Internship Report on

A Comprehensive Financial Performance Analysis of

Walton Group

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A Comprehensive Financial Performance Analysis of Walton Group

Submitted By:

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Submitted To:

Ms. Sabrina Akhter

Assistant Professor

Department of Business Administration

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Date of Submission: March 15, 2024

Letter of Transmittal

Date: 11th March, 2024

Ms. Sabrina Akhter

Assistant Professor

Faculty of Business and Entrepreneurship

Daffodil International University

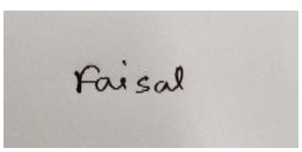
Subject: Submission of internship report entitled **“A Comprehensive Financial Performance Analysis of Walton”.**

Dear Ma’am,

It is a pleasure to hand the report of my internship program to you on **“A Comprehensive Financial Performance Analysis of Walton Group”** as a requirement of the BBA program of the Department of Business Administration for your consideration. I've finished the report on schedule and accomplished every suggested goal. In addition to the knowledge I have learned in academic, this internship program and writing the report have helped me comprehend the subject matter.

I have made every effort to ensure that this report is thorough and educational. I sincerely hope you will find the report up to your standards and value my effort. It must be emphasized once more that I could not have finished this report without your guidance and assistance. I would be happy to respond to any questions you may have about this report.

Sincerely yours,



Faisal Ahammed
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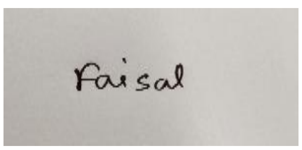
Student's Declaration

I, Faisal Ahammed, hereby certify that the internship report titled **"A Comprehensive Financial Performance Analysis of Walton Group"** was personally created by me under the supervision of **Sabrina Akhter** Ma'am after finishing the 90 day internship at the Walton Corporate Office. The content in this internship report is based on three months of practical experience at the Walton Corporate Office.

I would additionally like to make clear that the report was created just for academic purposes and not for any other cause.

Sincerely,



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Letter of Approval

This to certify that Faisal Ahammed, ID# 201-11-1070, Program BBA, Batch 55th , Major in Finance is a regular student of Department of Business Administration, Faculty of Business and Entrepreneurship, Daffodil International University. He has successfully completed his internship program at Walton Corporate Office, Bashundhara Residential Area, Dhaka and has prepared this internship report under my direct supervision. His assigned internship topic was "**A Comprehensive Financial Performance Analysis of Walton**". I think that the report is worthy of fulfilling the partial requirements of BBA program.

I wish his happiness and every success in life.

Sabrina Akhter

Assistant Professor

Department of Business Administration

Faculty of Business & Entrepreneurship

Daffodil International University

Acknowledgements

I would like to express my heartfelt gratitude and appreciation to all those who have supported and guided me throughout my internship period and the completion of this internship report.

First and foremost, Ma'am **Ms. Sabrina Akhter**, who oversaw me during the internship, has my sincere gratitude. His knowledge, direction, and unwavering support were crucial in forming my comprehension of the sector and offering insightful advice for creating this report. His support and insightful criticism have been invaluable to my professional growth, and I sincerely appreciate his excellent mentoring.

In addition, I want to sincerely thank the entire Plaza sales and development team for their cooperation and kind welcome throughout my internship. In particular, **Mr. Nahid** Sir, my team leader, whose thorough oversight and encouragement motivated me to complete the assignments. My learning and development have been greatly aided by the team's collaborative work atmosphere.

I sincerely appreciate all of my colleagues who so kindly offered their knowledge and experience with me. Their willingness to engage in exchanging ideas, patience, and readiness to respond to my inquiries have been excellent.

In addition, I want to express my gratitude to the WALTON GROUP for giving me this internship chance. My professional growth has been greatly aided by the exposure to practical situations and the actual application of academic information, which will surely help me in my future aspirations.

I am especially appreciative of the assistance provided by my fellow interns as we worked through our internship together. This internship has been unforgettable because of their friendship, conversations, and shared experiences.

Last but not least, I want to sincerely thank my family and friends for their constant support and encouragement during my internship. Their confidence in my skills and unwavering encouragement have been the main factors behind my accomplishments.

Thank you all for being an integral part of my internship journey and for helping me succeed.

Executive Summary

Walton Group is a well-known business in Bangladesh, the first Bangladeshi firm focused on electronics and electrical appliances, WHIPLC has made waves around the world. I have covered the Walton Group's general operations and financial performance analysis in this report. Financial Performance Analysis has made it possible to ascertain the current state of the business. The Walton Group's financial performance is analyzed using a variety of ratios, such as common size, trend analysis, operating efficiency ratios, profitability ratios, efficiency or activity ratios, and financial risk/leverage ratios. Walton High-tech is one of the Walton Group's most notable business divisions. They are dedicated to provide comprehensive local services to their customers. Effective handling of transactions trustworthy financial data Novel goods superior clearance services worldwide.

The goal of this internship report is to identify problems via analysis and ascertain the best approaches to solving them. Comprehensive techniques are used to examine the financial performance of the Walton Group. Finally, I've included my results, a conclusion, a reference, and some ideas for potential solutions to the issues. Additionally, made an effort to pinpoint a few elements that would enable Walton Group to boost revenue, grow its market share, and establish a stable market. Gave some suggestions that would enable Walton Group to develop a better work-friendly environment and be more productive than it was the year before while also setting itself apart from other rival organizations.

Analysis; common record size; common earnings report size; analysis; and record analysis. The financial performance analysis included in the report's fourth chapter is crucial.

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CHAPTER-1

INTRODUCTION

1.1 Introduction

Understanding a company's financial performance is crucial for decision-makers, stakeholders, and investors alike in the changing world of modern business. In order to give a thorough picture, we thoroughly examine Walton Group's financial indicators, strategy, and market positioning in this study, delving into its complex structure.

Walton Group is a prominent participant in the sector, and its competitiveness and operational efficiency are measured by its financial performance. This research seeks to shed light on the company's advantages, disadvantages, opportunities, and risks through in-depth analysis, providing crucial information for well-informed decision-making.

We set out to explore the subtleties of Walton Group's financial environment, from closely examining important financial statistics to assessing market trends and competitive dynamics. We hope to provide a clear picture of the company's financial health by combining quantitative data with qualitative evaluations, empowering stakeholders to make informed decisions and calculated actions.

Walton Group, in its enlarged form, is Bangladesh's biggest and most prominent manufacturer. The first Bangladeshi firm focused on electronics and electrical appliances, WHIPLC has made waves around the world. In order to create a fully connected, intelligent society, WHIPLC is dedicated to making technology easy for everyone to use in their homes, workplaces, and other spaces. Serving more than 177 million people globally, WHIPLC employs more than 35,000 people and operates in more than 40 countries. Bangladesh and other countries are the manufacturing and marketing hubs for over 250 items.

Their goal is to improve people's quality of life by using information, technology, and talents responsibly. To provide consumers the best possible experience, they are dedicated to pursuing excellence through top-notch goods, creative workflows, and empowered staff.

They promise to provide clients value for their money by offering high-quality products and services that are consistently delivered. Guarantee a higher return on investment by employing their own core strengths to run effective operations and make wise use of resources. Walton Group adheres to a unique set of values, Quality, Customer, Focus, Fairness, Transparency, and Continuous Improvement, in order to uphold and innovate.

