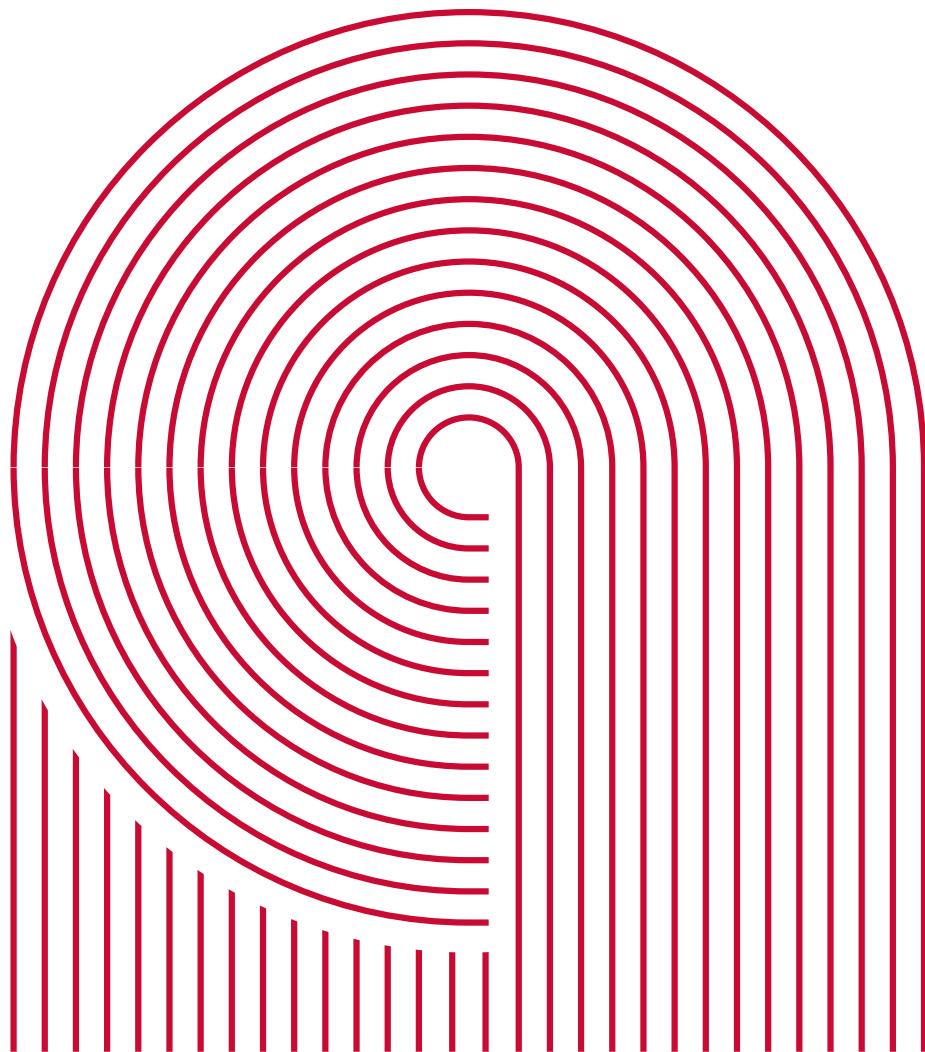


# Internal Credit Risk Rating Systems

**WALTON HI-TECH PLC**

**PRIMARY CREDIT ANALYST:**

**GROUP 01**, BBA 27<sup>th</sup> Batch  
Department of Banking and Insurance,  
University of Dhaka



# Internal Credit Risk Rating Systems

**WALTON HI-TECH PLC**

**SUBMITTED TO:**

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**DATE OF SUBMISSION: 8<sup>TH</sup> OCTOBER 2025**

## LETTER OF TRANSMITTAL

October 08, 2025

Dr. Md. Shahidul Islam Zahid  
Professor and Chairperson,  
Department of Banking and Insurance,  
University of Dhaka

Hon'ble Sir,

Attached herewith is the report as assigned, entitled "***Internal Credit Risk Rating Systems: Walton Hi Tech PLC***". We are delighted to prepare our term report based on the Annual Reports of Walton Hi Tech PLC. This report allowed us to explore and learn about internal credit risk rating systems (ICRRS). We are thankful to you for your continuous support and patience that you have provided us throughout our course of preparing the report, despite your busy schedule. We are submitting our report to you for your kind assessment. We, once again, thank you for your kind supervision, direction, communication, and cooperation.

Sincerely yours,

**Team 01**

**Section: B; Batch: 27<sup>th</sup>**

Bachelor of Business Administration, BBA  
Department of Banking and Insurance  
University of Dhaka

## DECLARATION

We do hereby solemnly declare that the work presented in this Term Report has been carried out by our group (**Team 01**) and has not been previously submitted to any other University/College/Organization for an academic qualification/certificate/diploma, or degree.

The work we have presented does not breach any existing copyright, and no portion of this report is copied from any work done earlier for a degree or otherwise.

We further undertake to indemnify the Department against any loss or damage arising from breach of the foregoing obligations.

.....  
**ISHRAK FARHAN BHUIYAN**

Signature of the student (Team Supervisor)

**Ishrak Farhan Bhuiyan**

**ID No: 149**

Batch: 27th

Date: 08/10/2025

## ACKNOWLEDGEMENT

We would like to express our deepest appreciation to all those who supported us in completing this report. A special gratitude we give to our "**Credit Management (B-407)**" course teacher, **Md. Nazmul Hasan**, whose contribution in stimulating suggestions and encouragement, helped us to coordinate our project, especially in writing this report.

Furthermore, we would also like to acknowledge with much appreciation the crucial role of the staff of the Department of Banking and Insurance, who permitted us to use all the required equipment and the necessary materials to complete the task "Internal Credit Risk Rating Systems: Walton Hi Tech PLC".

We would hereby heartily appreciate each team member for their effort to assemble the parts and give suggestions regarding the task "Internal Credit Risk Rating Systems: Walton Hi Tech PLC".

Finally, many thanks go to the chairperson, Dr. Md. Shahidul Islam Zahid, Banking and Insurance Department, Faculty of Business Studies, University of Dhaka, who has invested his valuable time and effort to provide us with an opportunity to enhance our report creation and presentation. We are obliged to appreciate the guidance given by other supervisors as well as the panels, especially in our project presentation, which has improved our presentation skills, so thanks to their comments and advice.

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Please “Click on intended Content/Table/Chart” - Applicable only on Soft Copy (PDF)**

## Company Overview

### Walton Hi-Tech Industries PLC

**Walton Hi-Tech Industries PLC** is a leading electronics and home appliance manufacturer in Bangladesh and a key company of the Walton Group. The company produces, assembles, and markets products such as refrigerators, air conditioners, televisions, washing machines, and electrical components. Established to develop a globally competitive brand, Walton Hi-Tech has become a dominant domestic player and has steadily expanded into international markets.

The **business model** of Walton Hi-Tech is centered on vertical integration and brand-driven distribution. Key components, such as compressors and electrical parts, are manufactured in-house, reducing import dependency and improving cost efficiency. The company maintains a strong retail and dealer network under the Walton brand and emphasizes after-sales service to enhance customer loyalty. Additionally, Walton Hi-Tech leverages its group affiliation to secure financing, optimize operations, and pursue technological advancements. For example, investment in backward integration ensures a reliable supply of critical components, mitigating supply chain risks.

Overview	
Key strengths	Key risks
Strong profitability metrics, including a solid net profit margin of <b>10.42%</b> in 2024.	Operational efficiency concerns, with <b>stock turnover</b> and debtor collection days remaining high.
Robust liquidity, evidenced by excellent current and cash ratios ( <b>2.23x</b> and <b>0.21x</b> respectively).	Marginal earning quality, indicated by a weak accrual ratio and lower operating cash flow to sales.
Consistently high credit coverage ratios, ensuring effortless debt servicing.	<b>Industry volatility</b> , particularly in sales growth and uncertain market prospects in the long term.
Strong governance, with a recognized auditing firm ( <b>Howlader Yunus &amp; Co.</b> ).	Strong exposure to external security risks, despite collateral and guarantees.
Long history in the electrical and electronics sector, maintaining a dominant market position.	Limited management succession planning, although strong executive experience is a positive factor.

Table 1: Overview (Key Insights)

The company's **paid-up capital** is approximately **BDT 3,029.28 million**, and for the purposes of this credit analysis, it is assumed that Walton Hi-Tech is seeking a loan equivalent to about 10% of its paid-up capital, with typical group-level lending practices. This assumption allows the analysis to focus on the company's capacity to service medium-sized credit exposure relative to its financial strength. **Walton Hi-Tech's market position** is robust<sup>1</sup>, with significant brand recognition and a comprehensive domestic distribution

<sup>1</sup> For detailed analysis of Walton Hi-Tech's corporate governance and risk mitigation strategies, refer to the company's latest annual report and shareholder meeting minutes.

network. Its listing on both Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) ensures transparency and availability of financial data, which supports rigorous credit evaluation. Selecting Walton Hi-Tech as the subject of this analysis is justified by its size, strategic importance, and the diverse risks it presents, ranging from market competition and import dependence to operational and governance challenges in line.

## Outlook

The stable rating outlook on Walton Hi-Tech Industries PLC reflects our expectation that the company will maintain its strong financial position, with robust profitability and liquidity indicators. Walton Hi-Tech is expected to continue generating solid revenue growth and operating cash flows, underpinned by its strategic position in the electrical and electronics sector. The company's operational efficiency, though marginal, and strong management risk contribute positively to its overall credit standing.

### Downside scenario

We may lower the ratings on Walton Hi-Tech if the company's liquidity and operational efficiency deteriorate further. Specifically, if there is a significant decline in asset turnover, collection days, or if debt servicing capacity is materially weakened, it could adversely affect the company's financial profile. A deterioration in the business and industry environment, or a strategic shift that results in weaker financial results or higher risk exposure, would also prompt a review for downgrade.

Moreover, should there be substantial setbacks in its long-term credit rating, or if there is a notable weakening of its corporate governance or security risk profile, we could revise the ratings downward.

Furthermore, Walton Hi-Tech's continued focus on expanding<sup>2</sup> its international presence and its strategic investments in innovation will likely further solidify its market position and foster long-term growth. With a strong governance framework in place, coupled with an experienced management team, the company is well-positioned to navigate emerging industry challenges and capitalize on new opportunities.

<sup>2</sup> Walton Hi-Tech's financial data are based on the company's 2024 audited financial statements, which are available on the company's official website.

