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A COMPARATIVE FINANCIAL ANALYSIS OF GLAXOSMITHKLINE BANGLADESH LIMITED

A Guideline for the Potential Shareholders



Internship Report

on

“A COMPARATIVE FINANCIAL ANALYSIS OF GLAXOSMITHKLINE BANGLADESH LIMITED: A GUIDELINE FOR THE POTENTIAL SHAREHOLDERS”

Submitted to: -

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Course: BUS400

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Letter of Submission

5th April, 2018

Shamim Ahmed

Lecturer, BRAC Business School

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Subject: Submission of Internship Report

Dear Sir,

This is my great honor to submit the internship report that I have prepared for last 3 months long in GlaxoSmithKline Limited Bangladesh, under Marketing and Trade finance department which is a part of Finance and Accounts department. The title of the report is “Financial Analysis of GlaxoSmithKline Bangladesh Ltd.: A Guideline for Potential Shareholders”. This report has been prepared to fulfill the requirement of my internship program at my assigned organization, GlaxoSmithKline Bangladesh Limited. The report is the final outcome of successful completion of my internship program at the GSK. In my report I have tried to identify and describe the work process followed by my assigned department and also tried to analyze the financial performance of the company.

I would like to articulate my gratitude for your excellent guidance in preparing the report. It would be a great achievement for me if you find this report informative enough to fulfill the requirements. I am really grateful to you.

Thanking you.

Sincerely Yours,

Abu Shalah Md.

Shake Saeem

ID- 14304019

Letter of Endorsement

The Internship Report titled 'A Comparative Financial Analysis of GlaxoSmithKline Bangladesh Ltd.: A guideline for the Potential Shareholders' has been submitted, to BRAC Business School, for partial fulfillment of the requirements for the degree of Bachelor of Business Administration, major in Finance and minor in Accounting from BRAC University on April 5, 2018 by Abu Salah Md. Shake SAeem, ID: 14304019. The report has been accepted and may be presented to the Internship Defense Committee for evaluation.

(Any opinions, suggestions made in this report are entirely that of the author of the report. The University does not condone nor reject any of these opinions or suggestions).

Md. Shamim Ahmed

Internship Supervisor Faculty

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Acknowledgement

I would like to express my deepest appreciation to all those who provided me with the opportunity to complete this report. The accomplishment and completion of this report would not have been viable without the contribution of some accommodative people, who gave their valuable time from their busy schedule to guide me in doing my project work. I would like to extend my heartiest gratitude to all those who directly or indirectly contributed to the completion of the report.

At the beginning, I would like to convey my gratitude and appreciation to my honorable academic supervisor Mr. Shamim Ahmed for providing valuable guidelines in preparing the report. I am deeply grateful to him for his supervision during the internship period. Without his guidance it would not be possible for me to prepare this report.

Furthermore, I would like to acknowledge with much appreciation to my supervisor Mr. Fakhruddin Mahmud, Marketing and Trade Finance Manager of GSK, Bangladesh and Israt Zaman and Nadim Khan, Finance Executives of GSK Bangladesh for their intimate and tremendous support and cooperation.

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Executive Summary

GlaxoSmithKline first established in Bangladesh on the year 1949 and used to import its own product through Chittagong port. As time went by, GSK started to establish its own manufacturing unit in Chittagong as they found the cheap labor and easy resources of Bangladesh lucrative. So, it has been more than 67 years that GSK has been operating in Bangladesh and it's really providing excellent service in Consumer Healthcare and Pharmaceutical sector. As a leading multinational company they are offering high quality medicines and vaccines to enhance the quality of human life around the world.

GlaxoSmithKline has a strong Marketing and Trade Finance department which is working in line with the strategies of the organization and working with the aim of attaining the mission and vision of the company.

GlaxoSmithKline Bangladesh Ltd is listed in the Dhaka Stock Exchange and has been performing quite good in the share market. GlaxoSmithKline Bangladesh Limited has a very high dividend payout ratio that mainly attracts the shareholders of the company. The profitability of this company has decreased in the year 2016. The company has a very lower current ratio that could pose a threat for it. So the company should increase its focus on this matter and should be careful to control the debts. Although, after comparing GSK's financial report with Beximco Pharmaceutical's and Reckitt Benckiser's, it has been found that GSK has been doing good financially.

