

Value Dividend Yield Stocks

Analyst:

Brijesh Bhatia

Rohit Rai

Menil Savla

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Dividend yield stocks: A cushion during bouts of volatility

- ❑ Indian equities have given one of the highest returns (29%) in 2017 outperforming its global peers. Policy stimulus and stabilizing macro economics have been the crucial driving force behind the rally. Increasing domestic investors participation (MFs and retail investors) supporting the rally has emerged as new fundamental factor and boosts up the confidence in further rally.
- ❑ Amid all these, there are some stocks which are fundamentally strong but have relatively stable and range-bound movement but yield returns in the form of dividend. These stocks provide an opportunity of executing safer and tax saving strategy called '**Dividend Stripping**'. Here, one buys a stock just for earning dividends, holds the stock till ex-date to gain entitlement of dividend and immediately sales the holding at dividend adjusted lower prices. The double thread strategy provides tax saving benefits as well as dividend earning.
- ❑ One must choose stocks from the large cap pack, as paying out dividends can restrict the growth potential of mid-caps much more than that of large-cap companies. In any case, it's mostly the large-caps that pay out consistent dividends, as they do not have to reinvest a large part of their cash flow back into their operations. Dividend yield is the annual dividend per share by the stock's share price. For example, if a company's annual dividend is Rs 1.5 and the stock trades at Rs 25, the dividend yield works out to six per cent.
- ❑ We present you a list of cash rich companies that have a good historic dividend yield records with relatively low debt and rich fundamentals which can provide a cushion during the bouts of volatility.

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| Company Name | CMP (Rs.) | Mcap (Rs. Cr) | Total Debts (Rs. Cr) | EV (Rs. Cr) | PAT Margin (%) | ROE (%) | Adj. PE (x) | PB(x) | EPS (Rs) | FV (Rs.) | Div Yield(%) |
|--------------------------------------|-----------|---------------|----------------------|-------------|----------------|---------|-------------|-------|----------|----------|--------------|
| Procter & Gamble Health Ltd. | 4718.8 | 7832.8 | 0.0 | 3876.4 | 98.8 | 73.8 | 6.1 | 3.3 | 505.3 | 10.0 | 14.3 |
| Graphite India Ltd. | 307.8 | 6012.7 | 359.6 | 8683.2 | 43.3 | 84.1 | 2.6 | 1.6 | 173.8 | 2.0 | 12.3 |
| Vedanta Ltd. | 154.1 | 57282.0 | 66226.0 | 126212.0 | 10.5 | 15.5 | 9.7 | 1.1 | 19.0 | 1.0 | 10.3 |
| Power Finance Corporation Ltd. | 109.8 | 28974.9 | 230310.4 | 252208.2 | 21.7 | 15.2 | 3.9 | 0.6 | 22.1 | 10.0 | 9.1 |
| National Aluminium Company Ltd. | 45.6 | 8497.9 | 45.0 | 10178.3 | 14.0 | 13.0 | 9.6 | 1.2 | 6.9 | 5.0 | 8.5 |
| REC Ltd. | 140.3 | 27698.2 | 199493.1 | 221821.3 | 20.3 | 13.5 | 5.3 | 0.7 | 23.7 | 10.0 | 7.3 |
| Hindustan Zinc Ltd. | 217.0 | 91668.3 | 2538.0 | 119294.0 | 37.7 | 22.9 | 14.7 | 3.5 | 18.8 | 2.0 | 7.2 |
| NLC India Ltd. | 58.1 | 8049.4 | 20598.4 | 29711.4 | 15.6 | 11.8 | 6.4 | 0.8 | 10.9 | 10.0 | 6.5 |
| SJVN Ltd. | 24.6 | 9667.3 | 2230.7 | 11722.0 | 54.8 | 11.0 | 10.7 | 1.2 | 3.1 | 10.0 | 6.3 |
| Indian Oil Corporation Ltd. | 139.3 | 131139.2 | 96765.0 | 245075.9 | 2.6 | 14.0 | 8.6 | 1.3 | 18.9 | 10.0 | 5.7 |
| Hindustan Petroleum Corporation Ltd. | 266.1 | 40541.3 | 28191.5 | 71173.3 | 1.9 | 20.6 | 6.5 | 1.4 | 43.9 | 10.0 | 5.6 |
| Coal India Ltd. | 204.5 | 125997.0 | 2209.9 | 117019.2 | 11.8 | 74.9 | 8.4 | 5.5 | 28.3 | 10.0 | 5.5 |
| Oil India Ltd. | 159.5 | 17296.3 | 15113.7 | 28797.6 | 15.1 | 7.2 | 6.2 | 0.7 | 29.9 | 10.0 | 5.5 |
| NHPC Ltd. | 22.2 | 22249.8 | 18602.1 | 43650.1 | 35.8 | 10.8 | 11.3 | 1.1 | 2.4 | 10.0 | 5.1 |
| BSE Ltd. | 508.3 | 2632.2 | 0.0 | 1617.7 | 26.7 | 4.9 | 15.9 | 1.0 | 38.5 | 2.0 | 4.9 |
| Bharat Petroleum Corporation Ltd. | 345.5 | 74947.7 | 37659.4 | 120478.1 | 3.0 | 25.2 | 9.3 | 2.3 | 45.8 | 10.0 | 4.9 |
| Bharti Infratel Ltd. | 245.8 | 45454.1 | 5.7 | 57979.7 | 21.6 | 9.4 | 23.2 | 4.0 | 13.5 | 10.0 | 4.8 |
| Balmer Lawrie & Company Ltd. | 171.0 | 1949.4 | 14.9 | 1985.0 | 9.4 | 11.7 | 15.1 | 1.7 | 14.4 | 10.0 | 4.6 |
| PTC India Ltd. | 56.0 | 1656.2 | 12352.7 | 14490.0 | 2.1 | 10.3 | 7.3 | 0.7 | 12.0 | 10.0 | 4.6 |
| Care Ratings Ltd. | 755.0 | 2224.2 | 0.0 | 3537.6 | 48.8 | 29.3 | 22.0 | 6.1 | 55.1 | 10.0 | 4.5 |