# Internal Credit Risk Rating System

## Internal Credit Risk Scoring System (ICRSS)

<b>Bank Name</b>	:	<b>City Bank PLC</b>
Branch Name	:	Loan Operation Department
File/ Reference No	:	14.1/154/2025
<b>Borrower Name</b>	:	<b>Walton Hi-Tech Industries PLC</b>
Group Name, if any	:	Walton Group
<b>Type of Industry/ Sector</b>	:	<b>14. Electrical and Electronics</b>
<b>Industry Code</b>	:	<b>114</b>
<b>Ownership Type</b>	:	<b>Private Ltd Company</b>
<b>CIB Status</b>	:	<b>Standard</b>
<b>Financial Statement Audit Status:</b>	:	<b>Audited</b>
Name of Audit Farm	:	Howladar Yunus & Co., Chartered Accountants
Credit Officer/Analyst Name, Designation	:	<b>Group 01, Student</b>
Verifier Name, Designation	:	<b>Group 01, Student</b>
Date of Financials		16-01-2025
Date of Analysis (DD-MM-YYYY)	:	29-09-2025
Date of Verification (DD-MM-YYYY)	:	03-10-2025

**Legend:**

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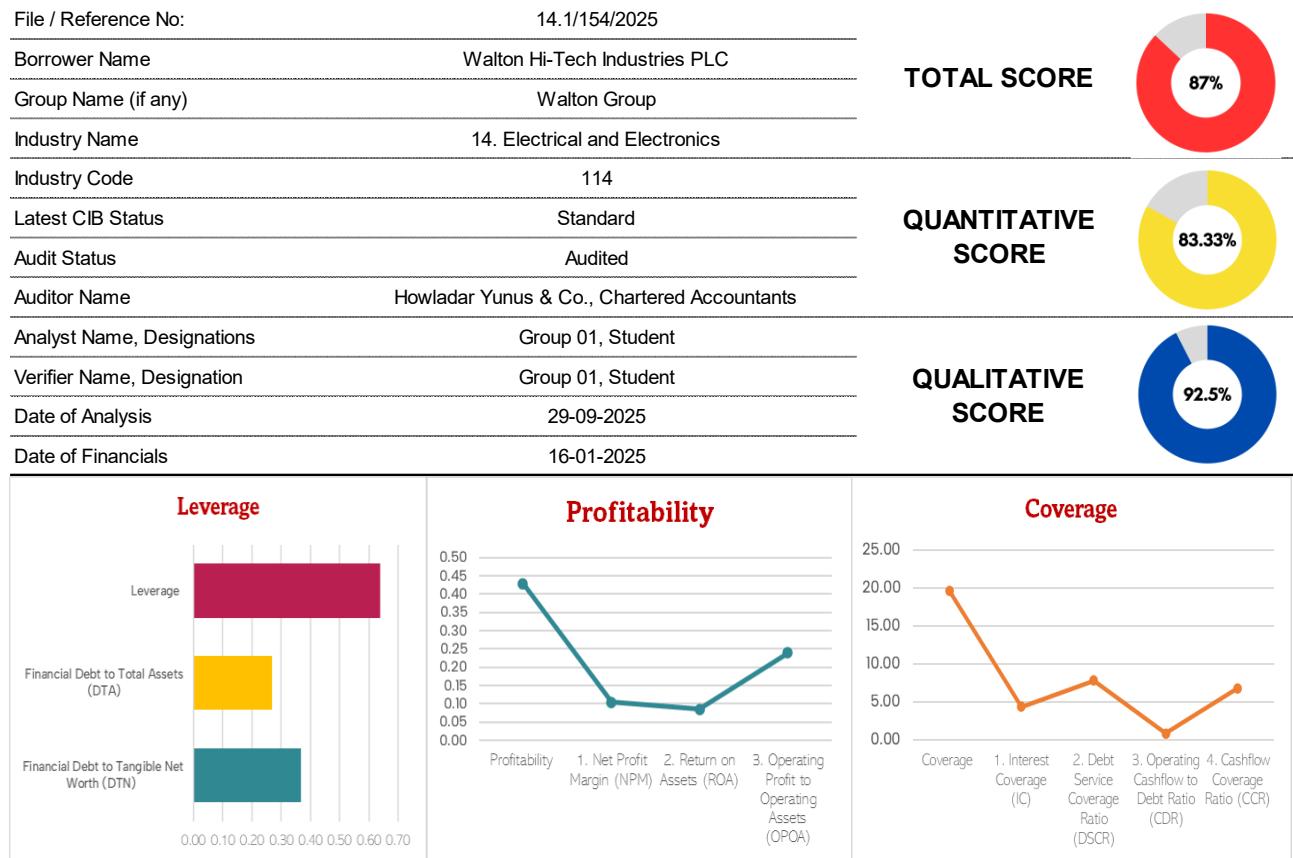
**Details of Analyst:**

Name:	Group 01
Designation:	Student
Department/Unit/Cell:	Loan Operation Department (LOD)
Phone Number:	019*****74
Email Address:	group*****01@gmail.com
Alternate Email Address	group*****01@gmail.com

**Details of Verifier:**

Name:	Group 01
Designation:	Student
Department/Unit/Cell:	Loan Operation Department (LOD)
Phone Number:	019*****74
Email Address:	group*****01@gmail.com
Alternate Email Address	group*****01@gmail.com

# Executive Summary



	<b>Score Obtained</b>	<b>Scale</b>	<b>Percentage</b>	<b>ICRR</b>
<b>Quantitative Assessments</b>	<b>50.00</b>	<b>60.00</b>	<b>83.33%</b>	<b>Excellent</b>
A Leverage	10.00	10.00	100.00%	Excellent
B Liquidity	10.00	10.00	100.00%	Excellent
C Profitability	10.00	10.00	100.00%	Excellent
D Coverage	15.00	15.00	100.00%	Excellent
E Operational Efficiency	2.00	10.00	20.00%	Unacceptable
F Earning Quality	3.00	5.00	60.00%	Marginal
<b>Qualitative Assessments</b>	<b>37.00</b>	<b>40</b>	<b>92.50%</b>	<b>Excellent</b>
G Performance behavior	10.00	10	100.00%	Excellent
H Business and Industry Risk	6.50	7	92.86%	Excellent
I Management Risk	7.00	7	100.00%	Excellent
J Security Risk	8.50	11	77.27%	Good
K Relationship Risk	3.00	3	100.00%	Excellent
L Compliance Risk	2.00	2	100.00%	Excellent
<b>Aggregate</b>	<b>87.00</b>	<b>100.00</b>	<b>87.00%</b>	<b>Excellent</b>

Table 2: Executive Summary

**Assessment Criteria:**

Greater than or equal to 80% = Excellent;  
 70% to 80% = Good;  
 60% to 70% = Marginal;  
 Less than 60% = Unacceptable

Note:

1. For any Risk Area, if the risk mapping falls under yellow or redzone, whatever the aggregate score is, the relationship manager should justify how those risks are mitigated and in final proposal is, the approval authority should review that thoroughly and make necessary comments on how the bank will manage the risk and the details of that official discussions should be retained in the loan file.
2. Loans can be sanctioned only if the ICRS is 70% or more (excellent and good category). But if the ICRS category is 60% to 69% level, management should take cautionary measures and may sanction the loan based on performance behavior, relationship, collateral and management quality of the borrower.
3. No loan can be sanctioned for borrower whose ICRS is less than 60% except the loan is 100% cash covered or Government Guaranteed or Bank Guaranteed.
4. Whatever score a borrower get in qualitative analysis, if the score in the quantitative part is less than 55%, then the loan can't be sanctioned.
5. If there is unprecedeted movement in graph, the analyst should verify he root causes of such aberrant movement; in this regard the analyst should be skeptical regarding such movement

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**\* If the score of Quantitative analysis is less than 50%, whatever the aggregate score is, the overall ICRR will be "Unacceptable"**

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## 1. Introduction

This report presents an Internal Credit Risk Rating Systems (ICRRS) assessment and rating procedure for **Walton Hi-Tech Industries PLC**, aimed at evaluating its overall credit risk profile. The assessment integrates both quantitative financial analysis and qualitative management insights to derive a comprehensive risk rating. The financial analysis draws upon the company's historical performance, key financial ratios, and stress-testing scenarios, while the qualitative assessment, gathered through management consultations, focuses on operational, market, and governance-related factors. This ICRRS rating provides stakeholders with a clear understanding of the company's creditworthiness and identifies potential risks that may influence its future stability and performance.

## 2. Methodology

The methodology adopted for this study was structured to ensure a comprehensive and reliable assessment of Walton Hi-Tech Industries PLC. Initially, the company's financial statements were collected to conduct a detailed quantitative analysis. Relevant financial ratios were calculated and examined in order to evaluate the firm's financial performance, efficiency, profitability, and overall stability. Alongside this, a qualitative analysis was performed to gain deeper insights beyond the numerical data. For this purpose, direct contact was established with a member of the company's management, **Mr. Mahtab Ahmed Adib, CSCA**, who provided valuable perspectives as a business analyst. His input enabled the study to capture organizational, strategic, and operational dimensions that are not directly reflected in financial figures. Finally, both quantitative findings from ratio analysis and qualitative insights from management consultation were integrated to generate an aggregate rating. This combined approach ensured that the assessment was balanced, taking into account both measurable financial indicators and contextual business realities.

### 3. ICRRS (Internal Credit Risk Rating System)

The **Internal Credit Risk Rating System (ICRRS)**<sup>3</sup> combines quantitative financial analysis and qualitative assessments to evaluate a company's creditworthiness. This comprehensive approach provides a complete view of a company's risk profile, aiding decision-making for investors, lenders, and internal stakeholders.

#### Quantitative Analysis

Quantitative analysis focuses on financial data, reviewing the company's income statement, balance sheet, and cash flow over 3-5 years. Key financial ratios such as profitability (ROA, ROE), liquidity (current ratio), leverage (debt-to-equity), and efficiency (asset turnover) are assessed to understand the company's ability to meet obligations. Trend analysis and stress testing evaluate past performance and resilience under adverse conditions.

#### Qualitative Analysis

Qualitative analysis evaluates non-financial factors affecting credit risk. This includes management quality, industry stability, and market conditions. Operational risks (e.g., supply chain, technology) and governance (e.g., compliance, transparency) are assessed to understand potential external and internal risks that may impact the company's performance.

#### Integration of Insights

The quantitative and qualitative factors are combined into a final credit rating. Factors are weighted based on their relevance and scored, resulting in an overall rating (e.g., AAA, BBB) that reflects the company's creditworthiness and risk profile.

#### ICRRS Output

The final ICRRS report provides a credit rating and a detailed breakdown of the quantitative analysis (ratios, trends) and qualitative insights (management, governance). It also outlines the company's risk profile and offers recommendations for mitigating key risks.

#### Applications

ICRRS is used by lenders and investors to assess credit risk, by companies to manage internal risks, and by regulatory bodies to monitor industry stability and financial health.

ICRRS combines financial analysis and qualitative insights for a comprehensive assessment of a company's creditworthiness. This approach ensures a more reliable credit rating, helping stakeholders make informed decisions.