It should be working on expanding its product line as it has a narrow product line and also should work on improving its current ratio. Shareholders would be highly benefited if the company could increase its Earning per share ratio. In order to perform better, GSK should be more focused on expanding its product line and its payout ratio.

1.1 Introduction

GlaxoSmithKline (GSK) – is considered to be one of the world's leading research-based pharmaceutical and healthcare companies. GSK is committed to improving the quality of human life by enabling people to **do more, feel better and live longer**. GlaxoSmithKline is mostly known for its being research based pharmaceutical company with a powerful combination of skills and resources that provides a platform for delivering strong growth in today's healthcare environment. It provides significant information to identify and analyze the market need, market size and competition. This project is based on the information of Finance Department of GlaxoSmithKline Bangladesh Ltd., a pharmaceutical and healthcare company, and a comparative financial analysis of the company that could help the future potential shareholders to decide whether to invest on this company or not. It is the only British organization in the world's top 20 pharmaceutical companies. Subsidiary companies are established over 50 countries of the world many with their own manufacturing facilities and the group have agency representation in more than 100 offices around the globe. GSK has leadership in four major therapeutic areas anti infectives, central nervous system (CNS) and respiratory & gastro intestinal metabolic. In addition, it is a leader in the important areas of vaccines and has a growing portfolio of oncology products. GSK supplies products to 140 global markets and has more than 100,000 employees worldwide. GSK has 180 manufacturing site in 41 countries. There are about 450 generics registered in Bangladesh. Out of these 450 generics, 117 are in the controlled category i.e. in the essential drug list. The remaining 333 generics are in the decontrolled category, the total number of brands/items that are registered in Bangladesh is currently estimated to be 5,300, while the total number of dosage forms and strengths are 8,300. With an enviable image and reputation for the past 6 decades GlaxoSmithKline (GSK) Bangladesh Limited running its operation as a subsidiary of GlaxoSmithKline Plc. In 1949 the Company kicked off its journey in Bangladesh with its' corporate individuality as Glaxo in Chittagong as an importer. In 1967, the company established its own business unit at Chittagong. Bangladesh pharmaceutical industry is mainly dominated by internal manufacturers. Bangladesh Pharmaceutical Industry is now heading towards self-sufficiency in meeting the local demand. Also, pharmaceutical products were declared as the "Product of the Year" in 2017. The top 12 leading pharmaceuticals company in Bangladesh including local and MNC's are

Square, Incepta Pharma, Beximco, Opsonin Pharma, Eskayef, Renata, A.C.I., Aristopharma, Drug International, Sanofi Aventis, GlaxoSmithKline. GSK is at 3th position among top 12 pharmaceuticals in Bangladesh. Relentless commitment, setting of standards of ethical standards and quality backed leading edge technology of the Company has built a strong relationship between the stakeholders and GSK Bangladesh. With the ever committed 701 numbers of personnel all over the country GSK Bangladesh, which now comprises of both pharmaceutical and consumer healthcare products, continually strive to meet the organization's mission. As a finance major I have done internship under Finance Department of GSK Bangladesh and carried out internship report under the direct supervision of Mr. Fakhruddin Mahmud, Marketing and Trade Finance Manager of GSK

1.2 History of GSK

GlaxoSmithKline (GSK) was created in 2000 in the merger of two established companies, Glaxo Wellcome and SmithKline Beecham. These companies originated in the United States and England, respectively, and their histories include a series of mergers that began in the 1800s.