1.2 Origin of the Report

Each student enrolled in Daffodil International University's BBA program has to finish an internship with an organization and then produce a report in the program's last semester. This report fulfills the assessment method criteria for the internship program. The basis for this research, "A Comprehensive Financial Performance Analysis of Walton Group" is my three-month internship at the corporate headquarters of Walton Group, located in Bashundhara Residential Area, Dhaka. Under the guidance of my organization supervisor, Md. Nahid Hasan, Senior Officer of the customer relations department at Walton, and after conferring with my supervisor, Sabrina Sultana, an Assistant Professor in the Department of Business Administration at the Faculty of Business & Entrepreneurship, Daffodil International University, I prepared this internship report on the subject at hand.

1.3 Significance of the Report

One of the main requirements for the four-year BBA degree is this internship report. This is because knowledge and learning become perfect when theory and practice are merged. Under this internship program, students may expand their networks and contacts. In the real world, people you know can assist you get employment. In this approach, students may train and get ready for the workforce. Bangladesh is a developing nation with a high percentage of college graduates who are unemployed. Due to their lack of internship experience, which is essential in getting a job, they have not been able to gain standard professional experience in creating a networking structure.

As a result, the importance of internship is clearly justified as a critical requirement of a four year BBA program.

1.4 Objectives

1.4.1 General Objective

The general objective of this study is to analyze the financial performance of Walton Group.

1.4.2 Specific Objectives

- To know the current financial position of Walton Group.
- To calculating and analyzing different types of ratio such as Liquidity Ratio, Operating Efficiency Ratios, Profitability Ratio, etc.
- To identify the problems related with the financial performance of Walton Group and suggest some possible recommendations to overcome the problems.

1.5 Methodology

Data collection: From selecting the topic to the presentation of the final report, the study needs a methodical process. The descriptive technique was used in this study to gather information and comprehend the Walton Group's financial performance. In order to conduct the study, data sources were located and gathered. They were then categorized, processed, evaluated, and presented systematically, yielding important findings. The general methodological technique that was used for the study is listed below.

Sources of data:

The data used to complete this report has been collected from the Secondary sources.

Secondary Sources:

- Walton Group Annual report 2019-2023.
- Web site of Walton Group. (http://www.walton.bd.com).
- Lanka bd (http://lankabd.com)
- Articles in the newspapers.
- Third-party blogs, websites articles etc.

Data Analysis:

To analyze the data, MS Excel has been used.

1.6 Limitation of Study

To develop a report, a number of elements and experiences are needed. Nonetheless, there were several challenges in generating a comprehensive and precise report. Certain impediments or limitations that hinder my ability to do my job.

While putting together this internship report, I ran into a few obstacles. The restriction is listed below.

- The difference between rules and regulations and practical practice has been difficult to explore.
- The lack of some recent and historical data.
- Insufficient data on the webpage.
- Gathering the required data was an extremely difficult task.
- A few policies and processes were confusing to grasp.
- Internal data and information were not shared by the company.

CHAPTER-2
ORGANIZATIONAL OVERVIEW

2.1 Background of Walton Group

The largest industrial producer of electronics and electrical items worldwide is Walton Group. After being established in Bangladesh, the business has grown to include hundreds of international subsidiaries in the consumer electronics and electrical products sectors, as well as transportation and many specialized R&D facilities worldwide. Currently, Walton has 22 industrial facilities spanning more than 700 acres that employ over 35,000 people. Depending on market demand, these factories may produce up to 10,000,000 units annually. In terms of product quality, pricing, design, and innovation, the firm has established a reputation as the most competitive in the world.

Beginning in 1977, WHIPLC produced refrigerators, air conditioners, freezers, and compressors. In the beginning of 2008, the company began producing TVs, houses, and other electrical equipment. Due to its robust manufacturing capabilities, premium goods, affordable prices, wide distribution network, and prompt after-sale service, Walton & Marcel has become one of the most reputable and trustworthy companies in Bangladesh's Electronics and Electronics (E&E) industry. Both brands quickly became well-known and grew their market share, becoming major players in Bangladesh's electronics and electronics (e&e) industry. Apart from gas stoves, TVs, freezers, refrigerators, air conditioners, and LED lights, Walton now commands a 75% market share in refrigerators, a 50% market share in televisions, and a 20% market share in air conditioners. With a diverse product line that includes mobile phones, washing machines, blenders, microwaves, electric fans, and LED lamps, Walton distributes its goods to 40 countries in Africa, Europe, and Asia.

2.2 Mission of Walton

Responding to the ever-changing consumer and market demands through responsible innovative brilliance and recognizing quality standards.

2.3 Vision of Walton

Aspiring to be a bold leader among the top 5 global E &E brands.

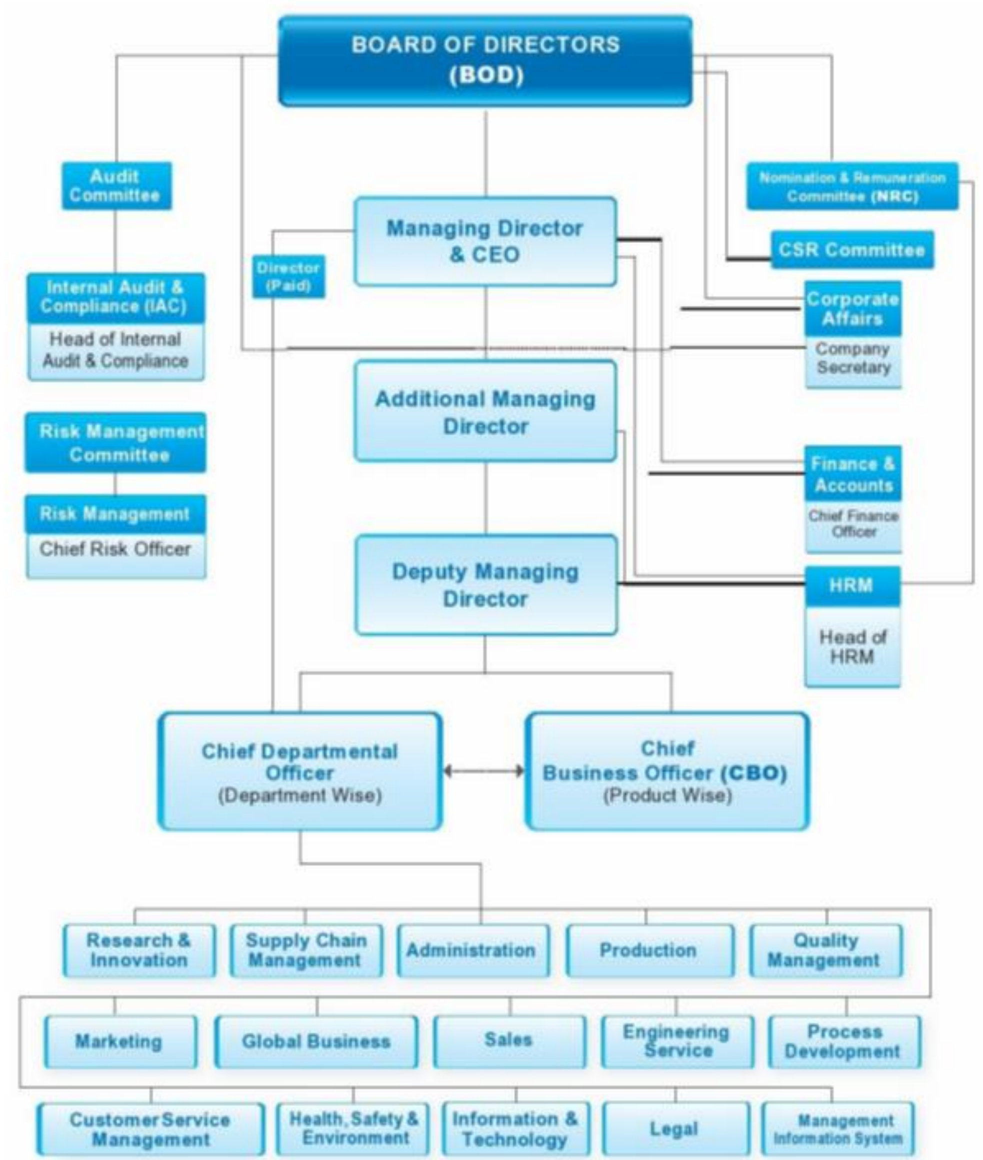
2.4 CORPORATE CULTURE

- Respect your teammates.
- Never be another grapevine, work for progress, and be positive.
- Be creative and intuitive, own what you do in full.
- Be socially responsible.
- Empathy and maturity go hand in hand.