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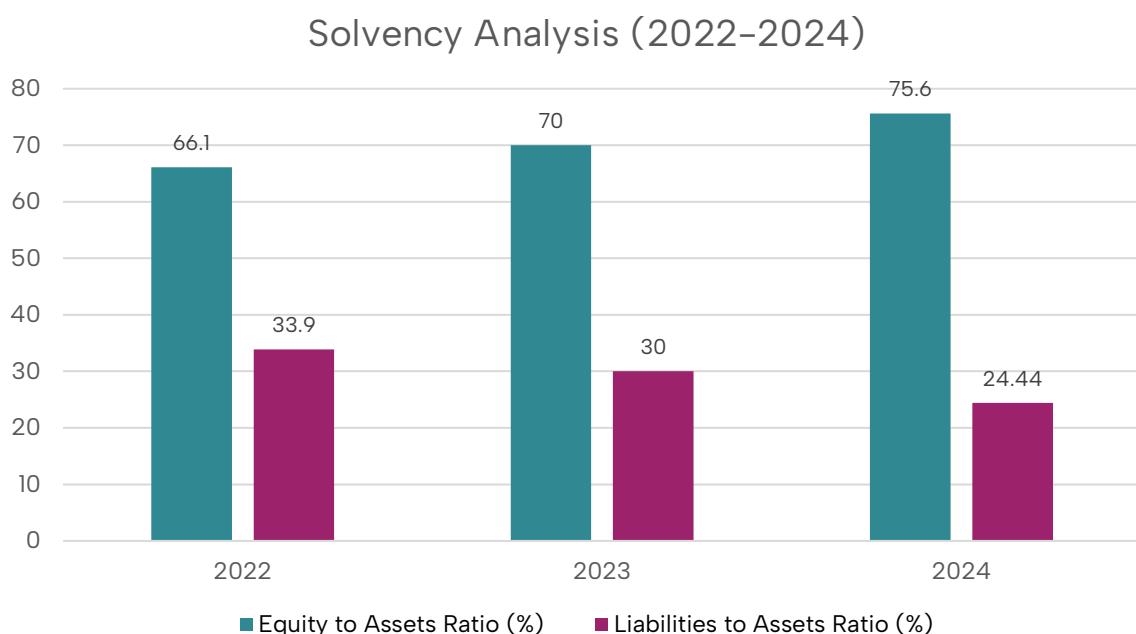
<sup>3</sup> Bangladesh Bank. (2023). *Financial Stability Report 2023*. [https://www.bb.org.bd/pub/annual/fsr/financial\\_stability\\_report\\_2023\\_en.pdf](https://www.bb.org.bd/pub/annual/fsr/financial_stability_report_2023_en.pdf)

## 4. Financial Health Assessment

This section of the report provides a comprehensive financial analysis of Walton Hi-Tech Industries PLC, based on annual financial statements for the years 2022 to 2024. The objective is to evaluate the company's financial robustness by examining its creditworthiness, liquidity, solvency, and operational efficiency to determine its overall stability and performance trajectory.

### 4.1 Solvency and Leverage Analysis: A Foundation of Strength

The company exhibits an "***Extremely Strong Capital Adequacy***" position, which is the cornerstone of its low-risk profile. Walton Hi Tech PLC has an *Extremely Strong Capital Base*. This company is primarily funded by its shareholders. Total Equity has demonstrated consistent growth, increasing from **BDT 101,559 million** in 2022 to **BDT 114,700 million** in 2024. This massive equity base, which is **3.1** times larger than its total liabilities in 2024, acts as a profound loss-absorbing cushion.



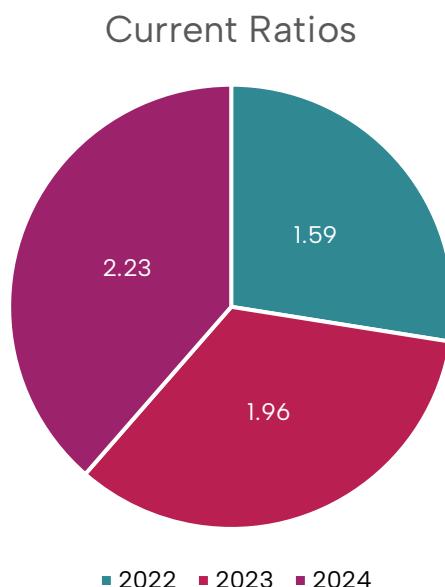
**Chart 1: Solvency Analysis (2022-2024)**

Source: Financial Statements, refer to Appendix 04

Walton Hi Tech PLC has undertaken significant strategic deleveraging. The short-term loan was reduced by 50%, from **BDT 42,659 million** in 2022 to **BDT 21,244 million** in 2024. Conversely, long-term loans more than doubled from BDT 2,584 million in 2022 to BDT 5,785 million in 2024, indicating a strategic shift towards stable, long-term financing for assets.

The balance between a growing equity foundation and a managed debt leverage results in a strong solvency position. The company is not overly reliant on creditors and possesses significant internal financial resources.

## 4.2 Liquidity and Funding Analysis: Strong Short-Term Resilience



**Chart 2: Current Ratios (2022-2024)**

Source: Financial Statement Analysis, refer to Appendix 04

The company's liquidity profile is robust, supported by a "**Diversified Funding Base**" and strong cash flow generation. Walton Hi Tech PLC has Strong Liquid Assets. The company's most liquid assets (Cash & Bank Balance + Marketable Securities) saw a dramatic improvement, rising from BDT 3,409 million in 2022 to BDT 7,326 million in 2024. This 115% increase significantly enhances its immediate payment capacity. *Walton Hi Tech maintains a healthy Current Ratio.* For instance, in 2023, current assets of BDT 68,848 million comfortably covered current liabilities of **BDT 64,345 million**, providing a safe buffer for short-term obligations.

The company generates substantial cash from its core operations. After a minor outflow in 2022 (-BDT 2,396 million), it rebounded to an exceptional **BDT 33,880 million** in 2023 and a strong **BDT 17,256 million** in 2024. This intrinsic cash-generating ability is a critical component of its liquidity.

### 4.3 Debt Coverage and Credit Analysis: Effortless Debt Servicing

Walton Hi-Tech's "**Very Strong Policy Importance and Robust Governance**" are clearly evident in its exceptional ability to service debt. The company has consistently demonstrated its strong financial position, with earnings easily covering its interest expenses. In 2024, Walton Hi-Tech's earnings before interest and taxes (EBIT) stood at **BDT 18,797 million**, which is more than **4.1 times** its interest expense of **BDT 4,591 million**. This wide margin provides a strong safety net, showing that the company is in a solid position to meet its debt obligations without facing significant financial strain.

Chart 03: Debt and Interest Coverage Ratios (2022-2024)

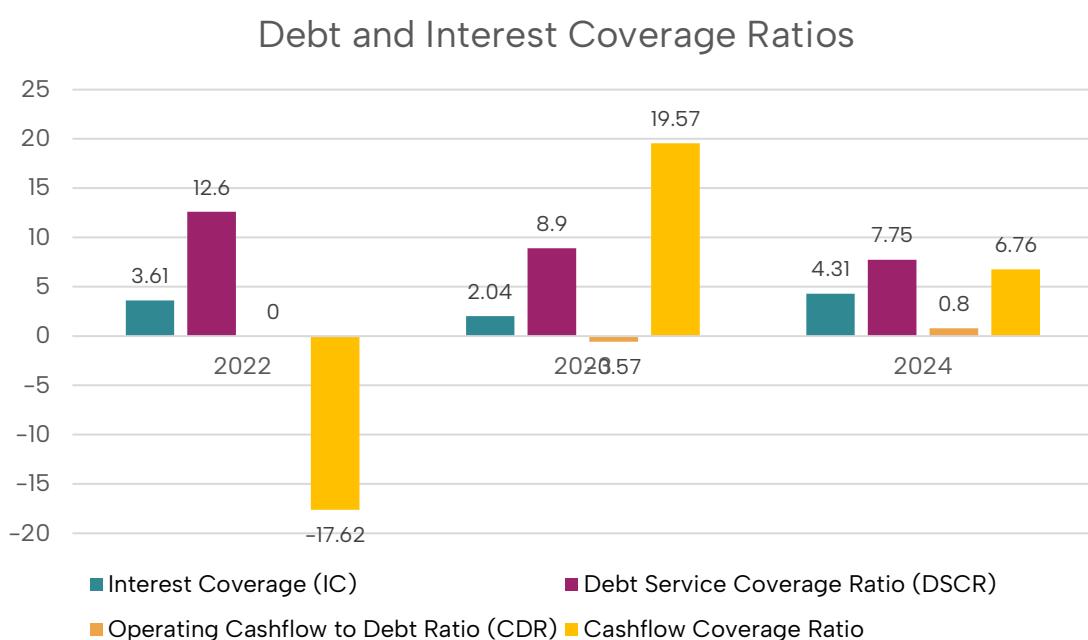


Chart 3: Debt and Interest Coverage Ratios (2022-2024)

Source: Financial Statement Analysis, refer to Appendix 04

Additionally, Walton Hi-Tech benefits from a strong cash flow that ensures smooth debt servicing. In 2024, the company's operating cash flow reached **BDT 17,256 million**, which is more than enough to cover its total debt payments. This strong cash generation further reinforces Walton Hi-Tech's **low credit risk profile**, signaling its ability to comfortably manage and service its debts without jeopardizing operational stability.

In summary, Walton Hi-Tech's solid earnings and healthy cash flow demonstrate not only its robust financial health but also the strength of its governance and commitment to responsible debt management. These factors make the company a reliable and low-risk borrower, with a well-managed approach to long-term financial stability.

#### 4.4 Profitability and Shareholder Support: Sustained Value Creation



Chart 4: Net Profit After Tax (2022-2024)

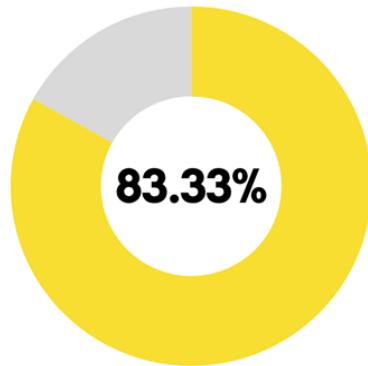
Source: Financial Statement Analysis, refer to Appendix 1, 2, 3 & 4

The "**Extraordinary Shareholder Support**" is clearly demonstrated through both direct equity contributions and the reinvestment of strong profits. In 2024, Walton Hi-Tech PLC achieved a remarkable net profit after tax (NPAT) of **BDT 13,565 million**, a significant rise from **BDT 7,827 million** in 2023. This surge in profitability is mirrored by an improvement in the net profit margin, which jumped from **11.8%** in 2023 to **18.1%** in 2024, highlighting the company's growing efficiency in turning revenues into profits. Shareholder backing is further reflected in Walton Hi-Tech's practice of reinvesting its earnings into the business. Retained earnings steadily increased from **BDT 66,120 million** in 2022 to **BDT 80,210 million** in 2024, amounting to **BDT 14,090 million** in accumulated earnings reinvested back into the company. This reinvestment underscores the shareholders' strong belief in the company's future and their commitment to its continued growth.

