

## **SUMMARY OF THE PROPOSED COMBINATION**

[In terms of Regulation 13 (1A) of the Competition Commission of India (Procedure in regard to the Transaction of Business relating to Combinations), 2011 (as amended)]

### **A. NAME OF THE PARTIES TO THE COMBINATION**

1. The parties to the Proposed Combination are:
  - a. Clariant AG (**Clariant**)
  - b. Colorants International AG (**Colorants International**),
  - c. Colorants Solutions USA LLC (**Colorants Solutions**),
  - d. Heubach Holding GmbH (**Heubach**),
  - e. Luxembourg Investment Company 428 S.à r.l. (**Lux Bidco**)
2. Colorants International and Colorants Solutions are both, directly or indirectly, wholly owned by Clariant. Lux Bidco is currently, indirectly owned by SK Capital Investment V Limited (**SKCI V**), an affiliate of SK Capital Partners, LP (**SKCP**).

### **B. NATURE AND PURPOSE OF THE COMBINATION**

1. The Proposed Combination consists of the combination of the business of production and/or commercialization of organic

pigments, pigment preparations and dyes, conducted by Colorants International, Colorants Solutions and their subsidiaries in various countries including India (**Clariant Pigments Business**) and the business of the production, manufacturing, and trading of corrosion protection pigments as well as organic and inorganic colour pigments, hybrid pigments and pigment preparations, as carried out by Heubach and its subsidiaries in various countries including India (**Heubach Business**), such that the entity holding the resulting combined business will be controlled indirectly by SKCP with Heubach and Clariant holding minority stakes.

2. Only one step of the Proposed Combination (i.e., Clariant's acquisition of a minority stake in the combined business) falls within the jurisdictional threshold laid out under Section 5(a)(ii)(B) of the Competition Act, 2002.
3. The purpose of the Proposed Combination is as follows
  - a. SKCP considers the acquisition and combination of the Clariant Pigment Business and Heubach Business to be an attractive investment opportunity.
  - b. Heubach see this as an opportunity to expand their product portfolio, both in terms of new applications and geographical diversification.

- c. Clariant seeks to achieve the two-folded purpose of portfolio adjustments and continued profitability from the Proposed Combination.

**C. THE PRODUCTS, SERVICES AND BUSINESS(ES) OF THE PARTIES TO THE COMBINATION**

1. Clariant is active in the production and distribution of specialty chemicals used in different applications and industries. Clariant globally operates in six main businesses: (i) Additives; (ii) Catalysts; (iii) Functional Minerals; (iv) Industrial and Consumer Specialties; (v) Oil and Mining Services; and (vi) Pigments<sup>1</sup>.
2. The Clariant Pigments Business mainly supplies (i) organic pigments, (ii) pigment preparations, and (iii) dyes, to provide colour in a variety of products. The products of the Clariant Pigments Business are used in a number of areas including packaging, electronics, consumer goods, textiles, transportation, building and construction, and agriculture.
3. In India, Clariant is present through four subsidiaries and one joint venture, namely Clariant India Limited, Clariant Chemicals India Limited, Süd-Chemie India Private Limited, Clariant Services India

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<sup>1</sup> By way of the Proposed Combination, Clariant seeks to divest the Clariant Pigments Business.

Private Limited and Clariant IGL Specialty Chemicals Private Limited.<sup>2</sup>

4. Heubach is a manufacturer of corrosion protection pigments as well as organic and inorganic colour pigments and pigment preparations. Heubach supplies its products for use in the paint, plastics, ink, and building industries, as well as for other applications.
5. In India, Heubach is present through two subsidiaries and one joint venture namely, Heubach Colour Private Limited, Heubach Pigment Private Limited and Heubach Toyo JV.
6. Lux Bidco is a wholly owned indirect subsidiary of SKCI V (an affiliate of SKCP), incorporated for the purposes of the Proposed Combination. SKCP is a private investment firm focused on the specialty materials, chemicals and pharmaceuticals sectors.
7. In India, SKCP, through its affiliates, is engaged in the business of production and/ or sale of inorganic pigments, pigment preparations and dyes.

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<sup>2</sup> Its joint venture recently established with Indian Glycols Limited.

**D. THE RESPECTIVE MARKETS IN WHICH THE PARTIES TO THE COMBINATION OPERATE**

1. At the outset, the Parties to the Proposed Combination submit that the exact definition of relevant market(s) can be left open as there is no competition concern in any of the identified relevant markets. The markets pertaining to the Proposed Combination are fragmented with substantial price competition between the existing players. Moreover, the increase in the market shares on account of the Proposed Combination (if any) is not significant.
2. Without prejudice, if the Hon'ble Commission were to require market definitions, the narrowest possible definitions of relevant markets, based on horizontal overlap products identified by the Parties are as follows:
  - a. **Broader relevant markets for manufacture/ sale of:**
    - i. organic pigments in India;
    - ii. inorganic pigments in India
  - b. **Narrower relevant markets for manufacture/ sale of:**
    - i. Monoazo Pigments in India;
    - ii. Diarylide Pigments in India.
    - iii. Naphthol Pigments in India.
    - iv. Benzimidazolone Pigments in India;

- v. Isoindoline Pigments in India.
  - vi. Phthalocyanine Pigments in India;
  - vii. DPP Pigments in India;
  - viii. Quinacridones Pigments in India;
  - ix. Titanium Dioxide Pigments in India
  - x. Complex Inorganic Colour Pigments in India; and
  - xi. Bismuth Vanadate Pigments in India.
- c. The Hon'ble Commission may also define a distinct market for manufacture and sale of pigment preparations in India.
- d. Market for manufacture/ sale of dyes in India.
3. The Parties display minimal existing and potential vertical relationships. However, the share of sale/purchase made between the Parties is insignificant and can raise no anti-competitive concerns.

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