claim that the Authority's PCN methodology is incorrect, but the domestic industry argues that PCN methodology should be based on crystalline structure (rutile & anatase), not process (chloride & sulphate).
- xiv. Producers/Exporters from subject country have misled the Authority by claiming high-cost differences, whereas verified data shows that costs are comparable.
- xv. The Brazilian and EU authorities have treated Rutile-Sulphate and Rutile-Chloride grades as a single product, and the Authority should do the same.
- xvi. The domestic industry disputes the determined NIP, stating that the coating cost for TiO<sub>2</sub> has been underestimated. The domestic industry has provided financial records showing higher actual coating costs, which should be factored into the final determination. The injury margin and dumping margin should reflect these adjustments to provide adequate protection to domestic producers.
- xvii. The domestic industry strongly opposes reference price-based anti-dumping duties. Importers can manipulate invoices to avoid duties. Past investigations have shown that reference price duties were ineffective, leading to their replacement with fixed duties in later reviews.
- xviii. A fixed quantum of duty should be imposed to ensure that duties are effectively applied and not evaded.
- xix. The domestic industry acknowledges that there is a demand-supply gap in the Indian market but asserts that Indian producers are actively expanding their capacity to bridge the gap.
- xx. Meghmani Organics has set up new production units, and existing producers (KMML, TTPL) have investment plans to increase production.
- xxi. If dumping continues unchecked, planned expansions will be jeopardized, harming long-term self-reliance.
- xxii. The domestic industry rejects the claim that anti-dumping duties will harm consumers.
- xxiii. TiO<sub>2</sub> forms a small percentage of the total cost of paints, plastics, and paper. The actual cost impact on final products is minimal (0.012% to 1.44%).
- xxiv. Alternative suppliers from non-subject countries (e.g., Australia, Malaysia, and Mexico) exist to replace Chinese imports.
- xxv. The domestic industry highlights that Brazil, Saudi Arabia, the Eurasian Economic Union (EAEU), the European Union, and the US have all imposed ADD on Chinese TiO<sub>2</sub>.
- xxvi. Given these global trends, India must also impose duties to prevent market distortion and trade diversion from China.
- xxvii. The domestic industry requests a fixed quantum anti-dumping duty in USD for a period of five years.

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

121. The Authority has examined the post disclosure comments made by the interested parties. It is noted that the comments which are reiterations and have already been suitably examined and adequately addressed in the relevant paragraphs of this final findings, are not being repeated in the post-disclosure examination by the Authority for the sake of brevity. Issues raised by the interested parties other than those examined in detail and which are considered relevant by the Authority have been examined as hereunder:
122. As regards the argument of the domestic industry that the PCN methodology should be based on crystalline structure, the Authority reiterates that PCN was correctly adopted because it goes beyond crystalline structure to incorporate production process and cost and price differences. This broader classification allows for a more precise and fair comparison taking into account the pricing and technical differences of the two processes.
123. Given the interchangeability and competitive market positioning of both sulphate and chloride rutile titanium dioxide, the Authority concludes that the inclusion of sulphate-rutile titanium dioxide within the scope of the product under consideration is appropriate and justified.
124. As regards the argument that other factors such as internal inefficiency, raw material price fluctuation, supply chain disruptions have caused injury and price suppression to the domestic industry, it is noted that dumped imports are the principal factor affecting the domestic industry's pricing and profitability. The examination of data shows that the selling price of the domestic industry has been consistently below cost since 2022-23, while the landed price of imports has been materially lower than the cost of sales, leading to significant price suppression. Furthermore, claims attributing the domestic industry's losses to internal inefficiencies or supply chain disruptions have not been substantiated with any concrete evidence. The alleged raw material fluctuation, if any, is a factor that affects both, the domestic industry and the exporters alike.
125. The 22% Return on Capital Employed (ROCE) benchmark has been consistently used in anti-dumping investigations, which ensures a reasonable return on investment for the domestic industry. The Authority finds no concrete reason to depart from its established practice in this matter. The Authority's determination of NIP is based on established principles outlined in Annexure III of the Anti-dumping Rules.
126. The exporters had not requested transactional wise dumping margin earlier and there is no information available to determine the NIP and the normal value at a transactional level at this stage of the investigation. Furthermore, the information on record does not show consistent and significant difference in export price between different periods. Minor price variations are accounted for using weighted averages, ensuring a fair comparison. No substantive evidence has been provided by the exporters to demonstrate that an alternative approach would provide more accurate results.