The ratio analysis affirms Walton Hi-Tech's robust financial position, characterized by strong solvency, high profitability, and effortless debt servicing. With disciplined financial management, the company is not only ensuring stable operations but also laying a solid foundation for long-term value creation for all its stakeholders.

## 5. Quantitative Analysis

File / Reference No:	14.1/154/2025
Borrower Name	Walton Hi-Tech Industries PLC
Group Name (if any)	Walton Group
Industry Name	14. Electrical and Electronics
Industry Code	114
Latest CIB Status	Standard
Audit Status	Audited
Auditor Name	Howladar Yunus & Co., Chartered Accountants
Analyst Name, Designations	Group 01, Student
Verifier Name, Designation	Group 01, Student
Date of Analysis	29-09-2025
Date of Financials	16-01-2025



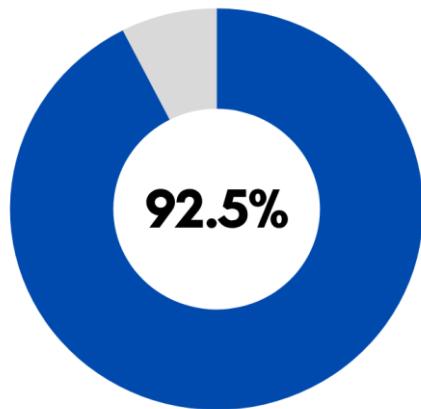
Quantitative Indicators (60)			
Criteria	Scale	Actual Parameter	Score Obtained
<b>Leverage</b>	<b>10</b>	<b>0.64</b>	<b>10.00</b>
1. Financial Debt to Tangible Net Worth (DTN)	7	0.37	7.00
2. Financial Debt to Total Assets (DTA)	3	0.27	3.00
<b>Liquidity</b>	<b>10</b>	<b>2.44</b>	<b>10.00</b>
1. Current Ratio (CR)	7	2.23	7.00
2. Cash Ratio (Cash)	3	0.21	3.00
<b>Profitability</b>	<b>10</b>	<b>0.29</b>	<b>10.00</b>
1. Net Profit Margin (NPM)	5	0.10	5.00
2. Return on Assets (ROA)	3	0.09	3.00
3. Operating Profit to Operating Assets (OPOA)	2	0.09	2.00
<b>Coverage</b>	<b>15</b>	<b>19.61</b>	<b>15.00</b>
1. Interest Coverage (IC)	3	4.31	3.00
2. Debt Service Coverage Ratio (DSCR)	5	7.75	5.00
3. Operating Cashflow to Debt Ratio (CDR)	4	0.80	4.00
4. Cashflow Coverage Ratio (CCR)	3	6.76	3.00
<b>Operational Efficiency</b>	<b>10</b>	<b>381.79</b>	<b>2.00</b>
1. Stock Turnover Days (STD)	4	202.82	1.00
2. Trade Debtor Collection Days (TDCD)	3	178.50	0.00
3. Asset Turnover (AT)	3	0.48	1.00
<b>Earning Quality</b>	<b>5</b>	<b>0.27</b>	<b>3.00</b>
1. Operating Cash Flow to Sales (CFS)	3	0.23	3.00
2. Cashflow based accrual ratio (CAR)	2	0.04	0.00
<b>Total</b>	<b>60</b>	<b>405.03</b>	<b>50.00</b>
<b>Percentage</b>			<b>83%</b>

Refer to Annexure 05 for Detailed Score Calculation

Table 3: Quantitative Score

## 6. Qualitative Analysis

File / Reference No:	14.1/154/2025
Borrower Name	Walton Hi-Tech Industries PLC
Group Name (if any)	Walton Group
Industry Name	14. Electrical and Electronics
Industry Code	114
Latest CIB Status	Standard
Audit Status	Audited
Auditor Name	Howladar Yunus & Co., Chartered Accountants
Analyst Name, Designations	Group 01, Student
Verifier Name, Designation	Group 01, Student
Date of Analysis	29-09-2025
Date of Financials	16-01-2025



### Qualitative Indicators (40)

Criteria	Parameter	Score	Actual Parameter	Score Obtained
<b>G Performance Behavior</b>		10		10
<b>G.1 Performance behavior with lending banks</b>				
G.1.1 How many times the borrower was adversely classified in last 3 years <i>[ Aversely classified means the borrower's loans classified as per BB loan classifications policy i.e SS, DF, BL]</i>	0 time 1 time 2 times 3 times >3 times	5 4 3 1 0	0 time 0 time 0 time 0 time 0 time	5 0 0 0 0
G.1.2 How many times the borrower's loans were rescheduled/ restructured in last 3 years	0 time 1 time 2 times 3 times >3 times	4 3 2 1 0	0 time 0 time 0 time 0 time 0 time	4 0 0 0 0
<b>G.2 Performance behavior with suppliers/ Creditors</b>			Yes	1
Did The Borrower Pay Its Suppliers/ Creditors Regularly In Last 1 Year	Yes No	1 0		
<b>H Business and Industry Risk</b>		7		6.5
<b>H.1 Sales Growth</b>			>10%	2
* Sales growth means annual sales growth The formula for calculating sales growth is [(current year sales - previous year sales)/ previous year sales]x100	>10% 5%-10% Less than 5%	2 1 0		
<b>H.2 Age of Business</b>			>10 years	2

<i>The number of years the borrower engaged in this line of business</i>	>10 years	2	
	7 to 10 years	1.5	
	5 to 7 years	1	
	4 to 5 years	0.5	
	<4 years	0	
<b>H.3 Industry Prospects</b>		<b>Growing but High Volatility</b>	<b>0.5</b>
<i>Critical assessment of 5 (five) years prospect of industry and borrower's sales volatility * Volatility denotes sales volatility</i>	Growing and Low Volatility	1	
<i>Rating Grade should be assigned in line with BB Rating Mapping as per BRPD circular 18/2014 on Risk-Based Capital Adequacy in line with Basel III (see annex)</i>	Stable	0.75	
	Growing but High Volatility	0.5	
	Declining	0	
<b>H.4 Long-Term External Credit Rating of the Borrower</b>		<b>1</b>	<b>2</b>
	1	2	
	2&3	1.5	
	>3	0.5	
	Unrated	0	
<b>I Management Risk</b>	<b>7</b>		<b>7</b>
<b>I.1 Experience of the Management</b>		<b>More than 10 years in the related line of business</b>	<b>2</b>
<i>Quality of the management based on total number of years of experience of the senior management in the industry. * Senior Management means MD and next two tiers</i>	More than 10 years in the related line of business	2	
	5–10 years in the related line of business	1	
	Less than 5 years	0	
		0	
<b>I.2 Existence of Succession Plan</b>		<b>Yes, with good capability of successor</b>	<b>2</b>
	Yes, with good capability of successor	2	
	Yes, but questionable capacity of successor	1	
	No successor	0	
<b>I.3 Auditing Firms</b>		<b>Recognized Auditors</b>	<b>2</b>
<i>BSEC listed auditors are considered as recognized</i>	Recognized Auditors	2	
	Other Auditors	1	
	Unaudited	0	
<b>I.4 Change In External Auditors in Last 4 Years</b>		<b>Yes</b>	<b>1</b>
	Yes	1	
	No	0	
<b>J Security Risk</b>	<b>11</b>		<b>8.5</b>
<b>J.1 Primary Security</b>		<b>Fully Pledged Facilities</b>	<b>2</b>

	Fully Pledged Facilities	2	
	Registered Hypothecation (1st Charge/1st Pari Passu Charge)	1.5	
	2nd Charge/Inferior Charge	1	
	No Security	0	
<b>J.2 Collateral</b>		<b>Registered Mortgage on Municipal Corporation/Prime Area Property</b>	<b>2</b>
	Registered Mortgage on Municipal Corporation/Prime Area Property	2	
	Registered Mortgage on Pourashava/Semi-Urban/ Union Parishad Area Property	1.5	
	Equitable Mortgage or No Property but Plant and Machinery as Collateral	1	
	No Collateral	0	
<b>J.3 Eligible Collateral Coverage</b>		<b>70% to 80%</b>	<b>3</b>
The formula of eligible collateral coverage is [eligible collateral / total loans]	>100%	5	
	80% to 100%	4	
	70% to 80%	3	
	50% to 70%	2	
	<50%	0	
<b>J.4 Type of Guarantee</b>		<b>Strong Corporate Guarantee</b>	<b>1.5</b>
<u>Strong Corporate Guarantee means the credit rating of the guarantor should be at least 1 or 2 as per BB rating mapping mentioned in BRPD circular 18/2014 on Risk Based Capital Adequacy in line with Basel III.</u>	Government Guarantee and/or Bank Guarantee	2	
	Strong Corporate Guarantee	1.5	
	Personal Guarantees or Corporate Guarantee without Strong Financial Strength	1	
	No support/guarantee	0	
<b>K Relationship Risk</b>	<b>3</b>	<b>3</b>	
<b>K.1 Account Conduct</b>		<b>More than 3 years Accounts with Faultless Record</b>	<b>3</b>
	More than 3 years Accounts with Faultless Record	3	
	Less than 3 years Accounts with faultless record	2	
	Accounts having satisfactory dealings with some late payments.	1	
	Frequent Past dues & Irregular dealings in account	0	
<b>L Compliance Risk</b>	<b>2</b>	<b>2</b>	
<b>L.1 Compliance with environmental rules, regulations and covenants</b>		<b>Yes</b>	<b>1</b>
	Yes	1	
	No	0	
<b>L.2 Corporate Governance</b>		<b>Good Corporate Governance</b>	<b>1</b>
**Independence of Management	Good Corporate Governance	1	
	Questionable Corporate Governance	0	
<b>Total</b>	<b>40</b>	<b>37</b>	
<b>Percentage</b>			<b>92.50%</b>

