

Dividends: Factoring yield, inflation and taxation

INVEST SMART. Understanding key aspects of dividends is crucial for investors looking to make the most of dividend investing



Venkatasubramanian K
bl. research bureau

As companies finalise and declare the results for the March quarter and, indeed, the financial year 2023-24, one aspect that investors keenly look forward to is the announcement of dividends when firms report their financials.

To be sure, some companies keep announcing dividends across all quarters. But many tend to announce one at the end of the financial year.

Although a relatively small population, many savvy retail investors have stayed with stocks for decades and now manage their entire or a good portion of regular expenses with dividend payouts alone. A few may even have covered their cost price of shares with dividends alone.

We are not making a case for investing in dividend-paying stocks here. Instead, the idea is to understand the key aspects of dividends to make them work better for you. So, dividend yield, how regular flows can be managed for those looking to live off dividends, the key aspect of payouts having to catch up

with inflation for them to be meaningful, and finally, the taxation angle, all become important factors to consider.

CONTEXTUALISING YIELD
Simply put, a stock's dividend yield is the dividend paid by the company divided by its stock price. In the Indian context, a 1-2 per cent dividend yield or more is considered reasonably healthy.

Therefore, for you as an investor to earn a sufficiently large amount as a dividend, the amount invested must also be high enough.

For example, a 1.5 per cent dividend yield on a portfolio of ₹1 crore would give ₹1.5 lakh annually. You must determine by your own financial planning methods if this amount is enough for your expenses if you plan to live off dividends alone. Else, you will need to have other sources of regular income generation.

So, while dividend yields may look good, their significance comes from a sufficiently large corpus size.

The second aspect about dividends is that some may not even be paid at times if a company's cash flows are strained,

KEY FACTORS

- For higher absolute dividend, your corpus must be larger
- Dividends can be uneven, or not paid, at times
- Taxes and lumpy dividends make cashflow management crucial

or if a large capex plan that is internally funded is planned, or there is a regulatory condition on declaring dividends. For example, the RBI rules disallow banks from declaring dividends if their non-performing assets cross a certain threshold.

Then, there may be the case of uneven dividends—high in some years, low in a few others—which may happen with cyclical companies. For example, JSW Steel declared ₹6.5 as dividend for FY21, ₹17.35 in FY22 and ₹3.4 in FY23.

Planning for lower sums is another challenge for investors.

Then, there is the case of cashflow management. If some companies in your portfolio de-

clare dividends every quarter and others annually, the timelines when the amounts hit your account would vary, causing a cash flow problem.

One possible way to deal with this mismatch is to start using dividends at the end of a financial period while having alternate sources of income in the interim.

So, an investor can wait for one financial or calendar year to let all dividends accumulate and spend them from the second year onwards. This way, you will know precisely how much you have at your disposal.

KEEPING INFLATION AT BAY
As with every source of income, even dividends must grow over time and need to beat inflation rates—more so for those heavily dependent on such payouts.

Thus, we get to dividend growth investing. In this strategy, company dividend payouts must grow at a pace that exceeds the prevailing inflation rate. If dividends grow at a healthy pace, any increase in lifestyle costs can be met comfortably. Tata Consumer Products increased its dividend from ₹4.05 in FY21 to ₹6.05 in FY22 to ₹8.45 in FY23. LTI

Mindtree offered ₹45 in FY22, ₹60 in FY23 and ₹65 in FY24.

In both cases, the growth rate in dividend payouts easily beat the inflation rate.

None of the above stocks are recommendations to buy, hold, or sell; they are given merely to illustrate the dividend payouts.

Dividend growth is crucial because even a low dividend yield stock that steadily increases its payout due to rapid business growth will eventually become a good dividend-paying stock as the firm reaches maturity.

DEALING WITH TAXES

Before April 2020, dividends were tax-free for investors who received them. However, they have become taxable subsequently. In fact, dividends received are added to your regular income and taxed at the marginal slab applicable to you. If the dividend is more than ₹5,000 per company per year, tax is deducted at source at 10 per cent, and the balance amount is credited to you.

Form 15G/15 H can be submitted in case your dividend needs to be taxed at a lower slab or not taxed at all as your overall income, including dividends, falls below that rate.

