Appendix-IV

Glossary

Stock Market: The market place where shares of publicly listed companies are bought and sold.

Equity: The owner's interest in a company's capital, usually referred to by ordinary shares

Listing company: A company whose securities are admitted for listing on a stock exchange.

Flotation: The occasion when a company's shares are offered on the stock market for the first time.

Initial Public Offering (IPO): Offering of equity shares of a company to the general public for the first time.

Ordinary Shares: The most common term of shares, which entitle the owners to jointly own the company. Holders may receive dividends depending on profitability of the company and recommendation of the directors.

Base period: This is starting point for the index used as base for future calculation of indices. At this point a fixed value is allocated to the index that is called base index value.

Index divisor: This is usually market value divided by the base price value. It provides a link to the base period value. The divisor keeps the index comparable over time and is the manipulation point for all index maintenance adjustments. This is usually market value divided by base period price value.

Offer Price The price at which shares are originally offered to the public is called offer price.

Market Value The price at which buyers and sellers trade similar items in an open market place is called market value. The current market price of a security is the price as indicated by the latest trade record.

Market Capitalization: The total value of a company's equity capital at the current market price.

Right Shares: The issue of additional shares to existing shareholders when companies want to raise more capital.

Bonus Shares: Returns from the profit of the companies in the form of additional shares is called of bonus shares.

Dividend: Dividends are returns paid to shareholders out of the profits of the company. Dividends are usually paid once or twice a year depending upon the company's profit distribution policy.

Float: The number of shares of a company that are available for trading by the public, excluding insiders or restricted stock on a when-issued basis. A stock's volatility is inversely correlated to its float.

Earning per shares (EPS): A profitability indicator calculated by dividing the earnings available to common stakeholders during a period by the average number of shares actually outstanding at the end of that period**.**

Stockbroker: A member of the stock exchange who is authorized by the Stock Exchange to deal in shares for clients and advises on investment decisions.