Table 4: Qualitative Score

## 7. Walton Hi-Tech PLC – ICRRS Credit Rating Report

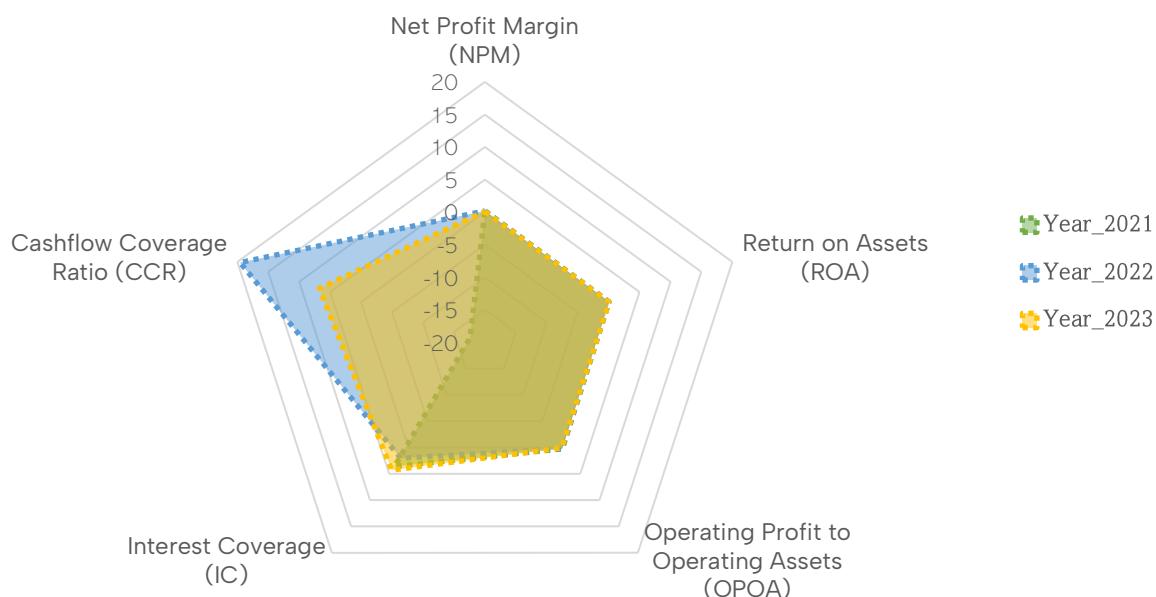
### 7.1 Company Overview

Walton Hi-Tech PLC is Bangladesh's leading electronics and home appliance manufacturer, with a dominant domestic market share and expanding global footprint. The company operates in a diversified product portfolio that includes refrigerators, televisions, air conditioners, home appliances, and motorcycles. Its vertically integrated production facilities provide significant control over quality and costs, while its strong brand equity ensures customer loyalty in the local market.

### 7.2 Quantitative Assessment

Looking at Walton Hi-Tech's financial numbers, it's clear that the company has made some solid progress in reducing its debt. The Debt to Tangible Net Worth (DTN) ratio dropped from **0.5739** in 2022 to **0.3686** in 2024, showing that they've been relying less on debt to fund their operations. Similarly, the Debt to Total

### KEY FINANCIAL METRICS COMPARISON



**Chart 5: Key Financial Metrics Comparison**

Source: Financial Statements, Refer to Appendix

Assets (DTA) ratio also decreased from 0.3646 to 0.2693 over the same period, indicating the company is less leveraged and in a stronger financial position. However, while the company's financial debt increased from 41.8 billion BDT to **58.1 billion BDT**, there's been a slight dip in equity, from 114.8 billion BDT to 101.4 billion BDT. This suggests Walton Hi-Tech is borrowing more, but the decrease in equity should be

monitored carefully. Overall, it's clear they're heading in a positive direction, but the increase in debt will require ongoing attention. So, to be specific

**Revenue & Profitability:** Walton has consistently reported rising revenues, supported by both local demand and export growth. Profit margins are stable, though vulnerable to fluctuations in raw material import costs and currency movements.

**Leverage & Capital Structure:** The debt-to-equity ratio remains moderate, suggesting balanced use of leverage. The company maintains sufficient equity buffers to absorb financial shocks.

**Liquidity:** Current ratio and quick ratio reflect satisfactory short-term liquidity. Cash flows from operations remain healthy, ensuring that the company can meet working capital requirements.

**Export Performance:** Growing contribution from exports has enhanced foreign currency inflows, reducing concentration on domestic sales.

### 7.3 Qualitative Assessment

From a qualitative perspective, Walton Hi-Tech seems to be in good hands with a management team that's actively working to improve financial stability. Their position in the **Electrical and Electronics** industry, along with the backing of the **Walton Group**, gives them a strong foundation to grow. They're in a competitive market, but they have the resources to stay ahead. Looking forward, the company's success will also depend on how they adapt to changes in technology and consumer demand, as well as any shifts in the market environment.

**Industry Position:** Walton enjoys a leading market share in Bangladesh's electronics sector, with a reputation for reliability and affordability.

**Governance & Management:** The company has a proven and experienced management team, which has successfully expanded operations and maintained compliance with corporate governance requirements.

**Competitive Advantages:** Vertical integration (manufacturing of compressors, panels, and components in-house) reduces import dependency and cost risks.

#### Key Risks:

- Exposure to raw material imports and exchange rate volatility.
- Increasing global competition in export markets.
- Vulnerability to shifts in domestic consumer purchasing power.

## 7.4 Overall ICRRS Rating

When we combine the numbers and the broader picture, Walton Hi-Tech looks to be on a solid path. The reduction in debt is a good sign that they're managing their financial risks better, but the rising debt in recent years is something they'll need to keep an eye on. Their management seems capable, and they're well-positioned in the market. As long as they continue to manage their debt carefully and stay adaptable to market changes, they should be in a good position for the future.

Based on the **Internal Credit Risk Rating System (ICRRS)** framework, combining both **quantitative** (financial ratios, liquidity, leverage) and **qualitative** (management, governance, industry outlook) parameters, Walton Hi-Tech PLC is assessed as: **Low to Moderate Risk**. This rating indicates strong financial fundamentals, robust market positioning, and manageable risk exposures.

## 8. Detail Management Report

File / Reference No:	14.1/154/2025	<b>Assessment Criteria:</b> Greater than or equal to 80% = Excellent; 70%-80% = Good; 60% to 70% = Marginal; Less than 60% = Unacceptable		
Borrower Name	Walton Hi-Tech Industries PLC			
Group Name (if any)	Walton Group			
Industry Name	14. Electrical and Electronics			
Latest CIB Status	Standard			
Audit Status	Audited			
<b>Auditor Name</b>	<b>Howladar Yunus &amp; Co., Chartered Accountants</b>			
<b>Analyst Name, Designations</b>	<b>Group 01, Student</b>			
<b>Verifier Name, Designation</b>	<b>Group 01, Student</b>			
Date of Analysis	29/9/2025			
Date of Financials	16-01-2025			

		Outcome	Score Obtained	Scale	Percentage	Risk Rating
<b>Quantitative Assessments</b>			<b>50.00</b>	<b>60.00</b>	<b>83.3%</b>	<b>Excellent</b>
<b>A</b>	<b>Leverage</b>		<b>10.00</b>	<b>10.00</b>	<b>100.0%</b>	<b>Excellent</b>
A.1	1. Financial Debt to Tangible Net Worth (DTN)		7.00	7	100.0%	Excellent
B.2	2. Financial Debt to Total Assets (DTA)		3.00	3	100.0%	Excellent
<b>B</b>	<b>Liquidity</b>		<b>10.00</b>	<b>10</b>	<b>100.0%</b>	<b>Excellent</b>
B.1	1. Current Ratio (CR)		7.00	7	100.0%	Excellent
B.2	2. Cash Ratio (Cash)		3.00	3	100.0%	Excellent
<b>C</b>	<b>Profitability</b>		<b>10.00</b>	<b>10</b>	<b>100.0%</b>	<b>Excellent</b>
C.1	1. Net Profit Margin (NPM)		5.00	5	100.0%	Excellent
C.2	2. Return on Assets (ROA)		3.00	3	100.0%	Excellent
C.3	3. Operating Profit to Operating Assets (OPOA)		2.00	2	100.0%	Excellent
<b>D</b>	<b>Coverage</b>		<b>15.00</b>	<b>15</b>	<b>100.0%</b>	<b>Excellent</b>
D.1	1. Interest Coverage (IC)		3.00	3	100.0%	Excellent
D.2	2. Debt Service Coverage Ratio (DSCR)		5.00	5	100.0%	Excellent
D.3	3. Operating Cashflow to Debt Ratio (CDR)		4.00	4	100.0%	Excellent
D.4	4. Cashflow Coverage Ratio (CCR)		3.00	3	100.0%	Excellent
<b>E</b>	<b>Operational Efficiency</b>		<b>2.00</b>	<b>10</b>	<b>20.0%</b>	<b>Unacceptable</b>
E.1	1. Stock Turnover Days (STD)		1.00	4	25.0%	Unacceptable
E.2	2. Trade Debtor Collection Days (TDCD)		0.00	3	0.0%	Unacceptable
E.3	3. Asset Turnover (AT)		1.00	3	33.3%	Unacceptable
<b>F</b>	<b>Earning Quality</b>		<b>3.00</b>	<b>5</b>	<b>60.0%</b>	<b>Marginal</b>
F.1	1. Operating Cash Flow to Sales (CFS)		3.00	3	100.0%	Excellent
F.2	2. Cashflow based accrual ratio (CAR)		0.00	2	0.0%	Unacceptable
<b>Qualitative Assessments</b>			<b>37.00</b>	<b>40</b>	<b>92.5%</b>	<b>Excellent</b>
<b>G</b>	<b>Performance Behavior</b>		<b>10.00</b>	<b>10</b>	<b>100.0%</b>	<b>Excellent</b>
G.1.1	How many times the borrower was adversely classified in last 3 years		5.00	5	100.0%	Excellent
G.1.2	How many times the borrower's loans were rescheduled/ restructured in last 3 years		4.00	4	100.0%	Excellent
G.2	Did The Borrower Pay Its Suppliers/ Creditors Regularly in Last 1 Year		1.00	1	100.0%	Excellent

<b>H</b>	<b>Business and Industry Risk</b>	<b>6.50</b>	<b>7</b>	<b>92.9%</b>	<b>Excellent</b>
H.1	Sales Growth	2.00	2	100.0%	Excellent
H.2	Age of Business	2.00	2	100.0%	Excellent
H.3	Industry Prospects	0.50	1	50.0%	Unacceptable
H.4	Long-Term External Credit Rating of the Borrower	2.00	2	100.0%	Excellent
<b>I</b>	<b>Management Risk</b>	<b>7.00</b>	<b>7</b>	<b>100.0%</b>	<b>Excellent</b>
I.1	Experience of the Management	2.00	2	100.0%	Excellent
I.2	Existence of Succession Plan	2.00	2	100.0%	Excellent
I.3	Auditing Firms	2.00	2	100.0%	Excellent
I.4	Change in Auditors in last 3 years	1.00	1	100.0%	Excellent
<b>J</b>	<b>Security Risk</b>	<b>8.50</b>	<b>11</b>	<b>77.3%</b>	<b>Good</b>
J.1	Primary Security	2.00	2	100.0%	Excellent
J.2	Collateral	2.00	2	100.0%	Excellent
J.3	Collateral Coverage	3.00	5	60.0%	Marginal
J.4	Guarantee	1.50	2	75.0%	Good
<b>K</b>	<b>Guarantee</b>	<b>3.00</b>	<b>3</b>	<b>100.0%</b>	<b>Excellent</b>
K.1	Account Conduct	3.00	3	100.0%	Excellent
<b>L</b>	<b>Compliance Risk</b>	<b>2.00</b>	<b>2</b>	<b>100.0%</b>	<b>Excellent</b>
L.1	Compliance with environmental rules, regulations and covenants	1.00	1	100.0%	Excellent
L.2	Corporate Governance and CSR activities	1.00	1	100.0%	Excellent

Table 5: Detailed Management Report

## 9. Findings & Recommendation

### 9.1 Findings

**Financial Health:** Walton Hi-Tech PLC demonstrates a strong financial position with consistent growth in equity and a solid capital base, with total equity three times larger than its liabilities in 2024. The company has been reducing short-term debt and increasing long-term financing, signifying a strategic move toward financial stability.

