

FINANCIAL STATEMENT ANALYSIS: INTRODUCTION

Financial statement analysis is a comprehensive analysis of all three financial statements: balance sheet, income statement, and cash flow statement. Financial statements provide useful information. However, one has to meticulously look for the right information from the right data. One can undertake the financial statement analysis from different stakeholders' perspective: creditors, bankers, credit rating agencies, existing shareholders, potential shareholders, internal management, and employees too. There are different tools of financial statement analysis: common-size statement, comparative statements, and ratio analysis. Before we get into the financial statement analysis, in the first section we will recapitulate the financial statements. For this purpose we will the financial statements of companies forming a part of NIFTY Index of the National Stock Exchange of India (www.nse-india.com).