Interest rates on home loans (%)

Institution	Loan amount		
	Under ₹30 lakh	₹30 to ₹75 lakh	Over ₹75 lakh
BANKS (Floating rates)			
Axis Bank	8.75-9.65	8.75-9.65	8.75-9.65
Bank of Baroda	9.15-10.60	9.15-10.60	9.15-10.60
Bank of India	8.40-10.85	8.40-10.85	8.40-10.85
Bank of Maharashtra	8.35-10.90	8.35-10.90	8.35-10.90
Canara Bank	8.50-11.25	8.45-11.25	8.40-11.15
Central Bank	8.35-9.50	8.35-9.50	8.35-9.50
DBS Bank	<=8.40	<=8.40	<=8.40
Federal Bank	>=8.80	>=8.80	>=8.80
HDFC Bank	8.75-9.95	8.75-9.95	8.75-9.95
ICICI Bank	9-9.80	9-9.95	9-10.05
Indian Bank	8.40-9.80	8.40-9.80	8.40-9.80
Indian Overseas Bank	>=8.40	>=8.40	>=8.40
IDBI Bank	8.45-12.25	8.45-12.25	8.45-12.25
J&K Bank	8.75-9.85	8.75-9.85	8.75-9.85
Karnataka Bank	8.50-10.62	8.50-10.62	8.50-10.62
Karur Vysya Bank	9.0-11.05	9.0-11.05	9.0-11.05
Kotak Mahindra Bank	8.70-8.95	8.70-8.95	8.70-8.95
Punjab National Bank	8.45-10.10	8.40-10.10	8.40-10.10
Punjab & Sind Bank	8.50-10.00	8.50-10.00	8.50-10.00
State Bank of India	8.50-9.65	8.50-9.65	8.50-9.65
South Indian Bank	8.70-11.70	8.70-11.70	8.70-11.70
Tamilnad Mercantile Bank	8.60-9.95	8.60-9.95	8.60-9.95
UCO Bank	8.45-10.30	8.45-10.30	8.45-10.30
Union Bank of India	8.35-10.75	8.35-10.75	8.35-10.75
BANKS (Fixed rates)			
Axis Bank	14.00	14.00	14.00
IDBI Bank	10.90-12.0	10.90-12.0	10.90-12.0
Union Bank of India	11.4	11.4-12.4	12.4-12.65
HOUSING FINANCE COMPANIES (Floating rates)			
Tata Capital	>=8.75	>=8.75	>=8.75
Piramal Cap & Housing Fin	>=9.50	>=9.50	>=9.50
PNB Housing	8.50-11.25	8.50-11.45	8.50-11.45
Central Bank Housing	9.95-11.15	9.95-11.15	9.95-11.15
Indiabulls Housing Fin	>=9.30%	>=9.30%	>=9.30%
Aditya Birla Housing Fin	>=8.60	>=8.60	>=8.60
Bajaj Finsev	8.50-15.00	8.50-15.00	8.50-15.00
GIC Housing Finance	>=8.80	>=8.80	>=8.80
Sundaram Home Finance*	>=10	>=10	>=10
HOUSING FINANCE COMPANIES (Fixed rates)			
LIC Housing Finance Ltd	10-10.25	10-10.25	10-10.25

*Data as on respective banks' website on May 17, 2024. For each year range, the maximum offered interest rate is considered. Interest rate is for a normal fixed deposit amount below ₹1 crore. Compiled by BankBazaar.com *Annual percentage rate.

KERALA CASHEW BOARD LIMITED (KCB)
T-2/4016, Women's College-Bakery Junction Road
Vazhuvayal, Thiruvananthapuram, Kerala, India-695014
Tel: +91 471 4252855, 4852855, email: kcb@keralacashewboard.com
HoikCB/60/335/2024/GB(12) Date: 15.05.2024

e-Tender Notice
Kerala Cashew Board Limited invites e-tenders through e-procurement portal for the import of 2500-5000 Metric Tonnes of quality Dried Raw Cashew Nut of 2024 crop of Guinea-Bissau origin, with the following quality specifications on import basis. (Tender Id: 2024_KCBL_572870_1).
Return: 53 lbs. per 80 kg bag, Nut Count: 220 Numbers per Kg