2.5 The core value

- Respect your teammates.
- Never be another grapevine, work for progress, and be positive.
- Be creative and intuitive, own what you do in full.
- Be socially responsible.
- Empathy and maturity go hand in hand.

2.6 Organizational Structure of Walton



2.7 Walton Group’s achievement

International Awards

- Best Innovative Electronic Goods Manufactures, DITF 2023
- Walton achieved British Safety Council Award
- Walton achieved Royal Society for the Prevention of Accidents (RoSPA) Award
- Highest VAT Payer, DITF-2020 from Bangladesh Custom & VAT
- Walton Achieved Superbrands award 2020-21
- Second Prize for Highest VAT Payer, DITF-2019
- Bangladesh Master Brand Awards 2018
- First Prize for Premier Pavilion Category, DITF-2017
- Global Brand Excellence Awards, 2014

Local Awards

- Walton achieved Ninth Times Best Refrigerator Brand Award-2022
- Walton Achieved First HSBC Business Excellence Awards-2020
- IFIC Bank - Somokal Prestigious Large Industry Enterprises Industry and Commerce Award - 2018
- Manufacturing Achievement Award
- Walton Hi-Tech Industries honored with National Environment Award 2018
- Best Refrigerator Local Brand Award-2017
- 8th Best TV Local Brand Award-2015
- DHL- Daily Star Bangladesh Business Award-2014
- Best Sponsor Award-2012

- Creative Media Ltd. BABISAS Award-2012

2.8 Products of Walton

a summary of the extensive range of goods that Bangladesh's top conglomerate, Walton BD Group, offers. The company works in a number of industries, including as electronics, products for the house, autos, and more. The main product categories and the corresponding subcategories within each sector are highlighted on the following pages.

Product Line	
Segments	Product
Refrigerators	• Single door refrigerators • Double door refrigerators • Side-by-side refrigerators
Televisions	• LED TVs • Smart TVs • Android TVs
Washing Machines	• Semi-automatic washing machines • Fully automatic washing • Top-load washing machines • Front-load washing machines

Air Conditioners	• Split ACs • Window ACs • Inverter Acs
Elevator	• Passenger Elevator • Cargo Elevator
Kitchen Appliances	• Gas stoves • Electric ovens • Microwave ovens • Rice cookers • Blender and juicers
Power Products	• Generators • IPS (Instant Power Supply) • Voltage stabilizers
Home Appliances	• Irons • Vacuum cleaners • Air purifiers • Water purifiers • Electric fans
Lighting Solutions	• LED bulbs • Tube lights • Energy-saving lamps
Motorcycles	• Scooters • Commuter motorcycles


WALTON
WALTON

CHAPTER-3

FINANCEAL PERFORMANCE ANALYSIS OF WALTON GROUP

3.0 Performance Analysis of Walton:

Performance analysis is a systematic process of measuring and evaluating performance metrics to achieve specific goals. It involves collecting and analyzing data to identify strengths, weaknesses, and areas for improvement. Through this analysis, actionable insights are derived to enhance performance and achieve desired outcomes continuously.

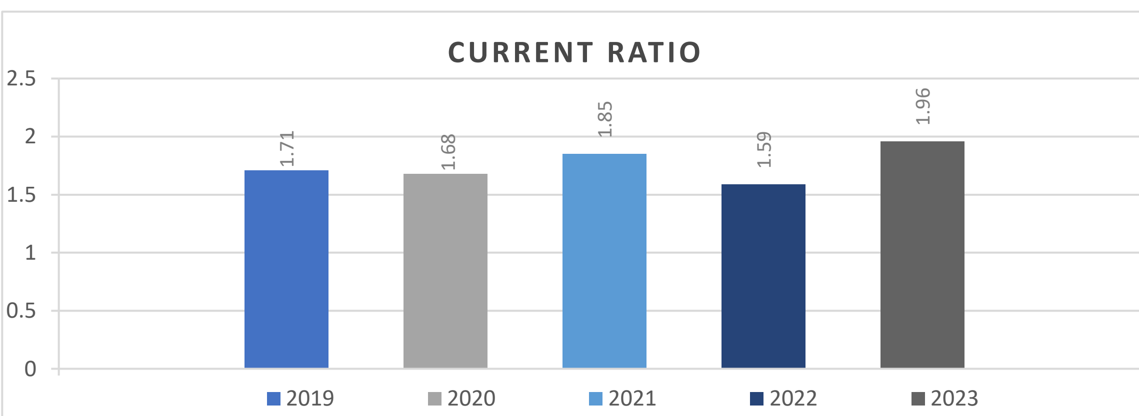
3.1 Liquidity Ratio:

The liquidity ratio of a company shows how effectively it can pay down its obligations with its current assets, which include cash and cash equivalents. The liquidity ratio can be used to assess a company's capacity to pay down short-term debt.

3.1.1 Current ratio

A company's willingness and ability to use its short-term assets to pay down its short-term debts is shown by its current ratio. The ratio of the company's cash or current assets to its debt, expressed in dollars. A greater current ratio shows that the company has sufficient cash on hand to settle its outstanding bills.

Current Ratio	
2019	1.71
2020	1.68
2021	1.85
2022	1.59
2023	1.96



Interpretation: The data shows that Walton's current ratio fluctuates on an annual basis. With a current ratio of 1.96 in 2023, the company will have 1.96 dollars in current assets to pay down its debt for every dollar owed. This implies that the business is doing extremely well. However, compared to 2023, the ratio in 2022 is a little smaller. The graph displays the company's positive growth in comparison to where it is now. Source: (Walton High tech, 2019-23).

Recommendations:

This company is currently expanding annually. They have to make effective use of the resources they now have in order to maintain their position.

