

NISM-Series-XV: Research Analyst Certification Examination

Curriculum

I. INTRODUCTION TO RESEARCH ANALYST PROFESSION

- A. Primary Role of a Research Analyst
- B. Primary Responsibilities of a Research Analyst
- C. Basic Principles of Interaction with Companies/Clients
- D. Important Qualities of a Research Analyst

II. INTRODUCTION TO SECURITIES MARKET

- A. Introduction to Securities and Securities Market
- B. Product Definitions / Terminology
- C. Structure of Securities Market
- D. Various Market Participants and Their Activities
- E. Kinds of Transactions
- F. Dematerialization and Rematerialization of securities

III. TERMINOLOGY IN EQUITY AND DEBT MARKETS

- A. Terminology in Equity Market
- B. Terminology in Debt Market
- C. Types of Bonds

IV. FUNDAMENTALS OF RESEARCH

- A. What is Investing?
- B. The role of research in investment activity
- C. Technical Analysis
- D. Fundamental Analysis
- E. Quantitative Research
- F. Behavioral Approach to Equity Investing

V. ECONOMIC ANALYSIS

- A. Basic Principles of Microeconomics
- B. Basic Principles of Macroeconomics
- C. Introduction to Various Macroeconomic Variables
- D. Role of economic analysis in fundamental analysis
- E. Secular, cyclical and seasonal trends
- F. Sources of Information for Economic Analysis

VI. INDUSTRY ANALYSIS

- A. Role of industry analysis in fundamental analysis
- B. Defining the industry
- C. Understanding industry cyclicalities
- D. Market sizing and trend analysis
- E. Secular trends, value migration and business life cycle
- F. Understanding the industry landscape
- G. Key Industry Drivers and Industry KPIs
- H. Regulatory environment/framework
- I. Taxation
- J. Sources of information for industry analysis

VII. COMPANY ANALYSIS – BUSINESS AND GOVERNANCE

- A. Role of company analysis in fundamental research
- B. Understand Business and Business Models
- C. Pricing Power and Sustainability of This Power
- D. Competitive Advantages/Points of differentiation over the Competitors
- E. Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis
- F. Quality of Management and Governance Structure
- G. Risks in the Business
- H. History of credit rating
- I. ESG framework for company analysis
- J. Sources of Information for Analysis

VIII. COMPANY ANALYSIS – FINANCIAL ANALYSIS

- A. Introduction to financial statement
- B. Stand-alone financial statement and consolidated financial statement
- C. Balance Sheet
- D. Basics of Profit and Loss Account (P/L)
- E. Statement of changes in shareholder's equity
- F. Basics of Cash Flows
- G. Notes to accounts
- H. Important Points to Keep In Mind While Looking At Financials
- I. Reading audit report to understand the quality of accounting
- J. Financial statement analysis using ratios
- K. Commonly used ratios
- L. Dupont analysis
- M. Forecasting using ratio analysis
- N. Peer Comparison
- O. Other aspects to study from financial reports

IX. CORPORATE ACTIONS

- A. Philosophy of Corporate Actions
- B. Dividend
- C. Rights Issue
- D. Bonus Issue
- E. Stock Split
- F. Share Consolidation
- G. Merger and Acquisition
- H. Demerger / Spin-off
- I. Scheme of arrangement
- J. Loan Restructuring
- K. Buyback of Shares
- L. Delisting and relisting of Shares
- M. Share Swap

X. VALUATION PRINCIPLES

- A. Difference Between Price and Value
- B. Why Valuations are required
- C. Sources of Value in a Business – Earnings and Assets
- D. Approaches to valuation
- E. Discounted Cash Flows Model for Business Valuation
- F. Relative valuation
- G. Earnings Based Valuation Matrices
- H. Assets based Valuation Matrices
- I. Relative Valuations – Trading and Transaction Multiples
- J. Sum-Of-The-Parts (SOTP) Valuation
- K. Other Valuation Parameters in New Age Economy and Businesses
- L. Capital Asset Pricing Model
- M. Objectivity of Valuations
- N. Some Important Considerations in the Context of Business Valuation

XI. FUNDAMENTALS OF RISK AND RETURN

- A. Concept of Return of Investment and Return on Investment
- B. Calculation of Simple, Annualized and Compounded Returns
- C. Risks in Investments
- D. Measuring risk
- E. Concepts of Market Risk (Beta)
- F. Sensitivity Analysis to Assumptions
- G. Concept of Margin of Safety
- H. Comparison of Equity Returns with Bond Returns
- I. Calculating risk adjusted returns
- J. Basic Behavioral Biases Influencing Investments
- K. Some Pearls of Wisdom from Investment Gurus across the World
- L. Measuring liquidity of equity shares

XII. QUALITIES OF A GOOD RESEARCH REPORT

- A. Qualities of a Good Research Report
- B. Checklist Based Approach to the Research Reports
- C. A Sample Checklist for Investment Research Reports

XIII. LEGAL AND REGULATORY ENVIRONMENT

- A. Regulatory infrastructure in Financial Markets
- B. Important regulations in Indian Securities Market
- C. Code of Conduct for Research Analysts
- D. Management of Conflicts of Interest and Disclosure Requirements for Research Analysts
- E. Exchange surveillance mechanisms: GSM and ASM

XIV. ANNEXURE – 1

XV. ANNEXURE – 2