Last date for submission and uploading e-tenders: 17:00 hours on 14th June 2024
Opening of e-tender: 11:00 hours on 15th June 2024

All details can be viewed, downloaded and applied through the e-procurement portal www.etenders.kerala.gov.in

CHAIRMAN & MANAGING DIRECTOR

Saving for daughter's studies, social cause

FINANCIAL PLANNING. Here's the action plan drawn up for an IT couple to meet all their aspirations



Sridevi V

Dhiraj and Srinidhi are keen to plan for their long-term goals. Dhiraj, aged 42 and Srinidhi, 41, are employed in the IT industry and well-positioned in their respective careers. They were keen on professional help to do their financial planning. Their cash flow and assets are as indicated below:

GOALS AND ASPIRATIONS

1. They wanted to set aside ₹2 crore for their daughter's undergraduate studies in the US and ₹1 crore for her graduate studies. She may need the funds in the next seven years and 11 years respectively.
2. Dhiraj is planning to upskill himself to be ready for the leadership roles in his company. He wanted to be in a position heading the national level in the next five years.
3. Srinidhi wants to build a school in her hometown, and this was the motivating factor for her to continue her employment. She is also expecting ₹2 crore from her parents in the next 2-3 years. Using her savings, she would like to create an endowment fund of ₹5-7 crore by year 2035. Initial set-up cost may be at ₹3-4 crore along with all infrastructure costs in the next three years. She would like to have the dream school operational when she turns 50.
4. The couple are keen to continue working as long as health permits. But they wanted to have a Reserve Retirement fund in the next 18 years to support their lifestyle of ₹2 lakh per month for the rest of their lives.

REVIEW AND RECOMMENDATIONS

After a review of the couple's cash flow and assets, an action plan was drawn up for them, as follows:

- The family is adequately covered for their life and health requirements through suitable insurance products.
- They were advised to go in for a suitable home insurance product as the house in Bengaluru is a multi-storey building with wooden and bamboo interiors.
- As they plan to get their daughter educated in the US, they need ₹3.3 crore in the next seven years for undergraduate studies and ₹2.2 crore for graduate studies. They were advised to set aside ₹2.5 crore from the equity mutual fund portfolio towards this goal at an expected annualised return of 10-11 per cent.
- If they want to maintain their lifestyle at this level, they need ₹9.8 crore when Dhiraj turns 60, with the economic assumptions of lifestyle inflation at 7 per cent per annum, expected return 9 per cent for next 30 years after he turns 60.
- Their contribution to EPF and NPS, along with current value, is sufficient to build the corpus in the next 18 years. As the interest above a certain threshold is taxable on EPF and there is a limit for tax efficient contribution to EPF and NPS, they need to review their contribution to both products and reassess regularly to successfully reach the target.

• Srinidhi wants to use the balance amount in their MF Equity portfolio—after the allocation to their daughter's studies—towards her school project. With her regular contribution of 50 per cent of the current committed savings into MF Equity portfolio, she can accumulate ₹2.1 crore at an expected return of 8 per cent in the next 3-5 years. She expects ₹2 crore from her parents in the next 2-3 years. She may have a surplus of ₹1 crore towards initial set-up cost for the school, which can be used to build endowment corpus.

• The school project is a high-cost goal, and we advised her to build a supportive network. Though this is an emotional goal for Srinidhi, she needs to realise that the project cost may be higher initially. She may need to decide on continuing her employment or to get involved fully in the school project. Her decision will affect building the endowment corpus. Dhiraj is willing to participate in the funding only if things go well with him in his career.

• Dhiraj wanted to keep the rest of the mutual fund portfolio, PPF, stock options, lands, and gold bonds to create wealth for the family. He will also be increasing his contribution to build wealth.

• With the uncertainties associated with employment, economic factors, and health, Dhiraj wanted to ensure the family is protected first with their income earning capabilities and assets. Srinidhi wanted to get as much financial support and commitment from Dhiraj for the project.

Setting up a school is more of an emotional need for which Srinidhi is expecting adequate support from her spouse.

While Dhiraj wants to ensure that the family is wealthy enough to focus on the school project, meeting Srinidhi's expectations is a challenge for the short term.

