



## High Dividend Yield Stocks

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As we all know that High Dividend Yield Stocks can be consider as a safe haven where safety has greater priority compared to high returns. Specially, when the market remains volatile and lot of uncertainty arises due to headwinds coming from Domestic and Globally. Investors can still get a decent return on the Investment made in High Dividend Yield Stocks. Investing in a such kind of High Dividend paying companies is also one of Value Investing Strategy.

Value Investors look at the Intrinsic Value of a firm. They hold stocks for long term and look to gain from dividends, capital appreciation, buybacks, bonus issues etc. One of the indicators of a firm's value to the shareholders is its dividend yield.

### **Dividend:**

A sum of money paid regularly (typically quarterly) by a company to its shareholders out of its profits (or reserves). Dividends are mostly paid quartely or annually.

### **Why is dividend important?**

Dividend is a direct income for a shareholder without selling any of the holdings. Therefore a shareholder can hold on to the stock and still earn an income sitting at home. In a bull market, dividend would add to the overall capital appreciation and improve gains. In a bear market, a high dividend stock can offset some of the capital loss. Hence, a high dividend stock would always find favor in any market conditions. Rising dividends also indicate financial soundness of a firm and a strong cash flow.

### **Dividend Yield:**

Dividend yield gives the income earned from stock holding from dividends alone. It is calculated on the basis of the dividend paid per share and the current market price per share.

$$\text{Dividend Yield} = (\text{Dividend per share}/\text{CMP}) \times 100$$

For example, HCL Info's dividend yield is given by:

$$\text{Dividend Yield} = (8/39) \times 100 = 20\%$$

This implies, if the earnings and dividend payout ratio remains the same for this financial year, if an investor purchases shares of HCL Info at current market price, he/she would earn a return of 20% from dividends alone.

### **Crietera for Selection of High Dividend Yield Stocks:**

We have taken S&P CNX 500 as a banchmark for Stock selection. We have qualify the companies from CNX 500 which is giving regular Dividends since last 5 years with Dividend Yield > 3.50% along with maintained Dividend Yield 3% or more in the last 5 Years. We have also considered the valuation of selected companies such as Low P/E ratio with cheaper than Industry along with Price to Book Value less than 2. Below is the List of qualified companies as per the mention crietera.



### High Dividend Yield Stocks

Sr. No	Company Name	Sector	Latest Price (Rs)	Face Value (Rs)	Dividend Per Share (Rs)	Dividend (%)	Dividend Yield (%)
1	HCL Infosystems Ltd.	IT - Hardware	39.20	2.00	8.00	400.00	<b>20.41</b>
2	PSL Ltd.	Steel & Iron Products	58.45	10.00	4.00	40.00	<b>6.84</b>
3	SRF Ltd.	Textile - Manmade Fibres	207.75	10.00	14.00	140.00	<b>6.74</b>
4	Andhra Bank	Bank - Public	99.55	10.00	5.50	55.00	<b>5.52</b>
5	Corporation Bank	Bank- Public	402.70	10.00	20.50	205.00	<b>5.09</b>
6	Aarti Industries Ltd.	Chemicals	72.70	5.00	3.50	70.00	<b>4.81</b>
7	Allahabad Bank	Bank - Public	133.15	10.00	6.00	60.00	<b>4.51</b>
8	Balmer Lawrie & Company Ltd.	Diversified	588.25	10.00	26.00	260.00	<b>4.42</b>
9	Graphite India Ltd.	Electrodes & Welding Equipment	82.05	2.00	3.50	175.00	<b>4.27</b>
10	Indian Bank	Bank - Public	176.00	10.00	7.50	75.00	<b>4.26</b>
11	Deepak Fertilisers & Petrochemicals Corpn. Ltd.	Fertilizers	131.45	10.00	5.50	55.00	<b>4.18</b>
12	Syndicate Bank	Bank - Public	96.75	10.00	3.80	38.00	<b>3.93</b>
13	Jammu & Kashmir Bank Ltd.	Bank- Private	935.70	10.00	33.50	335.00	<b>3.58</b>
14	Bajaj Holdings & Investment Ltd	Finance - Investment	751.40	10.00	25.00	250.00	<b>3.33</b>



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