127. The domestic industry has provided names of paint manufacturers to whom goods have been sold to along with relevant evidence.
128. In order to ensure fair comparison between sulphate-rutile titanium dioxide produced by the domestic industry and imported from exporters/producers of the subject country, appropriate adjustments have been made on account of coating cost for determining injury margin and dumping margin.
129. As regards domestic industry's contention regarding underestimation of coating cost, the Authority notes that the coating cost assessment is based on verified data made available by the domestic industry and after considering relevant cost components in accordance with the principles enshrined under Annexure III of the Anti-Dumping Rules.

## **N. CONCLUSION**

130. Based on the submissions made, information provided, and facts available before the Authority as recorded above and on the basis of the above analysis of dumping and consequent injury to the domestic industry, the Authority concludes the following:
- i) The scope of the product under consideration is "Titanium Dioxide" originating in or exported from China PR.
  - ii) The subject goods are classified under the customs sub-heading 28230010, and since it is a pigment, imports of subject goods are also being reported under 32061110 and 32061190.
  - iii) The application has been filed by M/s. Kerala Minerals and Metals Ltd, M/s. Travancore Titanium Products Ltd and M/s. VV Titanium Pigments Pvt. Ltd. The applicants constitute domestic industry, under Rule 2(b) of the Rules and the application satisfies the criteria of standing in terms of Rule 5(3).
  - iv) The subject goods exported from China PR and the article manufactured by the domestic industry are 'like article' to each other in terms of Rule 2(d) of the AD Rules, 1995.
  - v) The product under consideration has been exported to India at a price below the normal value, resulting in dumping. The dumping margin is above de-minimis level and significant.
  - vi) The volume of subject imports increased over the injury period, especially in the POI, in absolute and relative terms. Imports of subject country constitute a majority of the total imports into India throughout the injury period.
  - vii) Imports have had a considerable impact on suppressing the prices of the domestic industry.
  - viii) Production and capacity utilisation increased from the base year and 2021-22 after which there was a decline. Capacity utilisation is low despite high demand in the country.
  - ix) Sales of the domestic industry increased till 2021-22, declined in 2022-23, and increased in the POI.
  - x) Market share of imports from the subject country in domestic demand has increased whereas, that of domestic industry has declined over the injury investigation period.

- xi) Profits and cash profits have declined for the domestic industry during the injury investigation period. The domestic industry is incurring losses since 2022-23 and the POI. ROI has also declined steeply and was negative \*\*\*% in the POI.
- xii) Average inventory has increased significantly during the injury period.
- xiii) Number of employees and wages paid have decreased over the injury period with marginal increase in the POI as compared to previous year.
- xiv) Productivity per employee increased in the base year and 2021-22, while decreasing in 2022-23 and the POI.
- xv) Imports at dumped prices have adversely impacted the growth of the domestic industry.
- xvi) No other factor appears to have caused injury to the domestic industry. It is noted that domestic industry has suffered material injury as a result of the dumped imports of the subject goods from subject country, and is facing threat of injury from subject country.

## **O. RECOMMENDATIONS**

131. The Authority notes that the investigation was initiated and notified to all the interested parties and adequate opportunity was given to them to provide information on the aspect of injury, causal link, and impact of measures. Having initiated and conducted the investigation in terms of the provisions of anti-dumping investigations as laid down under the Anti-dumping Duty Rules, the Authority has reached a conclusion that the duty should be imposed on subject goods. Accordingly, the Authority recommends imposition of anti-dumping duties on imports of the product under consideration.
132. Further, having regard to the conclusion reached with regard to imports of the product under consideration under HS Codes- 28230010, 32061110 and 32061190, the Authority recommends collection of anti-dumping duties on imports of the product under consideration, falling under this code.
133. Having regards to the lesser duty rule followed, the Authority recommends imposition of anti-dumping duty equal to the lesser of the margin of dumping and the margin of injury so as to remove the injury to the domestic industry. Accordingly, the Authority recommends imposition of definitive anti-dumping duty on the imports of subject goods originating in or exported from the subject country, equal to the amount mentioned in Col. 7 of the duty table appended below, to be issued in this regard by the Central Government for a period of 5(five) years from the date of notification to be issued in this regard.