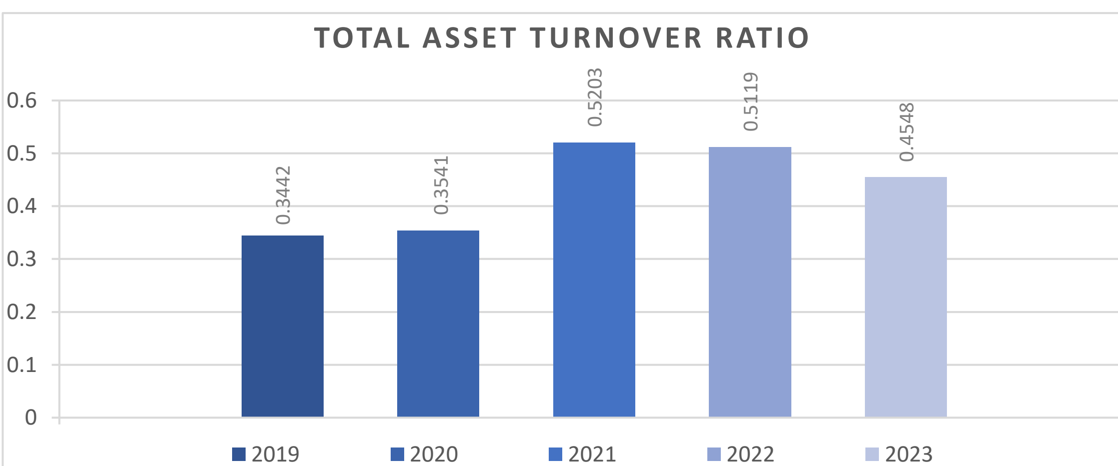
3.2 Activity Ratio

The activity ratio is crucial for the company to evaluate its ability to bring in extra revenue and how it uses the main components of the balance sheet.

3.2.1 Total asset Turnover Ratio

An instrument for evaluating a company's ability to generate income from its full asset base is the total asset turnover ratio. The ratio helps investors decide whether or not to invest in this company.

Total Asset Turnover Ratio	
2019	0.3442
2020	0.3541
2021	0.5203
2022	0.5119
2023	0.4548



Interpretation: The ratio will increase during the following two years, showing that the business is doing very well. Unfortunately, the ratio has been dropping lately, which is bad for the company. It implies that the company is not generating income from its resources to the fullest extent possible. Source: (Walton High tech, 2019-23).

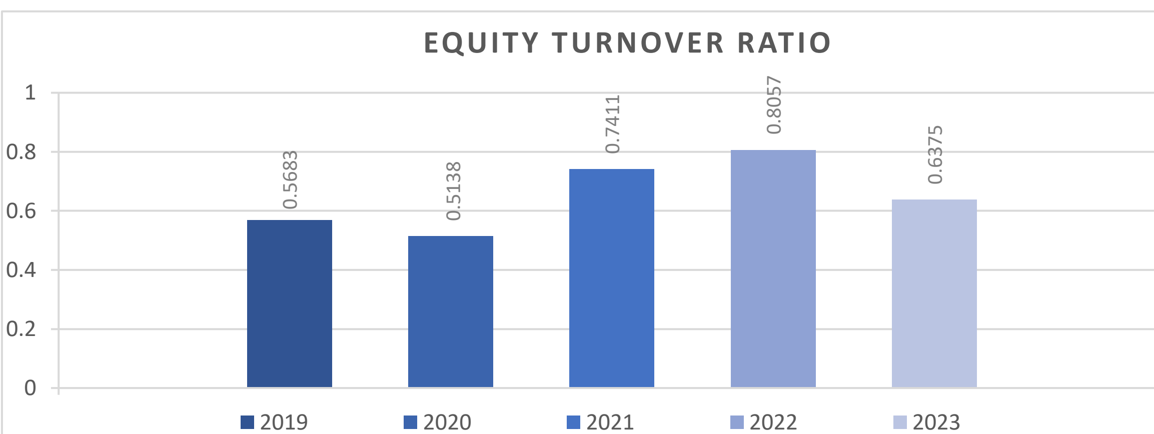
Recommendations:

The company must better utilize all of its resources in order to increase sales.

3.2.2 Equity Turnover Ratio

The equity turnover ratio provides information about a company's income generation and is based on average shareholder equity. It indicates if the company is profitable for its investors. The company must better utilize all of its resources in order to increase sales.

Equity Turnover Ratio	
2019	0.5683
2020	0.5138
2021	0.7411
2022	0.8057
2023	0.6375



Interpretation: The graph shows that the equity turnover ratio will rise in 2021 and 2022. This suggests that the business has used its equity effectively and profitably during the last two years. But in 2023, the ratio falls from 0.8057 to 0.6375, which is bad for the company.

It suggests that the company might not have made the best use of its equity. Source: (Walton High tech, 2019-23).

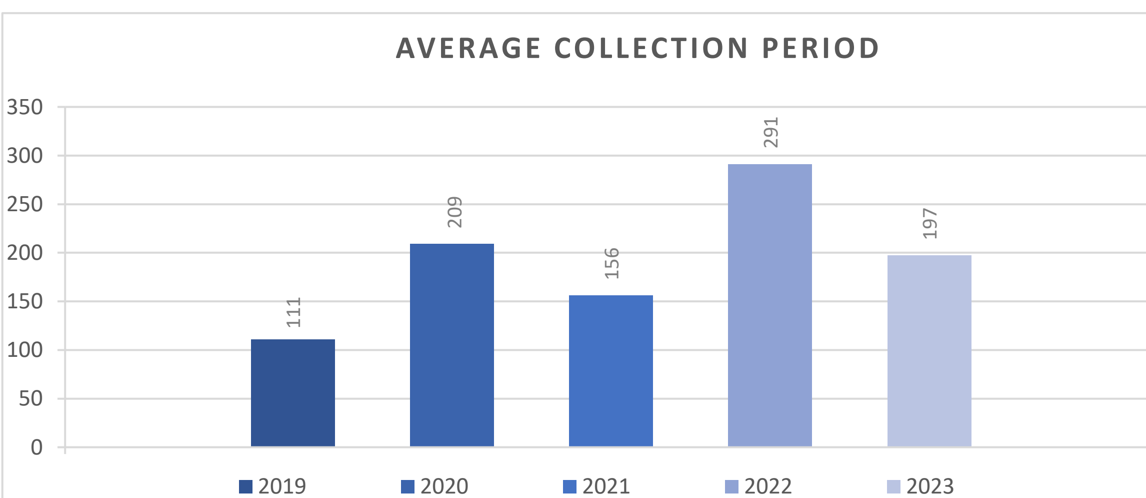
Recommendations:

This company should focus on increasing its entire equity and using it appropriately in order to raise its overall income.

3.2.3 Average Collection Period

This ratio displays how successfully a company collects payments from its customers. How rapidly the company can reduce its accounts receivable and how long it takes to collect payments. An extended average collection period indicates that the business is in a risky position. This suggests that there isn't enough cash on hand to support the company's everyday operations. A shorter average collection period is advantageous to a company's day-to-day operations.

Average Collection Period	
2019	111
2020	209
2021	156
2022	291
2023	197



Interpretation:

This information shows that in 2020, Walton's average collection period grew from 111 to 209 days. It decreases in 2021 and increases in 2022 once again. In the end, in 2023, the company needs 197 days to collect its receivables from customers. This is nothing like how they performed earlier in 2019. They are, however, trying to reduce the number of days that comprise their usual collection period in comparison to 2022. Source: (Walton High tech, 2019-23).

Recommendations:

Walton's time for collecting money is still rather extended. They should focus on increasing their accounts receivable turnover rate. If they could achieve that, perhaps they could reduce the average amount of time it takes them to collect money.

