**So I have chosen two of the following companies:**

1. **Nestle**
2. **Engro Foods**



Here are the selected ratios that will be used to compare Nestle and Engro Foods.

1. **Current Ratio**
2. **Debt Ratio**
3. **Gross Profit Margin**
4. **Debt to Asset Ratio**
5. **Price Earnings Ratios**

**Nestle**

**Current Ratio** = Current assets / Current liabilities

= 889203/ 784521

**= 1.13**

**Debt ratio** = Total debt / Total assets

=238978/ 340987

= **0.70**

**Gross Profit Margin** = Gross Profit / Sales

= 6628781 / 29859226

**= 0.22**

**Debt to Asset Ratio** = Total Debts/ Total Assets

= 9402248 / 7235982

= **0.57**

**Price Earnings Ratio** = Stock Price Per Share / Earnings Per Share

= 25 / 1.22

= **20.49**

**Engro Foods:**

**Current Ratio** = Current assets / Current liabilities

= 23831194 / 34648840

**= 0.68**

**Debt ratio** = Total debt / Total assets

= 6614411 / 87189012

**= 0.075**

**Gross Profit Margin** = Gross Profit / Sales

= 56526791 / 123859456

**= 0.45**

**Debt to Asset Ratio** = Total Debts/ Total Assets

= 7402248 / 5635982

**= 1.31**

**Price Earnings Ratio** = Stock Price Per Share / Earnings Per Share

= 18/ 1.45

= **12.41**

**Analysis:**

**Current Ratio** tells us about the solvency of firm and tells us the ability to pay its short terms loan obligations. As we can see the nestle has 1.13 ability to repay and engro has 0.68 of ability to repay. This implies that nestle has more ability than engro.

**The debt ratio** of nestle is 0.70 while engro’s ratio is 0.075 . Hence Engro has lower debt as compared to Nestle.

**Gross Profit Margin** tells us how much a firm will receive against 1$ of sales. Nestle has 0.22 gross profit margin ratio and Engro has 0.45. So in this case Engro is erasing more profit than Nestle.

**Debt to Asset** ratio shows if the firms have more assets regardless of total debt than that firm will easily pay off its debts. The debt to asset ratio in nestle is 0.57 while engro has 1.13. So Engro will pay off its debts more easily than nestle.

**Price to earnings ratio**, or P/E, is a way to value a company by comparing the price of a stock to its earnings. The price to earnings ratio of nestle is 20.49 while the Engro is 12.49.