Source: Dealmoney Research

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|--------------------------------------|-----------|---------------|----------------------|-------------|----------------|---------|-------------|-------|----------|----------|--------------|
| Bajaj Consumer Care Ltd. | 259.7 | 3830.6 | 25.0 | 4584.7 | 24.1 | 46.3 | 20.6 | 9.8 | 15.0 | 1.0 | 4.5 |
| NTPC Ltd. | 126.6 | 125215.6 | 161717.9 | 292858.4 | 12.5 | 11.3 | 10.6 | 1.2 | 12.8 | 10.0 | 4.5 |
| Firstsource Solutions Ltd. | 49.2 | 3409.6 | 557.7 | 3761.8 | 9.9 | 15.0 | 8.6 | 1.2 | 5.5 | 10.0 | 4.3 |
| Power Grid Corporation Of India Ltd. | 210.8 | 110281.9 | 146376.4 | 245677.5 | 28.3 | 22.6 | 10.3 | 2.2 | 19.2 | 10.0 | 4.2 |
| Unichem Laboratories Ltd. | 167.8 | 1181.4 | 199.7 | 1368.3 | -2.0 | -0.9 | 0.0 | 0.5 | -3.4 | 2.0 | 4.1 |
| HEG Ltd. | 985.2 | 3802.4 | 666.4 | 8191.5 | 46.3 | 107.0 | 2.7 | 2.1 | 784.1 | 10.0 | 3.8 |
| Sonata Software Ltd. | 321.1 | 3376.1 | 15.6 | 3330.3 | 8.4 | 35.0 | 14.1 | 4.6 | 24.0 | 1.0 | 3.8 |
| Oil & Natural Gas Corporation Ltd. | 138.9 | 174677.2 | 106157.7 | 329254.2 | 6.4 | 11.7 | 10.3 | 1.1 | 17.2 | 5.0 | 3.7 |
| NMDC Ltd. | 108.7 | 33282.3 | 500.1 | 32578.8 | 32.7 | 16.2 | 9.9 | 1.5 | 12.0 | 1.0 | 3.6 |
| Gujarat Pipavav Port Ltd. | 78.0 | 3770.8 | 0.0 | 4283.8 | 29.3 | 9.4 | 20.4 | 2.2 | 4.9 | 10.0 | 3.5 |
| Hero MotoCorp Ltd. | 2356.1 | 47057.7 | 311.5 | 51048.7 | 10.0 | 27.2 | 14.8 | 3.9 | 172.4 | 2.0 | 3.4 |
| Ashok Leyland Ltd. | 69.9 | 20504.7 | 19167.9 | 44191.7 | 6.5 | 27.1 | 12.9 | 3.1 | 7.1 | 1.0 | 3.4 |
| Gateway Distriparks Ltd. | 108.5 | 1179.7 | 831.7 | 2242.9 | 69.7 | 25.8 | 3.9 | 1.1 | 33.6 | 10.0 | 3.4 |
| Balrampur Chini Mills Ltd. | 141.7 | 3116.3 | 989.8 | 2703.5 | 5.0 | 13.9 | 7.4 | 1.1 | 10.1 | 1.0 | 3.3 |
| Indiabulls Housing Finance Ltd. | 535.6 | 22900.9 | 110257.4 | 158276.4 | 29.0 | 30.0 | 13.7 | 3.9 | 90.2 | 2.0 | 3.3 |
| Castrol India Ltd. | 121.3 | 11998.1 | 0.0 | 14236.4 | 18.1 | 65.6 | 21.1 | 13.0 | 7.2 | 5.0 | 3.3 |
| Cochin Shipyard Ltd. | 357.4 | 4700.6 | 123.0 | 2727.8 | 16.1 | 14.5 | 10.8 | 1.6 | 36.3 | 10.0 | 3.3 |
| Redington (India) Ltd. | 107.7 | 4190.4 | 1307.4 | 4412.6 | 1.0 | 13.0 | 7.8 | 1.0 | 13.1 | 2.0 | 3.2 |
| Mindtree Ltd. | 716.3 | 11788.3 | 1.0 | 15244.5 | 10.7 | 25.1 | 20.6 | 4.7 | 45.9 | 10.0 | 3.2 |
| Tata Steel Ltd. | 432.1 | 52024.0 | 100816.2 | 157098.6 | 5.3 | 14.2 | 5.8 | 0.9 | 89.3 | 10.0 | 3.1 |