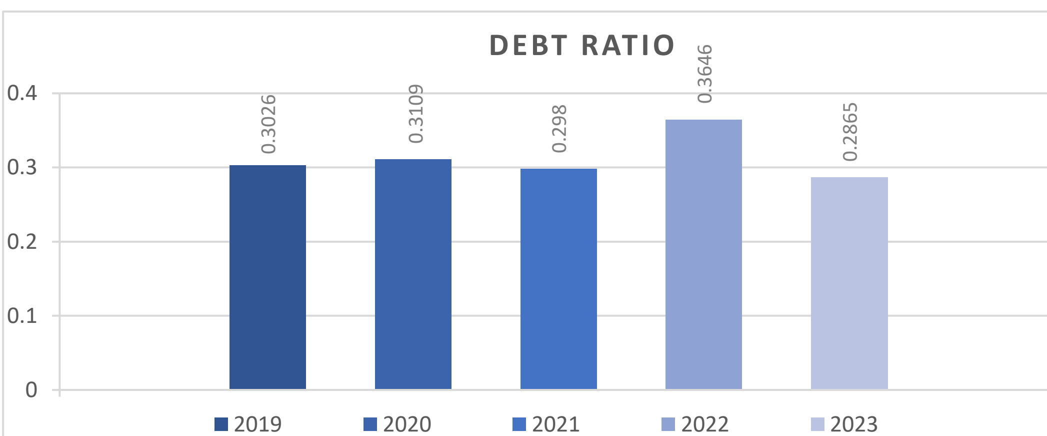
3.3 Solvency Ratio

The solvency ratio measures the amount of capital granted by creditors to equity holders for the purpose of conducting daily business activities. We may evaluate a company's debt-to-income ratio and risk profile using this ratio. It evaluates the state of the business's finances and displays the amount of cash on hand to settle its non-current debt.

3.3.1 Debt ratio

Debt ratio calculated by dividing a company's total liabilities by its total assets. A larger debt ratio is bad for the company. Since a higher debt ratio implies that a company has either more or fewer liabilities. Sustaining an organization's total debt is a smart move for efficient business operations.

Debt Ratio	
2019	0.3026
2020	0.3109
2021	0.2980
2022	0.3646
2023	0.2865



Interpretation:

Walton's debt-to-asset ratio performance is easier to grasp thanks to the graph. It is evident how the debt ratio changed throughout the course of these five years. The debt to income ratio varies from one year to the next. This finding implies that their debt and asset management is erratic. Because of the lower debt ratio than in prior years, 2023's performance is comparatively strong. Source: (Walton High tech, 2019-23).

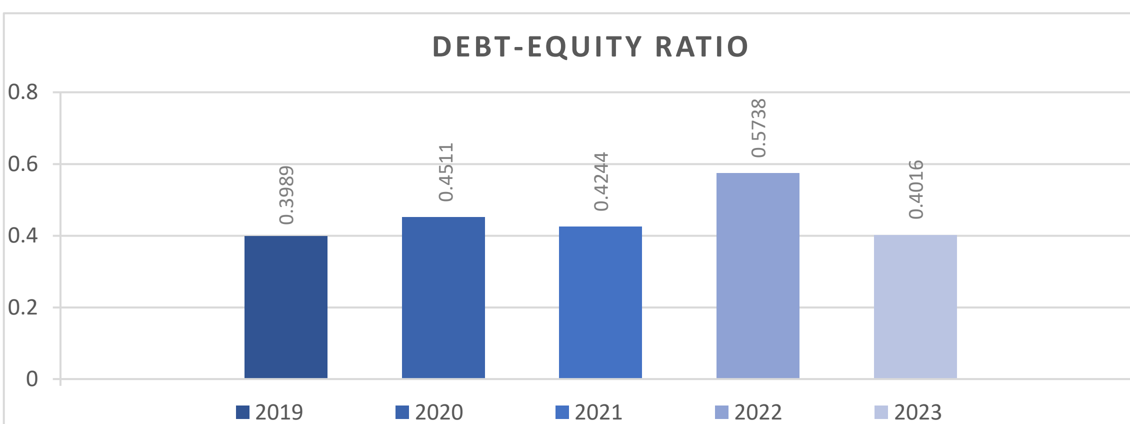
Recommendations:

Walton has already resumed his path. They tried to use their resources more sensibly over time. They should try to maintain the current level of performance by developing strategic plans that work.

3.3.2 Debt-Equity Ratio

A company's ability to pay off debt using equity capital was assessed using the debt-to-equity ratio. The debt-to-equity ratio shows how much of a company's capital comes from lenders and investors. An increased dependence on equity capital for debt repayment is indicated by a higher debt-to-equity ratio.

Debt-Equity Ratio	
2019	0.3989
2020	0.4511
2021	0.4244
2022	0.5738
2023	0.4016



Interpretation:

The debt-to-equity ratio in this instance is increasing over time, as the graph illustrates. The steadily rising ratio gives us a poor feeling about the performance of the company. A higher percentage suggests that debt financing is more important to the company's ongoing operations than equity financing. In 2023, the debt-to-equity ratio was 0.4016, a decrease over the previous year. Source: (Walton High tech, 2019-23).

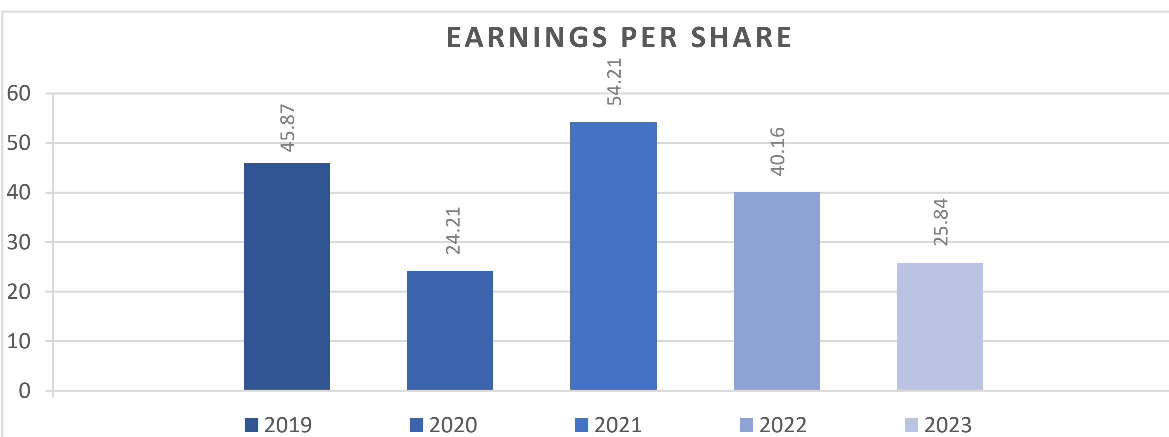
Recommendations:

This company is making an effort to reduce its debt-to-equity ratio, as seen by its performance in 2023. In order to guarantee profitability, the corporation had to endeavor to achieve the optimal equilibrium between debt and equity.

3.3.3 Earnings Per Share

The earnings per share ratio displays the amount of profit distributed by the company to each common shareholder. It is an essential indicator of a company's profitability that is also used to determine stock price.

Earnings Per Share	
2019	45.87
2020	24.21
2021	54.21
2022	40.16
2023	25.84



Interpretation:

The table and graph present a poor case for the recent year 2023. In 2019, the EPS ratio achieved a commendable 45.87. But after 2020, it starts to gradually diminish. On the other hand, 2021 saw the highest EPS of 54.21. Walton's 2023 performance pales in contrast to his previous years'. Investors are drawn to a company with a higher EPS because of its comparatively large profit allocation to shareholders. A declining EPS indicates that things are becoming worse for a company's stockholders. Source: (Walton High tech, 2019-23).

Recommendations:

Walton should focus on increasing their earnings per share. Expanding a firm requires increased EPS. Walton might try to leverage their resources to boost sales. As an alternative, they can reduce the total number of shares that are outstanding. If they decide to go for one or both of these, they can easily increase their EPS in the upcoming year.