**Profitability:** The company's profitability has shown impressive growth, with a notable increase in net profit after tax from BDT 7,827 million in 2023 to BDT 13,565 million in 2024. This rise reflects improved efficiency in translating revenue into profit, evidenced by a net profit margin improvement from 11.8% in 2023 to 18.1% in 2024.

**Liquidity and Cash Flow:** Walton Hi-Tech maintains strong liquidity with healthy current and quick ratios, indicating a solid capacity to meet its short-term obligations. The company's cash flow generation from operations has been robust, ensuring smooth debt servicing and operational stability.

**Leverage and Debt Management:** The company has reduced its reliance on debt financing, with the debt-to-equity ratio showing improvement. However, there has been a slight increase in total debt, which warrants attention. Despite this, Walton Hi-Tech's ability to cover interest expenses remains strong, with an EBIT coverage ratio of over four times the interest expense.

**Operational Efficiency:** The company's operational efficiency remains a concern, particularly with its stock turnover and debtor collection days, which need significant improvement. These inefficiencies may hinder overall performance if not addressed.

**Qualitative Factors:** Walton Hi-Tech benefits from a strong management team, experienced governance, and a dominant market position in Bangladesh. However, the company faces risks such as raw material import dependency and exchange rate fluctuations, which can impact profitability and operational stability.

## **9.2 Lending Recommendation for City Bank**

City Bank should seriously consider extending credit facilities to Walton Hi-Tech PLC, as the company's strong financial standing and proven ability to adapt and perform in challenging market conditions make it a reliable and trustworthy borrower. Given Walton Hi-Tech's track record and stable financial ratios, the following facilities would be beneficial:

**Working Capital Loans**, which would help meet the company's short-term operational needs, ensuring it has the liquidity to manage daily expenses and business activities effectively.

**Trade Finance and Export Credit** to support the company's expansion into international markets, facilitating smoother transactions and helping Walton Hi-Tech Industries PLC. grow its global presence.

**Term Loans** to finance long-term strategic goals, such as capacity expansion and upgrading technology, which are essential for sustaining growth and maintaining a competitive edge in the rapidly evolving electronics industry.

These credit facilities would not only enable Walton Hi-Tech to strengthen its operations but also provide City Bank with an opportunity to support a stable, growth-oriented company.

### **Cautionary Note:**

*The bank should closely monitor Walton's foreign exchange exposure and raw material price risks. Structured risk mitigation, such as hedging and regular financial monitoring, is advised.*

## SWOT analysis of Walton Hi- Tech Industries PLC.

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Strong Domestic market Leadership</li> <li>• Scale and Distribution Large Network</li> <li>• Diversified product Portfolio</li> <li>• Export growth and foreign currency earning</li> </ul>	<p><b>WEAKNESS</b></p> <ul style="list-style-type: none"> <li>• Dependence on imported raw materials/components</li> <li>• Perception &amp; quality issues in the premium segment</li> <li>• Skilled labor shortage, R&amp;D constraints</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Rising domestic purchasing power &amp; changing consumer lifestyle</li> <li>• Exports &amp; international expansion</li> <li>• Green / energy-efficient appliances &amp; eco-friendly technologies</li> <li>• Government policies &amp; incentives</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Intense competition from foreign brands</li> <li>• Macroeconomic risks: currency, inflation, supply chain disruptions</li> <li>• Changing consumer expectations &amp; technology obsolescence</li> <li>• Threat of new entrants and substitutes</li> </ul>

Figure 1: Walton Hi-Tech Industry PLC SWOT Analysis

### Strengths

**Strong domestic market leadership**, Walton holds very high market shares in home appliances in Bangladesh: e.g., **75%** in refrigerators, **50%** in televisions. Good brand recognition and trust among Bangladeshi consumers. “Made in Bangladesh” has become a valuable part of its identity.

**Scale and distribution large network**, Extensive dealer/showroom/service network across Bangladesh. Numerous Walton Plazas and exclusives. Walton exports to many countries; contributes to national export of electronics. This gives growth upside and helps reduce exposure to only domestic demand.

**Diversified product portfolio** Walton produces a wide variety of electronics & home appliances: refrigerators, ACs, TVs, smartphones, laptops, electrical appliances, even vehicles (e-motorcycles) etc. Vertical integration/backward linkages: Owns component making (compressors etc.), mold & die facilities, R&D. This helps control quality & cost.

**Export growth and foreign currency earning**, Walton exports to many countries; contributes to national export of electronics. This gives growth upside and helps reduce exposure to only domestic demand.

## Weaknesses

**Dependence on imported raw materials / components**, while many components are in-house, still the supply chain depends on imports for certain critical parts, which introduces risks of cost increases, delays, and currency fluctuations.

**Perception & quality issues in premium segment**, despite improvement, for high-income consumers there is still preference for foreign brands because of perceived higher quality, especially in aspects like smartphone camera, battery, etc. Walton sometimes is seen as lagging in premium features.

**Skilled labor shortage, R&D constraints**, there is some weakness in having enough skilled manpower, especially in marketing, advanced R&D, software, design. Walton tends to follow features introduced by competitors rather than always being first-mover in innovation.

## Opportunities

**Rising domestic purchasing power & changing consumer lifestyle**, the middle class in Bangladesh is growing; demand for home electronics, smart appliances, etc., is increasing. Rural electrification, higher disposable incomes help.

**Exports & international expansion**, opportunity to expand further into overseas markets, possibly in Asia, Africa, Middle East, leveraging cost advantage, increasing product quality and certification. Walton is already exporting to 40 countries.

**Green / energy-efficient appliances & eco-friendly technologies**, growing global and domestic demand for energy-efficient products; opportunity to innovate in environmental standards, certifications.

Government policies & incentives

Import substitution policies, tax incentives for local manufacturing, export promotion schemes. These can reduce cost burdens and improve competitiveness.

## Threats

**Intense competition from foreign brands**, brands like Samsung, LG, Xiaomi, Oppo, etc., entering more aggressively; possibly setting up local or regional operations. Their technology / design / brand equity can challenge Walton.

**Macroeconomic risks: currency, inflation, supply chain disruptions**, volatile foreign exchange (for imported components), inflation, rising energy costs. Global supply chain disruptions also risk delays or cost overruns.

**Threat of new entrants and substitutes**, new brands (local or international) could enter. Also, cheaper imports or used/refurbished goods could act as substitute.

## 10. Conclusion

Walton Hi-Tech PLC presents a low to moderate credit risk, underpinned by a strong financial foundation, efficient debt management, and robust liquidity. The company's market position remains strong, with significant potential for continued growth in both domestic and international markets. However, the rising debt levels and operational inefficiencies need to be closely monitored to ensure sustained profitability and financial health.

City Bank should consider extending credit facilities to Walton Hi-Tech, given its stable financial outlook and strong management. The recommended facilities—working capital loans, trade finance, and term loans—would further support the company's operational and strategic goals. However, caution should be exercised regarding foreign exchange exposure and raw material price volatility, with appropriate risk mitigation measures in place.

# **ANNEXURE**

**Annexure 01****Walton Hi-Tech Industries PLC****Profit and Loss Statement**

Analyst	Group 01			
Verifier	Group 01			
Name of Audit Farm	Howladar Yunus & Co., Chartered Accountants			
Period (months)	12	12	12	
Amount in thousand	('000)	('000)	('000)	
Statement Year	2024	2023	2022	
			Common Size	
1 Sales /Revenue/Turnover	75,121,154,616	66,374,271,405	81,681,681,284	100.0%
2 VAT & Supplementary Duty				0.0%
<b>3 Net Sales/Revenue</b>	<b>75,121,154,616</b>	<b>66,374,271,405</b>	<b>81,681,681,284</b>	<b>100.0%</b>
4 Cost of Goods/Service Sold	46,473,228,347	43,022,875,679	55,146,823,463	61.9%
<b>5 Gross Profit</b>	<b>28,647,926,269</b>	<b>23,351,395,726</b>	<b>26,534,857,821</b>	<b>38.1%</b>
6 Marketing, Selling & Distribution Expenses	8,293,518,089	6,409,291,118	7,795,190,297	11.0%
7 Administrative Expenses	1,557,382,355	1,373,610,844	1,389,331,369	2.1%
8 Depreciation/ Amortization	0	0	0	0.0%
9 Other Operating Expense	0	0	0	0.0%
<b>10 Total Operating Expenses</b>	<b>9,850,900,444</b>	<b>7,782,901,962</b>	<b>9,184,521,666</b>	<b>13.1%</b>
11 Other Operating Income	0	0	0	0.0%
<b>12 Operating Profit</b>	<b>18,797,025,825</b>	<b>15,568,493,764</b>	<b>17,350,336,155</b>	<b>25.0%</b>
13 Finance Income	1,771,221,879	32,175,844	79,765,294	2.4%
14 Other Income		201,930,120	270,571,805	0.0%
15 Other Expenses	94,590,252			0.1%
16 Provision For Welfare and profit participation fund (WPPF)	680,115,315	393,654,464	617,254,674	0.9%
<b>17 Earnings Before Interest and Tax (EBIT)</b>	<b>19,793,542,137</b>	<b>15,408,945,264</b>	<b>17,083,418,580</b>	<b>26.3%</b>
18 Financial/Interest Expenses	4,591,235,836	7,535,855,991	4,738,325,106	6.1%
<b>19 Earnings Before Tax (EBT)</b>	<b>15,202,306,301</b>	<b>7,873,089,273</b>	<b>12,345,093,474</b>	<b>20.2%</b>
20 Current Tax	57,026,659	47,752,505	65,269,058	0.1%
21 Deferred Tax/ Advance Tax Expense			113,673,860	0.0%
22 Deferred Tax/Advance Tax Income	19,979,685	1,443,239		0.0%
<b>23 Total Tax</b>	<b>37,046,974</b>	<b>46,309,266</b>	<b>178,942,918</b>	<b>0.0%</b>
<b>24 Net Profit After Tax (NPAT)</b>	<b>15,165,259,327</b>	<b>7,826,780,007</b>	<b>12,166,150,556</b>	<b>20.2%</b>
25 Extraordinary Income/ Other Comprehensive Income		31,274,333,219		0.0%
26 Extraordinary Expenses/ Other Comprehensive Expense		514,663,564		0.0%
<b>27 Total Comprehensive Income</b>	<b>15,165,259,327</b>	<b>38,586,449,662</b>	<b>12,166,150,556</b>	

