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Few hacks to identify bad stocks■■

• Debt to equity ratio
• Interest coverage ratio
• CFO/PAT
• Promoter Pledging
• Market cap VS Enterprise value

Let’s discuss in detail! ■■

1■ Debt to Equity ratio

If a company has high debt then it means that the companies debt value is more than its asset value which is not a good sign.

■ratio < 1 is considered ideal.

2■ Interest coverage ratio

This ratio tells us how efficiently the company is paying the interest charged on its debts.

■ratio > 2 is considered ideal.

#investing #nifty50

3■CFO/PAT

If the CFO or cash flow statement is consistently positive every year then it's a good sign.

On the other hand, if the CFO is less than the PAT of the company then it can be a red flag.

■ratio > 1 is considered ideal.

#Nifty

4■Promoter Pledging

A company requires funds for expansion. It can do it by pledging the promoter's stake.

■value < 30% is considered ideal.

#stocks #StockMarketindia

5■Market cap VS Enterprise value

Market cap is calculated by the stock price of the company multiplied by the no. of shares outstanding while enterprise value will tell you the true picture of the debt of the company.

■ EV < Market Cap is considered ideal.

There are 20+ ways to identify bad stocks through which you can lower your risk in investing.

Find some of them here■■
https://t.co/1awsbx4FjL

Add some more below. ■