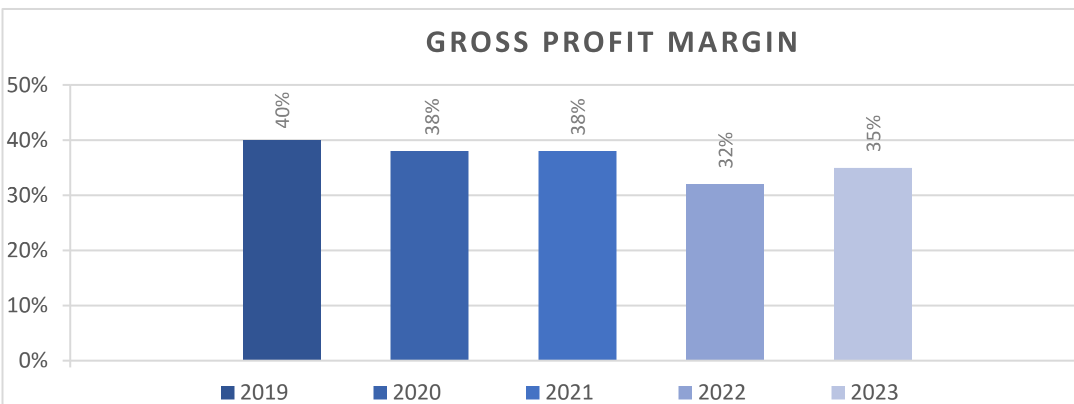
3.4 Profitability Ratio

A company's profitability ratio indicates how much profit it makes as a percentage of total sales. When various expenditures are subtracted, the profitability of a business is evident. It shows the potential profit margin for a company for each dollar of revenue at different times.

3.4.1 Gross Profit margin

A company's revenue is divided by the difference between sales and COGS to determine its gross profit margin. A higher gross profit margin is a sign of a profitable business. It displays higher revenue and lower COGS, both of which are positive indicators for a company.

Gross Profit margin	
2019	40%
2020	38%
2021	38%
2022	32%
2023	35%



Interpretation:

According to the graph, Walton's gross profit margin is generally stable. The ratio is 40% in 2019. In 2020 and 2021, the gross profit margin is 38%. But in 2023, the ratio marginally declines to 35%. After deducting COGS, there are only 35 taka left over for every 100 taka of revenue, indicating a 35% gross profit margin. This proportion is not especially good. Source: (Walton High tech, 2019-23).

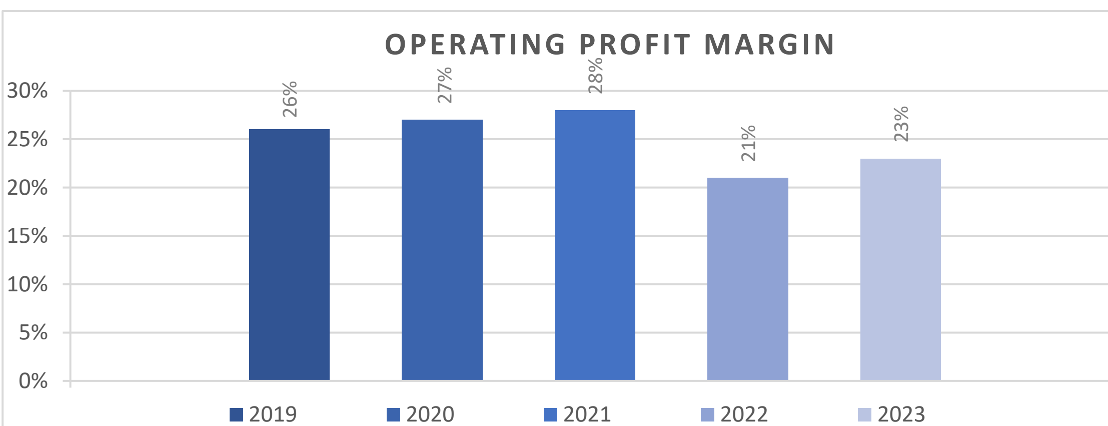
Recommendations:

In order to increase their gross profit margin ratio, Walton should try to reduce COGS. Considering that a business's gross profit pays for a significantly wider range of expenses than merely its profit. For investors, it would be advantageous to be financially stable.

3.4.2 Operating Profit Margin

OPM displays the percentage of gross revenues that can be allocated to operating costs for a business. how profitable a company is once its overhead is paid. An improved operating profit margin is a sign of substantial profits and low costs, both of which are advantageous to the company.

Operating Profit margin	
2019	26%
2020	27%
2021	28%
2022	21%
2023	23%



Interpretation:

The analysis indicates that the operational profit margin varied slightly from year to year. Year-to-year variance in OPM is almost nonexistent. This suggests that Walton's OPM is consistent. With an operational profit margin (OPM) of 23% in 2023, the business will make 23 taka of profit for every 100 taka of revenue after paying all operating expenses. This is incredibly low for a company. Source: (Walton High tech, 2019-23).

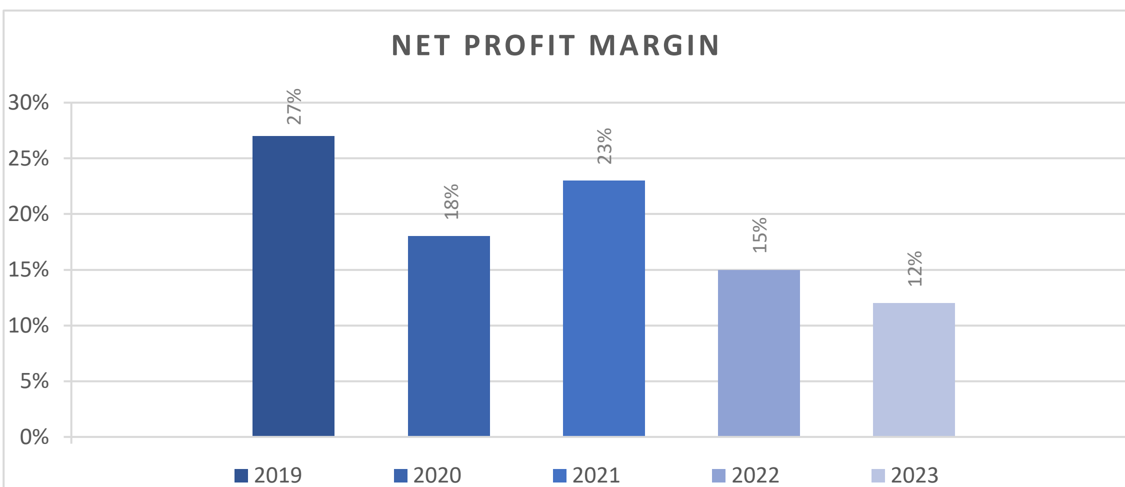
Recommendations:

Given that its OPM ratio is now far lower than that of other companies in the industry, Walton might aim to raise it. Once the necessary steps are finished, companies may focus on reducing their operational costs and increasing their OPM for the upcoming year.

3.4.3 Net Profit Margin

The amount of money left over in a company after all costs are paid is determined by its net profit margin. An organization with a bigger net profit margin has more money available for its common shareholders. By using this money wisely, the company can use it to boost revenue.