**Annexure 02****Walton Hi-Tech Industries PLC****Balance Sheet**

Analyst	Group 01		
Verifier	Group 01		
<b>Name of Audit Farm</b>	<b>Howladar Yunus &amp; Co., Chartered Accountants</b>		
<b>Period (months)</b>	<b>12</b>	<b>12</b>	<b>12</b>
Amount in thousand	('000)	('000)	('000)
<b>Statement Year</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>

<b>Current Assets:</b>				<b>Common Size</b>
1 Inventories (raw materials work in progress Finished Goods)	26,182,663,525	25,573,533,341	36,197,619,159	17.94%
2 Trade Debtors/Accounts Receivables	37,246,629,669	34,674,948,386	41,894,178,885	25.52%
3 Advances, Deposits and Prepayments	7,671,704,651	5,517,637,114	5,536,502,855	5.26%
9 Short Term Loan/Investment	305,850,540	313,513,014	278,215,010	0.21%
10 Inter Company Receivables/Dues				0.00%
11 Investments Held for Sale/Marketable Securities	778,283,932	1,033,741,904	1,186,987,977	0.53%
12 Goods in Transit				0.00%
13 Cash & Bank Balance	6,547,326,350	2,417,232,161	2,321,365,628	4.49%
14 Other Current Assets				0.00%
<b>15 Total Current Assets</b>	<b>78,732,458,667</b>	<b>69,530,605,920</b>	<b>87,414,869,514</b>	<b>53.95%</b>
<b>Non-Current Assets:</b>				<b>0.00%</b>
16 Net Property, Plant and Equipment	70,863,873,952	68,824,874,693	65,475,136,944	48.56%
20 Goodwill	16,019,226	19,217,454	13,053,850	0.01%
33 Right of Use Assets	201,866,955	213,136,270	207,685,994	0.14%
34 Other Non-Current Assets	7,437,964,575	7,351,736,250	6,446,187,658	5.10%
<b>35 Total Non- Current Assets</b>	<b>78,519,724,708</b>	<b>76,408,964,667</b>	<b>72,142,064,446</b>	<b>53.80%</b>
<b>36 Total Assets</b>	<b>157,252,183,375</b>	<b>145,939,570,587</b>	<b>159,556,933,960</b>	<b>107.75%</b>
<b>Current Liabilities:</b>				
37 Working Capital Loan				0.00%
38 Short Term Loan	21,243,601,979	24,096,051,506	42,659,073,516	14.56%
39 Bank Overdraft				0.00%
40 Current Portion of Long-Term Borrowing/Loan	2,513,262,116	1,695,951,363	1,331,294,074	1.72%
41 Current Portion of Long-Term Lease	41,207,819	35,666,642	28,394,840	0.03%
42 Creditors/Liabilities for expenses/ Accrued Expenses				0.00%
43 Creditors for goods and services/Accounts Payable/Accruals	3,630,113,554	3,058,009,690	4,581,457,210	2.49%
54 Unclaimed Dividend/Dividend Payable	5,752,783	3,778,478	2,840,777	0.00%
55 Provisions and Accruals	7,904,264,162	6,521,744,872	6,261,220,114	5.42%

56	IPO Share Application Money				0.00%
57	Other Current Liabilities				0.00%
<b>58</b>	<b>Total Current Liabilities</b>	<b>35,338,202,413</b>	<b>35,411,202,551</b>	<b>54,864,280,531</b>	<b>24.21%</b>
<b>Non-Current Liabilities:</b>					<b>0.00%</b>
59	Long Term Loan	5,784,668,868	5,144,327,566	2,584,065,883	3.96%
60	Deferred Tax Liability				0.00%
61	Provision for Employee Benefits (Gratuity)	74,068,576	74,329,381	57,116,262	0.05%
62	Bond/ Preference Shares				0.00%
63	Long Term Lease	186,957,709	196,120,077	189,487,463	0.13%
66	Deferred Tax Liability	967,146,295	989,450,580	477,683,129	0.66%
67	Other Non-Current Liabilities	0	0	0	0.00%
<b>68</b>	<b>Total Non-Current Liabilities</b>	<b>7,012,841,448</b>	<b>6,404,227,604</b>	<b>3,308,352,737</b>	<b>4.81%</b>
<b>69</b>	<b>Total Liabilities</b>	<b>42,351,043,861</b>	<b>41,815,430,155</b>	<b>58,172,633,268</b>	<b>29.02%</b>
<b>Equities:</b>					<b>0.00%</b>
70	Paid-Up Capital/ Share Capital	3,029,283,430	3,029,283,430	3,029,283,430	2.08%
71	Share Premium Account	931,683,717	931,683,717	931,683,717	0.64%
72	Retained Earnings	80,209,560,207	69,403,503,630	66,119,942,829	54.96%
77	Revaluation Reserve	30,730,612,160	30,759,669,655	31,303,390,716	21.06%
80	Other Equity Items				0.00%
<b>81</b>	<b>Total Equity</b>	<b>114,901,139,514</b>	<b>104,124,140,432</b>	<b>101,384,300,692</b>	<b>78.73%</b>
82	Minority Interest				0.00%
<b>83</b>	<b>Total Equity &amp; Liabilities</b>	<b>157,252,183,375</b>	<b>145,939,570,587</b>	<b>159,556,933,960</b>	<b>107.75%</b>
<b>Validation</b>		<b>TRUE</b>	<b>TRUE</b>	<b>TRUE</b>	
Assets- Liabilities difference		0	0	0	

**Annexure 03****Walton Hi-Tech Industries PLC****Cashflow Statement**

Analyst	Group 01		
Verifier	Group 01		
Name of Audit Farm	Howladar Yunus & Co., Chartered Accountants		
Period (months)	12	12	12
Amount in thousand	('000)	('000)	('000)
Year	2024	2023	2022
A. Net cash flows from operating activities	17,256,048,456.00	33,880,146,541.00	-2,395,714,716.00
B. Net cash flows from investing activities	-4,583,580,736.00	-6,235,817,210.00	-6,471,431,925.00
C. Net cash flows from financing activities	-8,542,373,532.00	27,548,462,798.00	7,484,686,612.00
D. Net inflow of cash and cash equivalents	<b>4,130,094,188.00</b>	<b>95,866,533.00</b>	<b>-1,382,460,029.00</b>
E. Cash and cash equivalent at opening	2,417,232,161.00	2,321,365,628.00	3,703,825,657.00
F. Cash and cash equivalent at closing	<b>6,547,326,349.00</b>	<b>2,417,232,161.00</b>	<b>2,321,365,628.00</b>

**Note:** Please use sign (+/-) with the figures if needed.

**Example:** if cash flow from operation is negative 100 provide input -100.

## Annexure 04

### Components for Analysis

Year	2024	2023	2022	
<b>1 1. Financial Debt to Tangible Net Worth (DTN)</b>	<b>0.37</b>	<b>0.40</b>	<b>0.57</b>	
Total Financial Debt	42,351,043,861.00	41,815,430,155.00	58,172,633,268.00	TCL+TNCL
Total Tangible Net Worth	114,885,120,288.00	104,104,922,978.00	101,371,246,842.00	Total Equity - Goodwill - Trademark/Patent/Software - Interest Payable
<b>2 2. Financial Debt to Total Assets (DTA)</b>	<b>0.27</b>	<b>0.29</b>	<b>0.36</b>	<b>Total Financial Debt/ Total Asset</b>
Total Financial Debt	42,351,043,861.00	41,815,430,155.00	58,172,633,268.00	Long term loan+ Long term Lease+ intercompany lease
Total Assets	157,252,183,375.00	145,939,570,587.00	159,556,933,960.00	Total Asset
<b>3 2. Cash Ratio (Cash)</b>	<b>0.21</b>	<b>0.10</b>	<b>0.06</b>	<b>Cash &amp; Easily Marketable Securities / Current Liabilities</b>
Cash and easily marketable securities	7,325,610,282.00	3,450,974,065.00	3,508,353,605.00	Cash & Bank Balance + Investments Held for Sale/Marketable Securities
Current Assets	78,732,458,667.00	69,530,605,920.00	87,414,869,514.00	Total Current Asset
Current Liabilities	35,338,202,413.00	35,411,202,551.00	54,864,280,531.00	Total Current Liability
<b>5 1. Net Profit Margin (NPM)</b>	<b>0.10</b>	<b>0.18</b>	<b>0.15</b>	<b>Net Profit After Tax / Net Sales</b>
Net profit after tax	13,565,259,328.00	7,826,780,005.00	12,166,150,557.00	
Net Sales	75,121,154,616.00	66,374,271,405.00	81,681,681,284.00	
<b>6 2. Return on Assets (ROA)</b>	<b>0.09</b>	<b>0.05</b>	<b>0.08</b>	<b>Net Profit After Tax/ Average Total Assets</b>
Net profit after tax	13,565,259,328.00	7,826,780,005.00	12,166,150,557.00	
Average Total Assets	157,252,183,375.00	145,939,570,587.00	159,556,933,960.00	
<b>7 3. Operating Profit to Operating Assets (OPOA)</b>	<b>0.09</b>	<b>0.20</b>	<b>0.24</b>	<b>Operating Profit / Operating Assets</b>
Operating Profit	7,437,964,575.00	15,568,493,763.00	17,350,336,155.00	
Operating Assets	78,519,724,708.00	76,408,964,667.00	72,142,064,446.00	
<b>8 1. Interest Coverage (IC)</b>	<b>4.31</b>	<b>2.04</b>	<b>3.61</b>	<b>Earnings Before Interest and Taxes / Interest Expense</b>
Earnings Before Interest and Tax	19,793,542,137.00	15,408,945,264.00	17,083,418,580.00	
Interest Expense	4,591,235,836.00	7,535,855,991.00	4,738,325,106.00	
<b>9 2. Debt Service Coverage Ratio (DSCR)</b>	<b>7.75</b>	<b>8.90</b>	<b>12.56</b>	<b>Earnings Before Interest Tax Depreciation Amortization / Debts to be Serviced</b>
Earnings Before Interest Tax Depreciation Amortization	19,793,542,137.00	15,408,945,264.00	17,083,418,580.00	
Debts to be Serviced	2,554,469,935.00	1,731,618,005.00	1,359,688,914.00	Current Portion of Long-Term Borrowing/Loan + Current Portion of Long-Term Lease + Investment in Shares/Bond + Interest Payable
<b>10 3. Operating Cashflow to Debt Ratio (CDR)</b>	<b>0.80</b>	<b>(0.57)</b>	<b>0.00</b>	<b>Operating Cash flow / Total Financial Debt</b>
Total Financial Debt	42,351,043,861.00	41,815,430,155.00	58,172,633,268.00	
Operating Cash flow	17,256,048,456.00	33,880,146,541.00	(23,957,147,161.00)	
<b>11 4. Cashflow Coverage Ratio (CCR)</b>	<b>6.76</b>	<b>19.57</b>	<b>(17.62)</b>	<b>Operating Cash flow / Debt to be serviced</b>
Operating Cash flow	17,256,048,456.00	33,880,146,541.00	(23,957,147,161.00)	
Debt to be serviced	2,554,469,935.00	1,731,618,005.00	1,359,688,914.00	
<b>12 1. Stock Turnover Days (STD)</b>	<b>202.82</b>	<b>213.99</b>	<b>236.30</b>	<b>(Total Inventory / COGS) * 360</b>
Total Inventory	26,182,663,525.00	25,573,533,341.00	36,197,619,159.00	
COGS	46,473,228,347.00	43,022,875,679.00	55,146,823,463.00	
<b>13 2. Trade Debtor Collection Days (TDCD)</b>	<b>178.50</b>	<b>188.07</b>	<b>184.64</b>	<b>(Total Accounts Receivable / Sales) * 360</b>
Total Accounts Receivable	37,246,629,669.00	34,674,948,386.00	41,894,178,885.00	
Sales	75,121,154,616.00	66,374,271,405.00	81,681,681,284.00	

