

# Terminology

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- Market cap. - the price required to buy the complete company and become the owner of that company. = total no. Of shares \* price of each shares
  - Indicates the size of the company
  - If u have this much money then what company will i buy this shows ur interest
- Earning per share - the profit per share at the end of year = total profit of company / total no of share
- P/E ratio - price : earning - the times of earning i m spending to buy the share. =  
price of one share / earning per share
  - If E=0 P/E will show as 0
- Enterprise value - the original price required to buy the company it also take into account the cash holdings and debt of the company = Market cap - cash +debt
- Standalone / consolidated - stand alone ratios are the values of the company as a result of they themselves doing their business. Consolidated ratios are the values of the company as a result of their further investments +their own business into other companies.
  - Consolidated values show more about a particular company than stand alone
- Book value - the amount or assets per share that the share holder owns.
  - The book value conveys the amount of the tangible assets eg land car machinery etc. So a company like infosys may not be fully judge by it.
- P/B ratio - the times of book value i m spending to buy the share.  
=price per share / book value
- Dividend - the part of profit a company decides to distribute among share holders
- Dividend yield - the percentage of price that a company gives as dividend.
  - The trade of between investing further and distributing among share holder is reflected in dividend yield.
  - If a company thinks that it can profit a lot by investing it will not give dividend yield or give low dividend yield and vice versa
  - If a PSU has a large cash holdings compared to market cap and it gives high div. Yield the it may be a good option for investing in a panic situation