Net Profit margin	
2019	**27%**
2020	**18%**
2021	**23%**
2022	**15%**
2023	**12%**



Interpretation:

The ratio study shows that Walton's performance is getting worse every year. In 2019, the NPM is 27%; by 2020, it will have decreased by 18%. In 2023, the NPM falls to 12%, signifying a decrease in Walton's worth. A net profit margin of 12% means that, after paying all of its expenses, the business keeps just 12 taka for shareholders and itself for every 100 taka of revenue. Source: (Walton High tech, 2019-23).

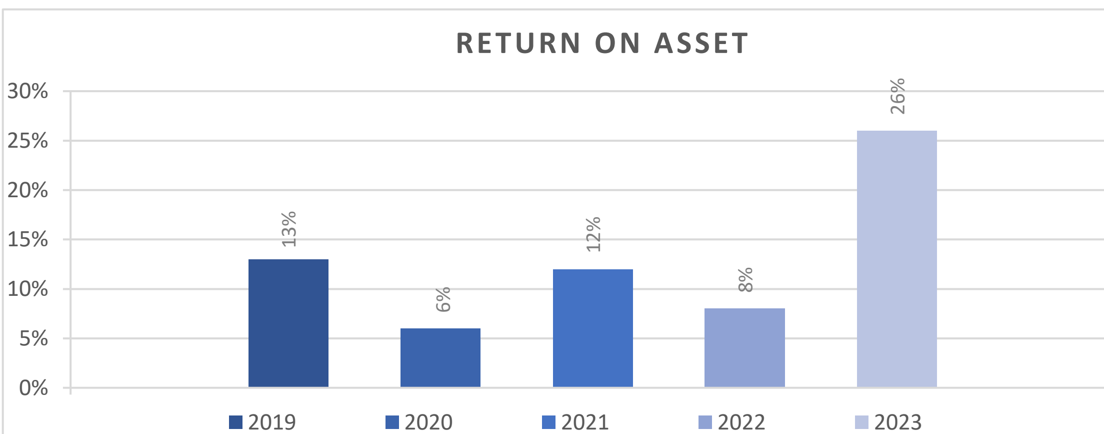
Recommendations:

Walton's output is becoming worse every day. They want to focus immediately on reducing costs, loans, COGS, and other expenses in an emergency. Investors will quit supporting this firm if they don't. Through this course of action, the company can increase its profitability and establish a stable position.

3.4.4 Return On Asset

ROA is a measure of how effectively a business uses an asset to generate profit. It displays the potential profit margin that a company might earn from its assets. Increased ROA is a sign of a business's growth potential.

Return On Asset	
2019	13%
2020	6%
2021	12%
2022	8%
2023	26%



Interpretation:

The table and chart show that over the course of these five years, the ROA has changed. In 2019 the ROA is 13%; by 2020 it is 6%. It peaks again in 2021 and then declines to 8% in 2022. Nonetheless, ROA will rise noticeably to 26% in 2023. It may be considered a step forward for

Walton. A greater return on assets (ROA) indicates that Walton is maximizing its resource utilization to generate income and profit. Source: (Walton High tech, 2019-23).

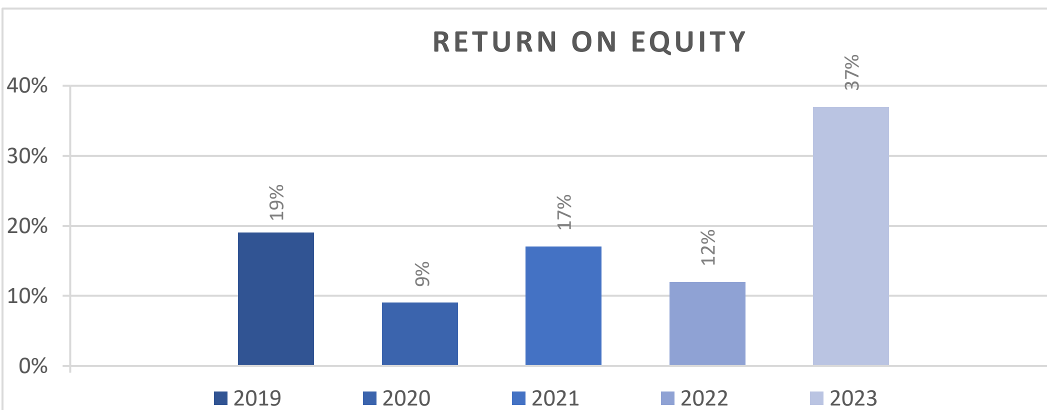
Recommendations:

Walton has experienced great success this year. They must keep making prudent use of their resources if they hope to continue performing at a high level going forward.

3.4.5 Return On Equity

The return on equity measures the profitability of using the capital of investors. Investors take ROE into account before investing in a company. because a company's efficiency is seen in this ratio.

Return On Equity	
2019	19%
2020	9%
2021	17%
2022	12%
2023	37%



Interpretation:

The ratio analysis shows us how exceptional Walton's entire performance is. Like ROA, ROE increases from 12% to 37% in 2023. This instance exemplifies Walton's sensible management style. Walton invested 100 Taka of owner capital to produce 37 Taka of net income, or a 37% return on equity. Source: (Walton High tech, 2019-23).

Recommendations:

The ratio's results showed how well Walton looks after its investors' money. Walton should try to maintain this role in the long run.

3.5 Common Size Analysis

3.5.1 Common Size Analysis of Income Statement

Walton Group

Income Statements (Amount converted to millions)

Common Size Analysis

Particular	2020	%	2021	%	2022	%	2023	%
Revenue	41079	100%	69949	100%	81681	100%	66374	100%
COGS	25423	62%	43515	62%	55146	65%	43022	65%
Gross Profit	15655	38%	26434	38%	26534	35%	23351	35%
Total Operating Expenses	4652	11%	7089	10%	9184	12%	7782	12%
Operating Profit	11003	27%	19345	28%	17350	23%	15568	23%
Net Finance Costs	2168	5%	1161	2%	4658	11%	7503	11%
Profit After Finance Costs	8834	22%	18183	26%	12691	12%	8064	12%
Non Operating Income/Expenses	88	1%	511	1%	270	0%	201	0%
Profit Before WPPF & Tax	8746	21%	18695	27%	12962	12%	8266	12%
Contribution to WPPF	416	1%	890	1%	617	1%	393	1%
Profit Before Tax	8330	20%	17805	25%	12435	12%	7873	12%
Income Tax Expenses	1065	3%	1413	2%	178	0%	46	0%
Profit After Tax	7264	18%	16392	23%	12166	12%	7826	12%

Interpretation:

The income statement's common size analysis yields the percentage of each item in the income statement in relation to a base item. This analysis helps assess how well a business is performing in comparison to its competitors. Measuring has additional advantages. how much of the overall cost is allocated to each item and what percentage remains after all costs are paid. If a company's profits are declining, it may look at areas where costs might be reduced. Walton's income rose until 2022, at which point it dropped to 66374 million Taka in 2023. Every year, COGS are essentially the same. The operational expenses have not changed much in the last four years. On the other hand, COGS and operating expenses are higher in 2023 than in 2023 if revenues decrease in 2023. The income tax expense for the first two years is 3% and 2%, respectively. In the following two years, it is zero, indicating a satisfied condition of affairs. Finally, there has been a decrease in profits after taxes during the last two years. In 2022 and 2023, Walton's total sales profit is expected to be just 12%. It portrays Walton in a depressing light, which turns off investors and consumers. Source: (Walton High tech, 2019-23).

