

# STOCK MARKET BASICS

- **Price of Share:** It just shows the price per share.
- **Market Capitalization:** Market cap or market capitalization refers to the total value of all a company's shares of stock. It is calculated by multiplying the price of a stock by its total number of outstanding shares.
- **Enterprise Value:** It includes both the current share price (market capitalization) and the cost to pay off debt (net debt, or debt minus cash).

Enterprise value is more efficient than market capitalization.

- **Earning Per Share:** It represents a company's annualized net profit divided by the number of common shares of stock it has outstanding.
- **P/E Ratio:** It is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS).
- **Book Value:** This term is theoretically the amount of money that would be paid to shareholders if the company was liquidated and paid off all of its liabilities.
- **P/B Ratio:** The book value is defined as the difference between the book value of assets and the book value of liabilities.

- **Promoter Holding:** Promoter holding signifies the percentage of shares that are held by the promoters of a company. When promoter holding is 0% of a company that's mean this company is professionally managed.

**(DII,FII,PLEDGE) This terms are also included in promoter Holding.**

- **PAT Margin:** It is the percentage of revenue remaining after all operating expenses, interest and taxes have been deducted from a company's total revenue.

- **Div. Yield%:** The dividend yield displayed as a percentage is the amount of money a company pays shareholders for owning a share of its stock divided by its current stock price.
- **ROE%:** Return on equity (ROE) is the measure of a company's net income divided by its shareholders' equity. ROE is a gauge of a corporation's profitability and how efficiently it generates those profits. (above 12-15%)
- **ASSET TURNOVER%:** The asset turnover ratio compares a company's total average assets to its total sales. The ratio helps investors determine how efficiently a company is using its assets to generate sales.
- **Cash Cycle%:** The cash conversion ratio compares a company's operating cash flows with its profitability.

- **Cash Flow:** Cash flow from investing (CFI) or investing cash flow reports how much cash has been generated or spent from various investment-related activities in a specific period. If the cashflow much lower than net profit, it indicates risk to invest.
- **ROA %:** It also known as return on total assets, is a measure of how much profit a business is generating from its capital.
- **Advances Growth:** Growth in advances is an important measure of management performance. If the roe is good in percentage obviously the advances growth of a company will be good.
- **Net NPA%:** A nonperforming asset(NPA), refers to a classification for loans or advances that are in default or in arrears.