Year	History
1715	Plough Court pharmacy is established, the forerunner of Allen and Hanburys, in London by Silvanus Bevan. The A&H name continues today.
1830	1830 John K Smith opens his first drugstore in Philadelphia. John's younger brother, George, joins him in 1841 to form John K Smith & Co.
1842	Thomas Beecham launches the Beecham's Pills business in England. One of Beecham's first products, a laxative made from aloe, ginger and soap, became very successful.
1865	Together Smith and Kline acquired numerous companies, like a vaccines business and, most notably, French Richards and Company, another well-respected drug wholesaler.
1880	1880 Burroughs Wellcome & Company is established in London by American

	pharmacists Henry Wellcome and Silas Burroughs, four years after Joseph Nathan opened a London office.
1891	Smith, Kline and Company acquires French, Richards and Company. The original company that John K Smith founded. Probably the most important was the company's absorption in of French, Richards and Company, another respected drug wholesaler.
1963	Betnovate was launched. Betnovate was the first of Glaxo's range of steroid skin disease treatments. In the mid-1960s, Smith Kline & French also acquired RIT (Recherché et Industrie Therapeutiques), a vaccines business.
1995	Glaxo acquired 100% share, of Wellcome PLC on May 01, 1995 and formed Glaxo Welcome PLC.
1998	Glaxo Wellcome attained a number of regulatory milestones for several of its key projects, such as ZEFFIX for the treatment of influenza.
2000	Glaxo Wellcome and SmithKline Beecham merged to form GlaxoSmithKline;

1.3 GlaxoSmithKline in Time

- Every second, more than 30 doses of vaccines are distributed by GSK around the world.
- Every minute, more than 1,100 treatments are written for GSK products.
- Every hour, GSK fills more than US\$450,000 to find new medicines.
- Every day, more than 200 million people use a GSK brand toothbrush or toothpaste (Sensodyne).

1.4 Mission, Vision and Strategic Aims

Mission

- Improve the quality of human life by enabling people to do more, feel better and live longer

Vision

- Grow a balanced global business, deliver more products of value, simplify the operating model and be a responsible business.

Strategic Aims

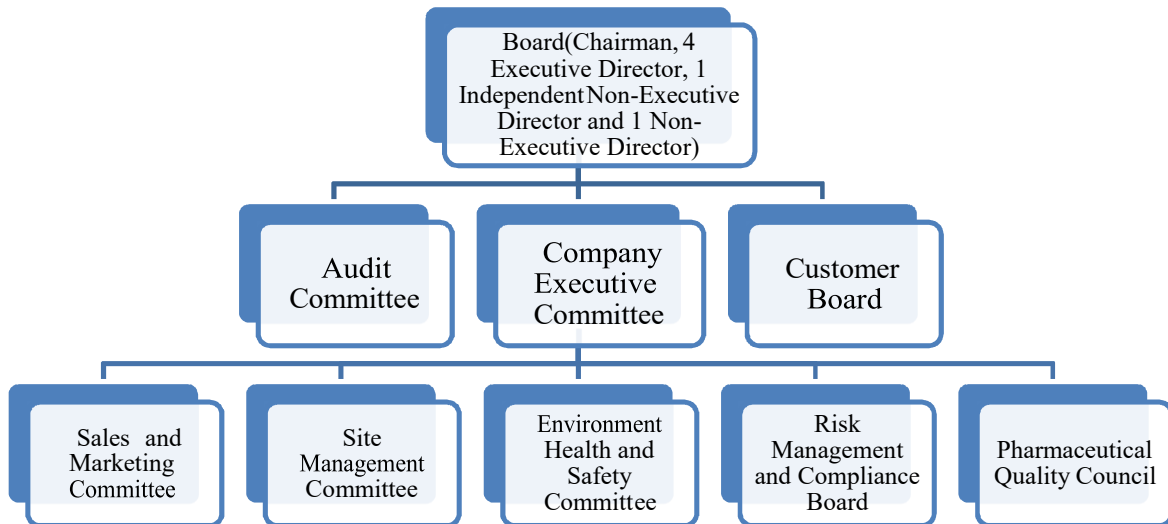
GSK has been creating a more **balanced business** and product portfolio, capable of delivering sustainable sales and earnings growth and improved shareholders interest. This is centered on GSK's three business areas of Pharmaceuticals, Vaccines and Consumer Healthcare.

Deliver more products of value by changing their R&D organization so that it is able to sustain a tube of products that offer valuable advances in treatment for patients and healthcare providers.