3.5.2 Common Size Analysis of Balance Sheet

Walton group

Balance Sheet (Amount converted to millions)

Common Size Analysis

Particular	2020	%	2021	%	2022	%	2023	%
Assets								
Total Non-Current Assets	64101	55%	67358	50%	72142	45%	76408	52%
Total Current Assets	51916	45%	67090	50%	87414	55%	69530	48%
Total Assets	116018	100%	13449	100%	159556	100%	145939	100%
Equity & Liabilities								
Total Shareholders Equity	79953	69%	94389	70%	101384	64%	104124	72%
Total Non-Current Liabilities	5238	5%	3856	3%	3308	2%	6404	4%
Total Current Liabilities	30826	26%	36202	27%	54864	34%	35411	24%
Total Equity & Liabilities	116018	100%	134449	100%	159556	100%	145939	100%

Interpretation:

The analysis shows that in 2021, fixed assets will account for 50% of total assets, down from 55% in 2020. As a result, they sell some of their fixed assets. Similar conditions as in 2022, except they buy fixed assets in 2023, increasing the share to 52%. Source: (Walton High tech, 2019-23).

3.6 Trend Analysis

3.6.1Trend Analysis of Income Statement

Walton Group

Income statement (Amount converted to million)

Trend Analysis

Particular	2020	%	2021	%	2022	%	2023	%
Revenue	41079	100%	69949	170%	81681	199%	66374	162%
COGS	25423	100%	43515	171%	55146	217%	43022	169%
Gross Profit	15655	100%	26434	169%	26534	169%	23351	149%
Total Operating Expenses	4652	100%	7089	152%	9184	197%	7782	167%
Operating Profit	11003	100%	19345	176%	17350	158%	15568	141%
Net Finance Costs	2168	100%	1161	54%	4658	215%	7503	346%
Profit After Finance Costs	8834	100%	18183	206%	12691	144%	8064	91%
Non Operating Income/Expenses	88	100%	511	581%	270	307%	201	228%
Profit Before WPPF & Tax	8746	100%	18695	214%	12962	148%	8266	95%
Contribution to WPPF	416	100%	890	214%	617	148%	393	94%
Profit Before Tax	8330	100%	17805	214%	12435	148%	7873	95%
Income Tax Expenses	1065	100%	1413	133%	178	17%	46	4%
Profit After Tax	7264	100%	16392	226%	12166	167%	7826	108%

Interpretation:

One technique that might assist a company in assessing its performance relative to the market is trend analysis. The stock price of a company is set by the market depending on its tendencies. It is a horizontal analysis of data from different firm components spanning multiple years. It evaluated the health and output of an organization.

Regarding Walton, we can see that sales have been increasing over time, which suggests that the business is growing. Walton is growing over time because to increasing sales. Even so, the state of affairs is not satisfactory because the expense is also getting more over time. But if we look at it, the profit is also increasing over time. In 2021, it increases to 226%, demonstrating Walton's opulent performance. But in 2023, their earnings start to decrease much further. These conditions could place people in a challenging situation. Walton should make an effort to take the proper initiative in order to enhance performance and reduce risks. Source: (Walton High tech, 2019-23).

3.6.2 Trend Analysis of Balance Sheet

Walton Group

Balance Sheet (Amount converted to million)

Trend Analysis

Particular	2020	%	2021	%	2022	%	2023	%
Assets								
Total Non-Current Assets	64101	100%	67358	105%	72142	113%	76408	119%
Total Current Assets	51916	100%	67090	129%	87414	168%	69530	134%
Total Assets	116018	100%	13449	116%	159556	138%	145939	126%
Equity & Liabilities								
Total Shareholders Equity	79953	100%	94389	118%	101384	127%	104124	130%
Total Non-Current Liabilities	5238	100%	3856	74%	3308	63%	6404	122%
Total Current Liabilities	30826	100%	36202	117%	54864	178%	35411	115%
Total Equity & Liabilities	116018	100%	134449	116%	159556	138%	145939	126%

Interpretation:

The data indicates that there is a minor increase on the asset side throughout the course of these years. Among them, the percentage of current assets increases more quickly than the percentage of fixed assets. As a result, Walton has had more liquid or cash assets lately. Long-term, this is not a very gratifying environment, even though it functions well for daily duties. Walton needs to make the required investments and manage its assets effectively in order to maximize revenues. Conversely, albeit not to the same extent, shareholders' equity is increasing. Walton must to look into obtaining further shares if he wants to see the business grow even more. In terms of liabilities, short-term debt increases while long-term debt decreases. This suggests that Walton is making efforts to reduce its commitments and pay off its creditors, which is good for the company. By examining trends in the income statement and balance sheet, we can see that Walton is attempting to maintain the company in a balanced position. But businesses also need to manage their market position and operations by refining their strategic planning and management techniques. Source: (Walton High tech, 2019-23).

CHAPTER-4

FINDINGS, RECOMMENDATIONS AND CONCLUSION

4.1 Findings

After financial analysis and during the internship program following problems were identified:

- According to ratio study, the average collecting period will lengthen from 2019 to 2023. In 2019 and 2023, the average collection period is 111 days and 197 days, respectively. This suggests that, 197 days after the purchase, Walton is still receiving payment from clients.

- The EPS is decreasing from 2019 to 2023. The profitability of a company's shareholders can be inferred from its earnings per share. EPS will decrease to 25.84% in 2023 from 45.87% in 2019. EPS remains high when compared to other companies. On the other hand, if we plot the trend horizontally, the last few years have not been favorable for it.

- Furthermore, the gross profit margin ratio is unsatisfactory. In 2019, the GPM is 40%; by 2020, it is 35%. Because a company's GPM must cover running expenses in addition to VAT, TAX, and other associated levies, it should also be high. Because of this, there is very little profit left over after deducting all costs for a business to expand.

- The operating profit margin is also incredibly low when compared to others. It's also troubling that this company's profit is decreasing horizontally year over year.

- The net profit margin is also not particularly satisfying. In actuality, their net profit margin is progressively dropping. NPM will decrease to 12% in 2023 from 27% in 2019.

- The income statement trend analysis shows that the profit dropped from 167% in 2023 to 108% in 2023. This could be the result of a poorly run management structure. Additionally, the overall amount of current liabilities rose. This suggests that the business is depending more and more on debt financing, which is very detrimental to its standing.

4.2 Recommendations

- Walton must prioritize getting its clients to pay it as soon as possible. They will be able to reduce their average collection time as a result, and they will also have more cash on hand to invest and pay for continuing operating expenses.

- Walton must reduce its short- and long-term debt in order to keep its market position more stable.

- Walton needs to cut its short- and long-term obligations to keep a stronger position in the market.

- Walton should concentrate on lowering the cost of products sold in order to increase its gross profit margin ratio. Walton's GPM is incredibly low compared to other individuals. Therefore, increasing earnings should be their main objective.

- Walton should prioritize cutting recurring operating costs, such as electricity bills. A larger operational profit margin will be advantageous to them.

- In the end, they should put in place a more efficient management structure in order to improve performance and increase profit.

4.3 Conclusion

This report covers the Walton Group's financial operations and financial performance analysis for the years 2019–2023. In an attempt to evaluate the financial performance, I examined the operational, profitability, and liquidity aspects of the Walton Group. Everyone should, in my opinion, be informed about the company's performance, share position, and earnings per share before making an investment. Analyzing an organization's financial performance is essential since it can be used to identify opportunities as well as areas of strength and weakness. The company will be able to take action, expand its business in the future, and increase Bangladesh's GDP if it can apply performance analysis to identify the problem this time. The financial records show that Walton Group has been operating profitably.

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