# Financial Ratio Analysis of Unilever Pakistan and Nestle Pakistan Ltd

## Unilever Pakistan

1. Net Profit Margin = 10.8835
2. Return on Equity = 34.3864
3. Current Ratio = 0.7616
4. Book Value/Share = 8.9299
5. Receivable Turnover = 9.6104

## Nestle Pakistan Ltd

1. Net Profit Margin = 7.53
2. Return on Equity = 78.69
3. Current Ratio = 0.93
4. Book Value/Share = 436.52
5. Receivable Turnover = 36.27

## Analysis and Comparison

**Unilever Pakistan** has a higher Net Profit Margin (10.88%) compared to **Nestle Pakistan** (7.53%), suggesting that Unilever is generating more profit from the revenue. A better cost management system or a more profitable product line may have contributed to this improvement.

Nestle Pakistan has a significantly higher ROE (78.69%) than Unilever Pakistan (34.39%). In this regard, Nestle is most likely to generate significantly higher returns for its shareholders, which may indicate that Nestle is operating at a higher level or that the equity has been leveraged more.

It appears that Nestle Pakistan is more likely to cover its short-term liabilities with its current assets due to its higher Current Ratio (0.93) compared to Unilever Pakistan (0.7616).

Unilever Pakistan (8.9299) has a lower Book Value per Share (436.52) than Nestle Pakistan (436.52). Nestle has much better financial stability based on its shares. It indicates that more shares are backed by assets and its stocks are more valuable. It suggests that Nestle has a much larger equity base relative to the number of shares outstanding, which could reflect stronger financial health or a more conservative approach to debt.

**Nestle Pakistan** has a significantly higher Receivable Turnover (36.27) compared to **Unilever Pakistan** (9.6104), indicating that Nestle is more proficient at collecting payments from its customers. This could mean that Nestle has better credit policies or a more efficient and streamlined collection process.

Submitted by Kainat Batool.