This inevitably means that both have to focus on their careers to go up the ladder, ensure aggressive growth of their investments over the next 3-5 years without taking undue risks and be well-prepared for their own fundamental needs, before moving to the school project, which is also important.

This may entail short-term challenges in balancing career and personal lives but that is the price they have to pay to reach their emotional goal of setting up an educational institution, which will reward the couple in the long term!

The author is a SEBI-Registered Investment Adviser (www.financialplanners.co.in)

Share your feedback on bl.portfolio

Whatsapp on: 98409 11444

Scan the code

bl.portfolio

GMR POWER & URBAN INFRA
Regd. Office: Plot No. C-31, C Block, 701, 7th Floor, Nariman Centre, Bandra West, Mumbai - 400 051, Maharashtra. P: +91-22-42028004, E: gpmu@gmrgrp.in
www.gmrgrp.com (CIN: L45400MH2019PLC20541)

GMR Power and Urban Infra Limited
Extract of the Statement of Consolidated Audited Financial Results for the year ended March 31, 2024

Sl. No.	Particulars	Quarter ended		Year ended	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
1	Total Income from operations	1,634.48	1,102.79	1,423.37	4,468.58
2	Net (loss)/profit for the period from continuing operations (before Tax and Exceptional Items)	(153.29)	(75.84)	(260.26)	(533.61)
3	Net profit/(loss) for the period before Tax from continuing operations (after Exceptional Items)	179.79	44.81	(466.38)	(77.67)
4	Net loss for the period after Tax from continuing operations (after Exceptional Items)	170.43	43.17	(465.84)	(177.02)
5	Net loss for the period after Tax from discontinued operations	(0.04)	(0.07)	(0.07)	(16.23)
6	Net profit/(loss) for the period after Tax from continuing and discontinued operations (45)	170.39	43.16	(467.91)	(139.24)
7	Total comprehensive income for the period	11.13	93.85	(444.58)	(379.63)
8	Paid-up equity share capital (face value of ₹ 5 each)	301.80	301.80	301.80	301.80
9	Total equity (excluding equity share capital)			(1,284.71)	(5,043.28)
10	Earnings per share (not annualised) (for Continuing and discontinued operations)	2.69	0.75	(7.84)	(1.71)
	Basic & Diluted (₹)				19.60

Extract of the Statement of Standalone Audited Financial Results for year ended March 31, 2024

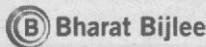
Sl. No.	Particulars	Quarter ended		Year ended	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
1	Total Income from operations	150.35	166.72	288.91	1,408.78
2	Net loss for the period before Tax and Exceptional Items	(32.34)	(18.08)	(79.35)	(37.03)
3	Net Profit/(loss) for the period before Tax after Exceptional Items	369.10	308.26	(356.66)	645.01
4	Net Profit/(loss) for the period after Tax after Exceptional Items	260.94	160.68	(505.30)	57.96
5	Total comprehensive income for the period	301.80	301.80	301.80	301.80
6	Paid-up equity share capital (face value of ₹ 5 each)				
7	Earnings per share (not annualised)	6.11	5.11	(5.91)	10.69
	Basic (₹)				44.92
	Diluted (₹)				44.92

Notes:
a. The above is an extract of the detailed format of quarterly financial results filed with the stock exchanges. The quarterly financial results in the detailed format are available on Company's website www.gmrgrp.com and on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com).
b. Figures for the quarter ended March 31, 2024 and March 31, 2023 represent the difference between audited figures for the financial year and the limited reviewed figures for the rate months period ended December 31, 2023 and December 31, 2022 respectively.
c. The above results have been reviewed by the Audit Committee at its meeting held on May 16, 2024 and approved by the Board of Directors at its meeting held on May 17, 2024.

Date: May 17, 2024

For and on behalf of the Board of Directors
Srinivas Bommidala
Managing Director (DIN - 00061464)

GMR GROUP - PUL / 16 / PREM ASSOCIATES



भारत बिजली लिमिटेड

सीआयएस नं. : एल३१३००एएच१९४५पीएलसी००५०१३
मॉदीग्राहक कार्यालय : इलेक्ट्रिक नं. ६ वा मजला, अन्नासाहेब मराठे मार्ग, प्रभादेवी, मुंबई-४०० ०२५

३१ मार्च, २०२४ रोजी संपलेल्या तिमाही आणि वर्षासाठी लेखापरिष्कृत वित्तीय निष्कर्षांचा उतारा

Table with 6 columns: तयारीत, संपलेली तिमाही (३१-०३-२०२४, ३१-१२-२०२३), संपलेले वर्ष (३१-०३-२०२३, ३१-०३-२०२४). Rows include Total Income from Operations, Net Profit, etc.

