

Understanding and Analyzing the Financial Statements of Colgate-Palmolive (India) Ltd.

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Colgate-Palmolive (India) Ltd (CPIL), one of India's oldest personal care fast-moving consumer goods (FMCG) companies, achieved a major milestone in 2022 with its sales crossing ₹50,000 mn. It recorded a modest profit growth of 4.1%. But the financial performance of CPIL was overshadowed by a record dividend payment of ₹40 per share. CPIL had steadily increased its dividend payout from 2019-20, reaching 100 percent for the year 2021-22. Despite constantly innovating and building some of the biggest brands, CPIL witnessed a lower rate of sales and profit than its peers. The company was also facing huge competition from other global majors as well as from companies like Patanjali and Dabur, which had positioned themselves as green and as using natural ingredients. At the same time, the company had also seen a reduction in fixed assets and capital expenditure. In this paper, a vertical and horizontal analysis of the financial statements has been conducted to check if they reveal a certain trend of the past performance and also help predict the company's immediate future performance.

Keywords: Financial statement analysis, Accounting for managers, Valuations, Ratio analysis, Security analysis