**DUTY TABLE**

SN	Heading/ sub-heading	Description of goods	Countr y of origin	Country of export	Producer	Amount	Unit of measur ement	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	28230010, 32061110, and 32061190 *	Titanium Dioxide**	China PR	Any country including China PR	Anhui Gold Star Titanium Dioxide (Group) Co., Ltd.	609	MT	USD
					Anhui Gold Star Titanium Dioxide Trading Co., Ltd.			
2.	-do-	-do-	China PR	Any country including China PR	Shandong Jinhai Titanium Resources Technology Co., Ltd.	563	MT	USD
					Shandong Xianghai Titanium Co., Ltd.			
3.	-do-	-do-	China PR	Any country including China PR	LB Xiangyang Titanium Industry Co Ltd., and	460	MT	USD
					LB Sichuan Titanium Industry Co., Ltd.			
					LB Lufeng Titanium Industry Co., Ltd.			

SN	Heading/ sub-heading	Description of goods	Countr y of origin	Country of export	Producer	Amount	Unit of measur ement	Currency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
					LB Group Co., Ltd.			
					Henan Billions Advanced Material Co., Ltd.			
4.	-do-	-do-	China PR	Any country including China PR	****Non- Sampled Cooperative Producers	510	MT	USD
5.	-do-	-do-	China PR	Any country other than subject country	Any producer other than SN 1, 2, 3, & 4	681	MT	USD
6.	-do-	-do-	Any country other than subject country	China PR	Any	681	MT	USD

*\*Note-Customs classification is only indicative, and the determination of anti-dumping duty shall be made as per the description of the PUC.*

**\*\*Excluding the following:**

<b><i>S. No.</i></b>	<b><i>Product excluded</i></b>	<b><i>Description of the excluded product and details</i></b>
<i>1</i>	<i>Food</i>	<i>TiO2 used in food additives like food colouring</i>
<i>2</i>	<i>Pharma</i>	<i>TiO2 used as ingredient in tablet film coatings</i>
<i>3</i>	<i>Skin-care</i>	<i>TiO2 is used in cosmetics and sunscreen lotions for UV-absorbing and photocatalyst applications</i>
<i>4</i>	<i>Textile</i>	<i>TiO2 used in production of textile/fibre. TiO2 which is used in the production of textiles and fibres largely because of its photo-catalytic self-cleaning, UV-protection and delustering abilities, etc. is excluded from the scope of product under consideration.</i>

		<i>However, such exclusion does not extend to the TiO<sub>2</sub> that is used as a pigment for printing over the textile/garment/cloth/fabric.</i>
5	<i>Fibre</i>	<i>TiO<sub>2</sub> is used for delustering the artificial fibre and this fibre is used to product the textiles. Fibre grade materials are used to blend with fibre threads to make the cloth itself. TiO<sub>2</sub> Rutile grade for making décor paper (used at fibre/pulp stage).</i>
6	<i>Nano or ultrafine</i>	<i>Nano or ultrafine titanium dioxide having particle size below 100 nm used in textile/paint industry to offer characteristics such as dust free textile/paint.</i>

**\*\*\*Non-Sampled Cooperative Producers**

1. *Yibin Tianyuan Group Co., Ltd*
2. *Chongqing Titanium Industry Co., Ltd. of Pangang Group*
3. *Pangang Group Titanium Industry Co., Ltd.*
4. *Jiangxi Tikon Titanium Products Co Ltd ( A Tronox Company)*
5. *Kunming Donghao Titanium Co., Ltd.*
6. *Inter-China Chemical Co., Ltd.*
7. *Anhui Annada Titanium Industry Co., Ltd.*
8. *Shandong Doguide Group Co., Ltd.*
9. *Qianjiang Fangyuan Titanium Industry Co., Ltd.*
10. *Jinan Yuxing Chemical Co., Ltd.*
11. *Ningbo Xinfu Titanium Dioxide Co., Ltd.*
12. *Shandong Dawn Titanium Industry Co., Ltd.*

134. The landed value of imports for the purpose of this notification shall be assessable value as determined by the Customs under the Customs Act, 1962 (52 of 1962) and includes all duties of customs except duties under Sections 3, 8B, 9, 9A of the said Act.

**P. FURTHER PROCEDURE**

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

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