



Technical View by Nooresh
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Insider Trading Stock Note :

Ultramarine Pigments

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Insider Selling can also at times be an opportunity as there is change in guards or a dispute being settled or an inactive promoter exiting the business. One has to find the right reason as why the promoter is selling and find an opportunity there. An overhang on the stock is lifted once the selling is over.

Stock – Ultramarine Pigments

Promoter Holding - Last few years and quarters

| Company Name | Dec-15 | Dec-16 | Dec-17 | Dec-18 | Dec-19 | Mar-20 | Jun-20 | Sep-20 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| ULTRAMARINE & PIGMENTS LTD | 52.35 | 52.74 | 53.26 | 53.73 | 53.27 | 52.85 | 52.5 | 51.79 |

Comments

- Ultramarine & Pigments is engaged in manufacturing and selling of Pigments, Surfactants. The company specializes in the manufacture of inorganic pigments and organic surfactants with international quality standard.
- The company is over 50 years old and is a part of the Thirumalai chemicals group. (Cross holding of around 20%) Promoter holding stands at 52.50% with Institutional holding is around 1.37%.
- Surfactants division capacity has doubled, fresh capacity to come on board by Q4FY21. All capex done by internal accruals
- Surfactants Division Capex– 26,000 ton. Almost doubling capacity to existing one at 28,000 ton. Capex is 80 cr and peak revenue possibility of 160 cr. Company can make sustainable margins of 16%. Capex in this division is brownfield in the existing plant of Chennai.
- Pigment Division Capex- The company is still in the nascent stage and process of Environmental Clearance is currently on going. Capex is around 120 cr and all regulatory clearances to come by same time next year.
- Ultramarine Operates in 5 segments which are:
 - i) Pigments (Total Capacity 6,000 MTPA)
 - ii) Surfactants (Total Capacity 28,000 MTPA)
 - iii) Detergents of powder and liquid form
 - iv) IT enabled services and BPO
 - v) Windmill division

- The company which originally promoted by 4 brothers is facing a tussle between promoters regarding management of the company

Read more on :

<https://www.casemine.com/judgement/in/5a6576344a9326024ad5b738>

- Pursuant to above 3 promoters are seen selling their stake in open market since Dec 2019.
 - Sridhar Sundarajan – 0.98% left
 - S Narayanan – 1.73% left
 - Jayalakshmi Venkatraman – 1.08% left
- Stock become interesting to see after selling from above promoter group gets over as Other promoter (Thirumalai Chemicals) is seen buying from open market

Chart View.



P.S. – This is not a stock recommendation. Please do your own research before investing. This note purely highlights interesting points related to companies where insider buying has taken place.

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DISCLOSURE Nooresh Merani

SEBI Registration disclosure - Investment Adviser (INA000002991)

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