

# Value Dividend Yield Stocks

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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.

# Value Dividend Yield Stocks

| 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.         | 3977.8    | 6602.9        | 0.0                  | 3876.4      | 98.8           | 73.8    | 6.1         | 3.3   | 505.3    | 10.0     | 14.3         |
| Graphite India Ltd.                  | 417.3     | 8152.0        | 359.6                | 8683.2      | 43.3           | 84.1    | 2.6         | 1.6   | 173.8    | 2.0      | 12.3         |
| Indian Oil Corporation Ltd.          | 160.7     | 151285.5      | 65649.8              | 232264.8    | 4.2            | 20.1    | 7.5         | 1.5   | 23.4     | 10.0     | 11.9         |
| Power Finance Corporation Ltd.       | 133.3     | 35179.1       | 230310.4             | 252208.2    | 21.7           | 15.2    | 3.9         | 0.6   | 22.1     | 10.0     | 9.1          |
| National Aluminium Company Ltd.      | 49.3      | 9188.2        | 45.0                 | 10178.3     | 14.0           | 13.0    | 9.6         | 1.2   | 6.9      | 5.0      | 8.5          |
| Vedanta Ltd.                         | 168.5     | 62616.1       | 58159.0              | 156470.6    | 14.7           | 22.1    | 10.0        | 1.6   | 27.8     | 1.0      | 7.6          |
| REC Ltd.                             | 155.4     | 30680.4       | 199493.1             | 221821.3    | 20.3           | 13.5    | 5.3         | 0.7   | 23.7     | 10.0     | 7.3          |
| Oil India Ltd.                       | 177.0     | 19188.5       | 12329.3              | 25298.9     | 18.1           | 6.6     | 6.0         | 0.6   | 36.1     | 10.0     | 7.0          |
| SJVN Ltd.                            | 25.0      | 9824.5        | 2230.7               | 11722.0     | 54.8           | 11.0    | 10.7        | 1.2   | 3.1      | 10.0     | 6.3          |
| Coai India Ltd.                      | 255.6     | 157519.3      | 1537.7               | 146042.7    | 5.3            | 31.6    | 25.1        | 8.9   | 11.3     | 10.0     | 5.8          |
| Chennai Petroleum Corporation Ltd.   | 214.6     | 3195.6        | 4388.9               | 9271.9      | 2.1            | 24.5    | 5.3         | 1.2   | 62.3     | 10.0     | 5.6          |
| NLC India Ltd.                       | 64.0      | 8874.5        | 13215.4              | 25664.0     | 17.3           | 15.4    | 6.6         | 1.0   | 12.8     | 10.0     | 5.4          |
| NHPC Ltd.                            | 24.6      | 24710.8       | 18602.1              | 43650.1     | 35.8           | 10.8    | 11.3        | 1.1   | 2.4      | 10.0     | 5.1          |
| Hindustan Petroleum Corporation Ltd. | 309.7     | 47185.2       | 21952.0              | 73089.1     | 2.4            | 25.3    | 7.3         | 2.1   | 47.4     | 10.0     | 4.9          |
| Bharat Petroleum Corporation Ltd.    | 388.8     | 84340.5       | 37659.4              | 120478.1    | 3.0            | 25.2    | 9.3         | 2.3   | 45.8     | 10.0     | 4.9          |
| Greaves Cotton Ltd.                  | 148.3     | 3621.6        | 0.0                  | 2748.0      | 11.0           | 21.4    | 13.8        | 2.9   | 8.3      | 2.0      | 4.8          |
| BSE Ltd.                             | 613.3     | 2761.3        | 0.1                  | 2057.9      | 101.2          | 22.4    | 5.7         | 1.2   | 133.6    | 2.0      | 4.8          |
| Balmer Lawrie & Company Ltd.         | 189.7     | 2162.1        | 14.9                 | 1985.0      | 9.4            | 11.7    | 15.1        | 1.7   | 14.4     | 10.0     | 4.6          |
| PTC India Ltd.                       | 67.1      | 1984.7        | 12352.7              | 14490.0     | 2.1            | 10.3    | 7.3         | 0.7   | 12.0     | 10.0     | 4.6          |
| Care Ratings Ltd.                    | 960.2     | 2828.9        | 0.0                  | 3537.6      | 48.8           | 29.3    | 22.0        | 6.1   | 55.1     | 10.0     | 4.5          |