<b>14</b>	<b>3. Asset Turnover (AT)</b>	<b>0.48</b>	<b>0.45</b>	<b>0.51</b>	<b>Sales / Average Total Assets</b>
Sales	75,121,154,616.00	66,374,271,405.00	81,681,681,284.00		
Average Total Assets	157,252,183,375.00	145,939,570,587.00	159,556,933,960.00		
<b>15</b>	<b>1. Operating Cash Flow to Sales (CFS)</b>	<b>0.23</b>	<b>0.51</b>	<b>(0.29)</b>	<b>Operating Cashflow / Sales</b>
Operating Cashflow	17,256,048,456.00	33,880,146,541.00	(23,957,147,161.00)		
Sales	75,121,154,616.00	66,374,271,405.00	81,681,681,284.00		
<b>16</b>	<b>2. Cashflow based accrual ratio (CAR)</b>	<b>0.04</b>	<b>0.00</b>	<b>0.02</b>	<b>(NI-CFO-CFI) / Average Net Operating Assets</b>
Operating Assets Y1	149,926,573,093.00	142,488,596,522.00	156,048,580,355.00		
Operating Liabilities Y1	18,366,014,238.00	15,791,640,567.00	13,964,383,375.00		
<b>Net Operating Assets Y1</b>	<b>131,560,558,855.00</b>	<b>126,696,955,955.00</b>	<b>142,084,196,980.00</b>		
<u>NI-CFO-CFI</u>	5,314,358,883.00	43,878,045.00	2,981,628,890.00		
<b>Average Net Operating Assets</b>	<b>144,299,802,980.00</b>	<b>136,214,420,274.00</b>	<b>150,820,565,470.00</b>		
<b>Net Operating Assets Y1</b>	<b>131,560,558,855.00</b>	<b>126,696,955,955.00</b>	<b>142,084,196,980.00</b>		
<b>Net Operating Assets Y0</b>	<b>157,039,047,105.00</b>	<b>145,731,884,593.00</b>	<b>159,556,933,960.00</b>		
Operating Assets Y0	157,039,047,105.00	145,731,884,593.00	159,556,933,960.00		Total Assets- Prepayment of Rent - Other Long-Term Receivables

## Annexure 05

### Internal Credit Risk Score Sheet

#### Quantitative Analysis

File / Reference No:	14.1/154/2025
Borrower Name	Walton Hi-Tech Industries PLC
Group Name (if any)	Walton Group
Industry Name	14. Electrical Electronics Industry
Industry Code	114
Latest CIB Status	Standard
Audit Status	Audited
Auditor Name	Howlader Yunus & Co., Chartered Accountants
Analyst Name, Designations	Group 01, Student
Verifier Name, Designation	Group 01, Student
Date of Analysis	29-09-2025
Date of Financials	16-01-2025

#### Quantitative Indicators (60)

Criteria	Parameter	Score	Actual Parameter	Score Obtained
<b>A. Leverage</b>		<b>10</b>		<b>10</b>
<b>1. Financial Debt to Tangible Net Worth (DTN)</b>				
	Less than 0.75x	7	0.37	7
	0.75x to 1.0x	6		
	1.01x to 1.25x	5		
	1.26x to 1.50x	4		
	1.51x to 2.0x	3		
	2.01x to 3.00 x	2		
	More than or equal to 3.01x	0		
<b>2. Financial Debt to Total Assets (DTA)</b>				
	Less than 0.45x	3	0.27	3
	0.45x to 0.74x	2		
	0.74x to 0.99x	1		
	More than 1.00x	0		
<b>B. Liquidity</b>		<b>10</b>		<b>10</b>
<b>1. Current Ratio (CR)</b>				
	Greater than 1.50x	7	2.23	7
	1.01x to 1.50 x	6		
	.75x to 1x	5		
	.51x to .75x	3		
	0.35x to 0.50x	2		
	Less than or equal .35	0		
<b>2. Cash Ratio (Cash)</b>				
	Greater than 0. 10x	3	0.21	3
	0.05x to 0. 10 x	2		

0.03x to 0.05x	1		
Less than 0.03x	0		
<b>C. Profitability</b>	<b>10</b>	<b>10</b>	
<b>1. Net Profit Margin (NPM)</b>			
Greater than 6.00%	5	<b>10.42%</b>	<b>5</b>
5% to 6.00%	4		
4% to 5%	3		
3% to 4%	2		
1% to 3%	1		
Less than or equal to 1%	0		
<b>2. Return on Assets (ROA)</b>			
Greater than 6%	3	<b>8.63%</b>	<b>3</b>
3.01% to 6.00%	2		
2.01% to 3.00%	1		
Less than 2%	0		
<b>3. Operating Profit to Operating Assets (OPOA)</b>			
Greater than 8%	2	<b>9.47%</b>	<b>2</b>
5.01% to 8%	1		
Less than or equal to 5%	0		
<b>D. Coverage</b>	<b>15</b>	<b>15</b>	
<b>1. Interest Coverage (IC)</b>			
More than 3x	3	<b>4.31</b>	<b>3</b>
2.01x- 3x	2		
1.01x-2.00x	1		
Less than or equal to 1x	0		
<b>2. Debt Service Coverage Ratio (DSCR)</b>			
Greater than 2.50x	5	<b>7.75</b>	<b>5</b>
2.x to 2.5x	4		
1.5x to 2x	3		
1.25x to 1.49 x	2		
1.01x to 1.24x	1		
Less than or equal to 1x	0		
<b>3. Operating Cashflow to Debt Ratio (CDR)</b>			
More than .25x	4		<b>4</b>
.15x to .25x	3		
.1x to .15x	2		
.05x to .10x	1		
less than .05x	0		
<b>4. Cashflow Coverage Ratio (CCR)</b>			
More than 1.5 times	3	<b>6.76</b>	<b>3</b>
0.51 time to 1.5 times	2		

Less than or equal to 0.5 time	0		
<b>E. Operational Efficiency</b>	<b>10</b>	<b>2</b>	
<b>1. Stock Turnover Days (STD)</b>			
Less than 90 days	4	<b>203</b>	<b>1</b>
90 to100 days	3		
100 to 120 days	2		
120 days to 180 days	1		
More than or equal to 180 days	0		
<b>2. Trade Debtor Collection Days (TDCD)</b>			
Less than 45 days	3	<b>178</b>	<b>0</b>
45 days to 60 days	2		
60 days to 90 days	1		
More than or equal to 90 days	0		
<b>3. Asset Turnover (AT)</b>			
More than 100%	3	<b>47.77%</b>	<b>1</b>
51% to 100%	2		
31% to 50%	1		
Less than or equal to 30%	0		
<b>F. Earning Quality</b>	<b>5</b>	<b>3</b>	
<b>1. Operating Cash Flow to Sales (CFS)</b>			
More than 8%	3	<b>22.97%</b>	<b>3</b>
4.01% to 8%	2		
2.01% to 4%	1		
Less than or equal to 2%	0		
<b>2. Cashflow based accrual ratio (CAR)</b>			
Negative = 2	2	<b>0.04</b>	<b>0</b>
Positive =0	0		
<b>Total</b>	<b>60</b>	<b>50</b>	
<b>Percentage</b>		<b>83%</b>	

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## Glossary

**Internal Credit Risk Rating System (ICRRS):** A framework used to assess a company's creditworthiness through a combination of quantitative financial analysis (e.g., ratios) and qualitative assessments (e.g., management quality, governance).

**Quantitative Analysis:** The numerical analysis of a company's financial statements, using ratios like profitability, liquidity, leverage, and operational efficiency to evaluate financial health.

**Qualitative Analysis:** The assessment of non-financial factors that impact credit risk, such as management quality, industry stability, and operational risks.

**Solvency:** A measure of a company's ability to meet its long-term obligations, often assessed by the ratio of equity to liabilities.

**Liquidity:** The company's ability to meet short-term obligations. Ratios like the current ratio and quick ratio are commonly used for this assessment.

**Leverage:** The extent to which a company uses debt to finance its operations, typically assessed through ratios like debt-to-equity.

**Debt-to-Equity Ratio (D/E):** A measure of a company's financial leverage, calculated by dividing total liabilities by shareholders' equity.

**Interest Coverage Ratio (IC):** A ratio used to determine how easily a company can pay interest on its outstanding debt, calculated by dividing EBIT by interest expenses.

**Return on Assets (ROA):** A measure of a company's profitability relative to its total assets, calculated by dividing net income by total assets.

**Debt Service Coverage Ratio (DSCR):** A ratio used to evaluate a company's ability to service its debt, calculated by dividing operating income by debt obligations.

**Operational Efficiency:** A measure of how effectively a company uses its assets to generate revenue, often assessed by turnover ratios (e.g., stock turnover days, asset turnover).

**Earnings Quality:** An indicator of how sustainable and reliable a company's earnings are, often assessed through ratios like operating cash flow to sales.

**Collateral:** Assets pledged by a borrower to secure a loan. If the borrower defaults, the lender can claim the collateral to recover the loan.

**Risk Rating:** The final score or assessment that indicates the overall risk of lending to a company. Ratings can range from "Excellent" to "Unacceptable," based on quantitative and qualitative scores.

**Management Risk:** An assessment of the company's management team, focusing on their experience, governance, and strategic decisions.

**Security Risk:** The risk associated with the collateral provided for loans. It evaluates the type and value of collateral securing the loan.

**Performance Behavior:** A measure of how consistently the company has met its financial obligations, including past loan classifications and debt rescheduling.

**Credit Analysis:** The process of evaluating a borrower's ability to repay loans, considering both financial data and non-financial factors.

**Compliance Risk:** The risk that a company may fail to comply with laws, regulations, or internal standards, potentially leading to financial penalties or other issues.

**Financial Health:** An overall assessment of a company's ability to generate revenue, manage debt, and maintain liquidity, ensuring long-term financial stability.

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