टिपण : १. वरील तिमाही वित्तीय निष्कर्षांच्या अहवालामध्ये... २. वित्तीय निष्कर्षांचा वरील विवरण संस्थापकांच्या मंडळीने पुनर्विचित्रीकरण केले आहे... ३. संपलेली तिमाही नंतर आणि चंखळ आणि मर्यादाकाळात मंडळीने अहवाल वित्तव्यवस्थापन/अविराम झाले, असेही...

GMR Power & Urban Infra

Regd. Office: Plot No. C-31, C Block, 70th Floor, Naman Centre, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra

Extract of the Statement of Consolidated Audited Financial Results for the year ended March 31, 2024. Table with 6 columns: Quarter ended, Year ended.

Extract of the Statement of Standalone Audited Financial Results for the year ended March 31, 2024. Table with 6 columns: Quarter ended, Year ended.

मुंबई येथील मुंबई नगर विभागीय व्यावसायिक विभागाचे वित्तीय निष्कर्ष... २०२३ च्या वर्षासाठी... २०२४ च्या तिमाहीसाठी...

प्रबंधकांकरिता नगर विभागीय व्यावसायिक विभागीय वित्तीय निष्कर्षांचा उतारा... ३१ मार्च २०२४ रोजी संपलेल्या तिमाही आणि वर्षासाठी लेखापरिष्कृत वित्तीय निष्कर्षांचा उतारा

AEONX DIGITAL TECHNOLOGY LIMITED

(Formerly Known as Ashok Alco-Chem Limited)
Regd. Office: 12/13, Jeevan Udyog Building, 278, Dr. D. N. Road, Fort, Mumbai - 400 001. Tel: 022-66221700

Extract from the Audited Standalone & Consolidated Financial Results for the Quarter & Year Ended March 31, 2024

Table with 6 columns: PARTICULARS, QUARTER ENDED (31-03-2024, 31-03-2023), YEAR ENDED (2024, 2023). Rows include Total Income from Operations, Net Profit, etc.

NOTES: 1. The above is an extract of the detailed Financial Results for the Quarter & Year ended March 31, 2024 filed with the Stock Exchange under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Mumbai
Date: 17-05-2024
For AEONX DIGITAL TECHNOLOGY LIMITED
Sd/- MANAN SHAH DIRECTOR



FOODS AND INNS LIMITED

CIN: L55200MH1987PLC013837
Regd. Office: Udyog Bhavan, 2nd Floor, 29 Walchand Hirchand Marg, Ballard Estate, Mumbai - 400 038.

EXTRACT OF AUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2024

Table with 6 columns: Sr. No., Particulars, Standalone (Quarter, Year), Consolidated (Quarter, Year). Rows include Total Income from Operations, Net Profit, etc.

NOTES: 1. The above is an extract of the detailed format of Quarter and Year ended March 31, 2024. Results were filed with Stock Exchange under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Place: Mumbai
Date: May 17, 2024
For FOODS AND INNS LIMITED
Milan Dalal
Managing Director



Regd. Off.: Jain Plastic Park, N.H.No.6, Bambhori, Jalgaon - 425001. CIN : L29120MH1986PLC042028

STATEMENT OF STANDALONE AND CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER & YEAR ENDED 31-MAR-2024

Table with 6 columns: Sr. No., Particulars, Standalone (Quarter, Year), Consolidated (Quarter, Year). Rows include Revenue from operations, Net Profit, etc.

Notes: The above is an extract of the detailed Audited Financial Working Results for the Quarter/year ended 31-Mar-2024 filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015.

Place: Jalgaon
Date: 18th May, 2024
For Jain Irrigation Systems Ltd.
Sd/- Anil B. Jain Vice Chairman & Managing Director