Source: DealMoney Research

## Value Dividend Yield Stocks

| 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(%) |
|--|-----------|---------------|----------------------|-------------|----------------|---------|-------------|-------|----------|----------|--------------|
| Bharti Infratel Ltd.                         | 271.4     | 50189.1       | 0.0                  | 62161.6     | 18.0           | 7.3     | 24.9        | 3.7   | 13.5     | 10.0     | 4.2          |
| Gateway Distriparks Ltd.                     | 134.1     | 1457.5        | 147.5                | 2036.0      | 10.9           | 4.2     | 22.9        | 1.9   | 7.6      | 10.0     | 4.0          |
| Oil & Natural Gas Corporation Ltd.           | 169.0     | 212543.8      | 106157.7             | 329254.2    | 6.4            | 11.7    | 10.3        | 1.1   | 17.2     | 5.0      | 3.7          |
| NMDC Ltd.                                    | 105.8     | 32394.4       | 500.1                | 32578.8     | 32.7           | 16.2    | 9.9         | 1.5   | 12.0     | 1.0      | 3.6          |
| Oracle Financial Services Software Ltd.      | 3267.3    | 28032.1       | 0.0                  | 29278.9     | 27.3           | 32.6    | 25.8        | 7.1   | 144.9    | 5.0      | 3.5          |
| Sonata Software Ltd.                         | 357.5     | 3759.4        | 33.7                 | 2933.9      | 7.8            | 30.9    | 16.9        | 5.0   | 18.5     | 1.0      | 3.4          |
| Balrampur Chini Mills Ltd.                   | 155.9     | 3428.7        | 989.8                | 2703.5      | 5.0            | 13.9    | 7.4         | 1.1   | 10.1     | 1.0      | 3.3          |
| Indiabulls Housing Finance Ltd.              | 694.3     | 29686.5       | 110257.4             | 158276.4    | 29.0           | 30.0    | 13.7        | 3.9   | 90.2     | 2.0      | 3.3          |
| Castrol India Ltd.                           | 144.1     | 14248.3       | 0.0                  | 14236.4     | 18.1           | 65.6    | 21.1        | 13.0  | 7.2      | 5.0      | 3.3          |
| Mindtree Ltd.                                | 974.8     | 16007.6       | 1.0                  | 15244.5     | 10.7           | 25.1    | 20.6        | 4.7   | 45.9     | 10.0     | 3.2          |
| NTPC Ltd.                                    | 134.9     | 133477.6      | 130048.6             | 265586.4    | 11.4           | 10.1    | 13.3        | 1.4   | 10.7     | 10.0     | 3.0          |
| Infosys Ltd.                                 | 742.7     | 320655.2      | 0.0                  | 302293.3    | 18.6           | 23.8    | 20.9        | 5.0   | 35.5     | 5.0      | 2.9          |
| Gujarat Mineral Development Corporation Ltd. | 75.1      | 2388.2        | 0.0                  | 3865.0      | 20.9           | 10.4    | 11.1        | 0.9   | 11.1     | 2.0      | 2.8          |
| Firstsource Solutions Ltd.                   | 51.3      | 3549.6        | 672.3                | 4187.9      | 9.2            | 15.0    | 11.1        | 1.6   | 4.8      | 10.0     | 2.8          |
| MOIL Ltd.                                    | 149.0     | 3837.1        | 0.0                  | 2903.6      | 30.1           | 14.2    | 12.8        | 1.8   | 15.3     | 10.0     | 2.8          |
| GAIL (India) Ltd.                            | 308.1     | 69478.7       | 3219.8               | 74462.9     | 8.5            | 11.5    | 15.4        | 1.8   | 21.3     | 10.0     | 2.8          |
| Mangalore Refinery & Petrochemicals Ltd.     | 59.0      | 10340.3       | 14921.0              | 33279.0     | 2.8            | 18.0    | 9.6         | 1.9   | 11.4     | 10.0     | 2.7          |
| Mphasis Ltd.                                 | 979.6     | 18247.2       | 542.6                | 18315.2     | 13.7           | 20.2    | 17.2        | 3.5   | 57.6     | 10.0     | 2.7          |
| Power Grid Corporation Of India Ltd.         | 193.9     | 101414.4      | 131503.0             | 230728.3    | 26.9           | 16.4    | 12.4        | 2.0   | 15.7     | 10.0     | 2.7          |
| Tata Investment Corporation Ltd.             | 877.5     | 4439.7        | 0.0                  | 4073.7      | 76.3           | 9.2     | 16.6        | 1.5   | 44.6     | 10.0     | 2.7          |

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|----------------------------|-----------|---------------|----------------------|-------------|----------------|---------|-------------|-------|----------|----------|--------------|
| Hero MotoCorp Ltd.         | 2705.1    | 54028.1       | 227.9                | 70794.0     | 11.1           | 33.0    | 19.0        | 5.9   | 186.3    | 2.0      | 2.7          |
| Hindustan Zinc Ltd.        | 239.9     | 101344.3      | 0.0                  | 125187.4    | 40.4           | 27.8    | 13.7        | 3.5   | 22.0     | 2.0      | 2.7          |
| The Karnataka Bank Ltd.    | 108.1     | 3055.0        |                      | 521.6       | 6.0            | 6.7     | 10.0        | 0.7   | 11.5     | 10.0     | 2.6          |
| Reliance Capital Ltd.      | 84.5      | 2134.1        | 46400.0              | 52239.2     | 6.2            | 8.2     | 8.2         | 0.7   | 51.9     | 10.0     | 2.6          |
| Hexaware Technologies Ltd. | 346.6     | 10327.6       | 0.0                  | 9066.7      | 12.6           | 27.6    | 16.9        | 4.3   | 19.6     | 2.0      | 2.6          |
| Bajaj Consumer Care Ltd.   | 333.4     | 4917.7        | 13.5                 | 6965.1      | 25.5           | 42.8    | 33.0        | 14.1  | 14.3     | 1.0      | 2.5          |
| Engineers India Ltd.       | 117.1     | 7396.5        | 0.0                  | 7453.4      | 20.9           | 14.8    | 26.1        | 4.3   | 6.1      | 5.0      | 2.5          |
| Trident Ltd.               | 65.9      | 3355.7        | 2797.8               | 5588.4      | 5.8            | 9.2     | 11.2        | 1.0   | 5.3      | 10.0     | 2.5          |
| HEG Ltd.                   | 1558.1    | 6013.4        | 297.5                | 13002.8     | 36.6           | 75.6    | 11.6        | 6.7   | 275.1    | 10.0     | 2.5          |
| Muthoot Finance Ltd.       | 641.8     | 25712.4       | 23586.0              | 39165.9     | 27.2           | 25.1    | 9.1         | 2.1   | 44.6     | 10.0     | 2.5          |

Source: Dealmoney Research

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