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|--|-----------|---------------|----------------------|-------------|----------------|---------|-------------|-------|----------|----------|--------------|
| Allcargo Logistics Ltd. | 96.6 | 2372.2 | 598.2 | 3172.1 | 3.5 | 12.2 | 11.6 | 1.4 | 9.8 | 2.0 | 3.1 |
| Infosys Ltd. | 793.7 | 339338.3 | 0.0 | 302293.3 | 18.6 | 23.8 | 20.9 | 5.0 | 35.5 | 5.0 | 2.9 |
| Greaves Cotton Ltd. | 134.0 | 3272.4 | 11.1 | 3376.5 | 8.1 | 16.8 | 20.7 | 3.5 | 6.7 | 2.0 | 2.9 |
| Gujarat Mineral Development Corporation Ltd. | 71.5 | 2273.7 | 0.0 | 3865.0 | 20.9 | 10.4 | 11.1 | 0.9 | 11.1 | 2.0 | 2.8 |
| MOIL Ltd. | 135.0 | 3476.4 | 0.0 | 2903.6 | 30.1 | 14.2 | 12.8 | 1.8 | 15.3 | 10.0 | 2.8 |
| Mphasis Ltd. | 938.9 | 17493.6 | 542.6 | 18315.2 | 13.7 | 20.2 | 17.2 | 3.5 | 57.6 | 10.0 | 2.7 |
| The Karnataka Bank Ltd. | 84.1 | 2376.7 | | 3685.3 | 8.1 | 9.2 | 7.9 | 0.7 | 16.9 | 10.0 | 2.6 |
| Reliance Capital Ltd. | 52.2 | 1317.9 | 46400.0 | 52239.2 | 6.2 | 8.2 | 8.2 | 0.7 | 51.9 | 10.0 | 2.6 |
| Hexaware Technologies Ltd. | 360.8 | 10752.3 | 0.0 | 9066.7 | 12.6 | 27.6 | 16.9 | 4.3 | 19.6 | 2.0 | 2.6 |
| Engineers India Ltd. | 100.1 | 6325.4 | 0.0 | 7453.4 | 20.9 | 14.8 | 26.1 | 4.3 | 6.1 | 5.0 | 2.5 |

Source: Dealmoney Research

Dealmoney Securities Private Limited

Plot No. A356/357, Road No.26,Wagle Industrial Estate, Thane (West), Maharashtra - 400 604.

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