Simplify the operating model by changing shape so that GSK can reduce complexity and become more efficient.

Being a **responsible business** is central of their strategy, and how they deliver success is just as important as what they achieve every time. GSK also ensures that their values are patrolled with the culture of each country's that they operate in.

1.5 Corporate Governance Structure

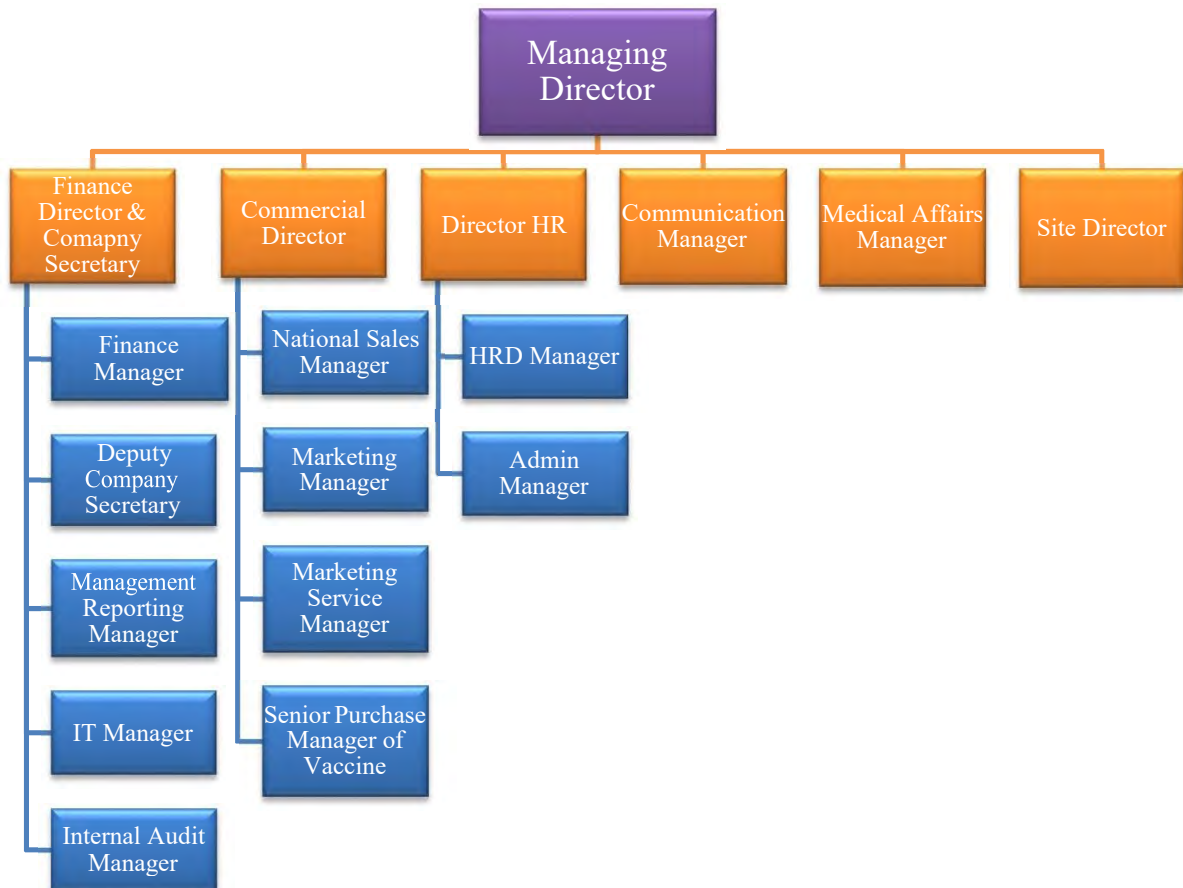


1.6 Functional Department of GSK

GlaxoSmithKline Bangladesh limited comprises of six major departments. Those are as Follows: -

- Marketing
- Human Resources
- Sales Department
- Finance & Accounts
- Information Technology

1.7 Organizational Structure of the Company



1.8 Product Offering

GSK makes a wide range of medicines, vaccines and consumer healthcare products. They may list many products across a wide range of countries on the following pages. The names of these products can vary by country. As the integration of this business units' progresses, GSK manufactures products for major severe disease such as asthma, cancer, infections, diabetes and mental health.

