

Multibagger Penny Stocks to Buy in India

This is topic created for Insight and knowledge outlook for Multibagger Penny Stocks to Buy in India by Equityahead research.

Oct. 3, 2010 - [PRLog](#) -- Investing in Penny Stocks can be profitable and exciting. Generally, Penny stocks are considered those stocks which have small market capitalization, ideally below 100 crores and price below 20 Rs. Penny stocks are considered as High Risk High Return stocks. 90% penny stocks are mostly loss making, but if you found out of 10% it can be very profitable.

Unitech, Core project, Jai Corporation, NMDC, KS Oils, Sesa Goa, ICOSA, Pantaloon, etc. were penny stocks few years back, Now Well-Known company. Even Microsoft itself was once a penny stock. So, Penny stocks can be highly rewarding too.

Why People Invest in Penny Stocks?

1)Most of the people who buy penny stocks are small traders and investors. They are able to buy more shares in less money compare with blue chips. They can buy few shares of blue chips with capital, but 50-100 times in penny stocks with same capital.

2)They think, if they buy any penny stock at 1 Rs, it can go to 100 Rs also with risk of just 1 Rs.

3)They believe in Buy & Hold Strategy. They purchase stock and retain it for long periods of time, hoping that the stock will reach sky high in future.

4)They carried away by seeing few multibagger penny stocks that moved multi-fold in recent times. So they try to chase another one.

Unfortunately, these strategies never give rewards. Investors only buy on hopes and at end it goes completely worthless. Always remember, there is nothing called Low Risk and High reward in Equity market. If you think, stock is available at very cheap price and has huge upside. 99% Chances are the fundamentals are not good if the stock is trading at very low price means it deserve to be there otherwise some smart people would have already bought and it would have reached some high. Always remember, you are competing with most intelligent people in stock market.

Why it's difficult to Find and Invest in Multibagger Penny Stocks??

There are 6 reasons for that:

1)Many Analyst, Brokers and Research group don't spend so much of time and money in searching multibagger penny stock as they have threshold limit where they cannot spend too much capital on penny stock research. These small companies are basically get ignored by Big brokerage firms and equity research companies.

2) There is very less information available about such penny stock which makes equity research task difficult.

3) Since market cap is small for such micro/nano stocks which makes stocks operators more active. Stocks operators prefer such small cap penny stocks as they can make the stock move in any direction due to less liquidity and less volumes.

4) These smaller companies are much more riskier than blue-chips and mid-caps. That's why Most of the people hesitate to invest in them.

5) Many brokers don't allow trading and investment in such penny stocks due to Riskier business which also makes these penny stocks out of reach.

6) In Many Cases, a penny stock company can become delisted due to many reasons like bankruptcy, Insight trading, against the norms of listing, etc. This means shares will no longer be trade on exchange. If not listed, you can lose 100% capital which also makes riskier.

7) Highly Speculative and Unexpected and rumors based move. Since reasons are limited, penny stocks moves either side anytime irrespective of fundamental and broad market indices. Sometime It falls 20% in 2 Days and when u think it will fall 20% more it rise 30% in 3 days. It's totally speculative. That's why Penny stocks are not considered for safe traders and investors.

How to find multibagger penny stocks?

Fundamentals: The Simplest and most effective rule, Companies always runs on fundamentals in long run. Always look for companies that are making new products and developing new technology that is creative, effective and innovative such that their competition will be minimal, if any, when their product is lunched or implemented. Fundamentals involve such criteria as earnings, debt load, assets, and many others.

Investors should get involved with the companies that are making the most money, have the most effective management, and have improving trends in all factors of their operations. As well, industry comparisons and the examination of key financial ratios present clues as to which companies are destined for higher share prices. Proper fundamental analysis of penny stock companies will generally reveal that there are about 2 or 3 superior investment opportunities out of every 100 companies examined. These 2 or 3 excellent corporations often represent better investments than 90% of stocks on the large-cap.

1) Promoters and management. If promoters have faith and management is skilled and talented. The chances are better placed. If promoters are holding major chunk and company is improving their Sales, profit and enhancing their products it's always good. One should also see track record. As few promoters make share price reach high so that they can exist and take the profit and move towards another business and leave all investors in no man's land. Always check promoters holding and stability.

2) Innovation and creativity. As per past record, Most of the smaller companies that performed well because of New Ideas and new themes. For Example, when Unitech Started Buying Land @ cheap price in Villages who thought that these Villages will turn into modern city like Noida in years to come. When Bharti Airtel started its telecom business, who thought it will have 100 Million Subscribers from 10,000 in just few years. Another case of ICOSA, Everyone was tracking Power Generation and T&D generation companies.

No one ever thought of Small IT Company i.e. ICSA who started very early to reduce T&D loses which is still 35%. So most of the Multibagger penny stocks suggest one thing, Small companies who had new ideas, performed well. Very few penny stocks are developing new technology, enhancing new ideas, making new products which have excellent future. If you pick such stocks, you can make your dream real.

3)Undervalued Companies – There are time, when smaller companies do trade at cheap valuation. Sometime, their prices decreases very rapidly and has nothing to do with their fundamentals and more related with Overall market weakness, Some Operators move, Some news related with sector or theme or products. Opportunity exists in such situations because the shares are often unfairly valued and a return to more realistic prices is inevitable. There are often cases where companies have more cash on hand per share than their share price, or have price to earnings ratios as low as 5.0. Although there is much more to uncovering the best undervalued situations, this is the basis behind the concept.

4)Minimized Downside – Sometime with help of technical analysis, Fundamentals information stock has less downside and more upside. Often the combination of technical analysis and undervalued situations can reveal penny stock companies that have tremendous upside potential, and have a very low probability of declining in value to any significant degree. These types of investments are excellent choices for penny stock investors that are less risk adverse.

Thanks & Regards

www.equityahead.net

info@equityahead.net

###

Equityahead.com is well known indian stock market advisory company that provides best and most accurate Trading and Investment Calls in Equity, Future, Nifty and Options with In-Depth Technical and Fundamental Analysis. www.equityahead.com

Equityahead offers Most Accurate Multibagger stock recommendations in Indian Stock market (BSE/NSE). If you are a short term trader or long term investors. You arrived at right place. www.equityahead.net

--- End ---

Source EquityAhead Research

City/Town All Over India

State/Province Delhi

Zip 110092

Country India

Industry [Finance](#)

Tags [Multibagger Penny Stocks](#), [Best Penny Stocks To Buy In India](#), [Penny Stock Tips](#), [Penny Stocks Tips](#), www.equityahead.net

Link <https://prlog.org/10971903>



Scan this QR Code with your SmartPhone to-

- * Read this news online
- * Contact author
- * Bookmark or share online