

Paint stocks await fresh coat after lacklustre Q4

Rerating some time away, no immediate trend reversal: Analysts

NIKITA VASHISTA New Delhi, 9 July

Paint stocks have registered a lacklustre performance on the bourses this calendar year so far.

In contrast, the Nifty50 has surged 11.9 per cent CYTD, while the broader Nifty500 has soared 18.2 per cent.

Going forward, analysts do not expect an immediate trend reversal as overhangs of rising competitive intensity, coupled with weak discretionary spending, are likely to keep stock prices under pressure.

The rerating of paint stocks, if any, will be gradual as investors remain watchful of how the dust would settle in the oligopolist market.

Adding to the woes of the paint companies, Birla Opus launched its products across several Indian states in June this year.

While Opus' off take has been slow due to initial supply hiccups,



NOT A ROSY PICTURE

Table showing % change (YTD) for various indices and stocks like Nifty500 (18.2%), Nifty50 (11.9%), and Asian Paints (-14.8%).

Data till July 8, 2024. Source: Bloomberg; Compiled by BS Research Bureau

and brand unawareness, analysts expect Opus' products will be available in most Indian states by July.

Despite steady input prices, such as crude oil, margin expansion of incumbent paint companies may be constrained by discounts and higher spend on advertising and promotional activities, analysts pointed out.

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moves will help the incumbent players protect their volume growth. However, this may affect their realisations in the medium-term.

Asian Paints is trading at a price-to-earnings (P/E) of 51x, which is a discount of 17 per cent to its 5-year average.

Thus, though the stocks are available at comfortable levels, we expect rerating to get delayed.

Amit Purohit of Elara Capital, on the contrary, opines valuations are high given the risk of possible earnings downgrades.



Monsoon damage: Have adequate cover to rebuild property

KARTHIK JEROME

In recent times, monsoon has become synonymous with floods and property damage.

Types of coverage

Home insurance offers three types of coverage: Structure, content, and comprehensive. The first protects the physical structure of the house.

Not all coverages are suitable for everyone. "Homeowners should opt for structure cover but may avoid

content cover if they are renting. Comprehensive cover is ideal for homeowners who live in the house and desire complete protection.

Determining sum insured

The sum insured for home insurance should be enough to reconstruct the house in case of

total damage. Use the carpet area to determine the sum insured. "Multiply the carpet area by the cost of construction to get a fair estimate of the sum insured," says T A Ramalingam.

Home insurance covers only the cost of construction, not the cost of land. "Assume a construction cost of ₹3,000-5,000 per square foot.

For the contents of the house, insurers typically require an inventory of items, including the year of make and model.

Mehta suggests declaring expensive antiques, paintings, jewellery, gold, or watches specifically to ensure they

KNOW THE EXCLUSIONS IN HOME INSURANCE. Common exclusions include damage due to war, nuclear hazards, wear and tear, gradual deterioration, intentional acts, and certain natural calamities which require separate riders.

Marriage loans: Smart financial move or debt trap?

An increasing number of Indians are turning to marriage loans these days to fund their wedding ceremonies and celebrations.

Read full report here: mybs.in/2dXMIvT

WHAT IS A MARRIAGE LOAN?

A personal loan offered specifically for financing wedding expenses. These range from ₹40 to ₹50 lakh and carry annual interest rates starting 10.5 per cent.

PROS

- Flexible financing: They allow you to borrow the exact amount you need to cover your wedding costs rather than relying solely on your own savings. Fixed repayment terms: Personal loans used for weddings typically have fixed interest rates and repayment schedules.

CONS

- Increased debt: Taking on additional debt to pay for a one-time event can put a strain on your finances. Higher interest: Depending on your credit profile, you may end up paying a higher interest rate compared to other financing options.

COMPILED BY AYUSH MISHRA

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