GSK is committed to develop new and effective health care products as well. The values on which the company was founded have always inspired growth and will continue to do in times to come. In Bangladesh GSK is providing both Pharmaceutical and consumer Health care products for its consumers.

GSK works in the two broad areas of products markets:

- Pharmaceutical: prescriptions, medicine and vaccines
- Consumer Healthcare: Over the counter medicines, Oral care and nutritional healthcare products.

Product Overview:

Pharmaceutical: GSK's board pharmaceuticals product line includes antibiotic, antidepressant, gastrointestinal, dermatological, respiration, cancer and cardiovascular prescriptions. GSK has a variety of vaccine products, including hepatitis A and B, diphtheria, tetanus, whooping cough and influenza.

Consumer Healthcare: GSK has a inheritance that goes back more than 160 years, producing some of the world's best-loved healthcare brands including: Sensodyne, Voltaren, Theraflu, Parodontax, Panadol, Polident and Otrivin. These brands are successful in all the countries that it operates. These products are built around the needs of the millions of people who go online or walk into pharmacies, supermarkets and market stalls all over the world, every day and choose us first. Their brands are organized into five global categories: Pain Relief, Respiratory, Oral Health, Nutrition/Gastro Intestinal and Skin Health. These categories are defined by a specific consumer healthcare need and have complementary ranges of brands that allow them to evolve with their consumers' needs.

Oral Care Product: GSK has been contributing a lot on solving oral problems by providing variety of oral healthcare supports and products. They have many world known oral healthcare products that people love and are loyal towards. Name of the oral healthcare solutions provided by GSK are;

- ❖ Sensodyne
- ❖ Polident
- ❖ Parodontax
- ❖ Biotene
- ❖ Aquafresh

Nutrition Product: GSK also has a strong variety of nutrition products are considered to be phenomenon in south Asia specially in India, Bangladesh, Sri-lanka and adjacent countries. For example, in Bangladesh only, 93% market share in Health Food Drinks (HFD) is gained by Horlicks. The nutrition products of GSK are;

- ❖ Horlicks
- ❖ Eno
- ❖ Tums
- ❖ Boost
- ❖ Glaxos
- ❖ Maltova

Skin Care: GSK is also a leader in skin care solution, delivering innovative science-based skin care products. GSK's brands include medicated skin products recommended by dermatologists, as well as specific treatments for cold sores, itchy skin and athlete's foot. Products that fall in this category are;

- ❖ Physiogel
- ❖ Abreva
- ❖ Zovirax
- ❖ Lamisil
- ❖ Fenistil

GlaxoSmithKline Products Glossary

Local production	60 products including Berin Cytamen Kefdrin Pentamox
Imported product	17 products including Alkeran Seretide Zinnat
Vaccines	17 products including Engerix-B Fluarix Synflorix
Consumer Healthcare	9 products including Horlicks Boost Maltova Glaxose

Table: GSK Product Glossary

1.9 Operations in Bangladesh

GlaxoSmithKline Bangladesh Limited has twelve District Marketing Offices (DMO) throughout the country. These are divided in five zones by which GSK's products are sold and maintained.

District Marketing Offices (DMO): GSK has 12 District Marketing Offices (DMO) in Bangladesh. The locations of DMOs are shown below: -

Zone	DMO
Dhaka	Dhaka, Mymensing
Chittagong	Chittagong, Maijdee
Comilla	Comilla, Sylhet
Bogra	Bogra, Rajshahi, Rangpur
Khulna	Khulna, Jessore
Barisal	Barisal

Table: Marketing Zone of GSK

Distribution Channel

- **Mutual Food-** Mutual foods distributes the consumer healthcare products in Bangladesh and it also makes sure that GSK's products are available throughout the country.
- **Zuellig Pharma-** It is the distributor of pharmaceuticals product of GSK in Bangladesh.

1.10 Corporate Social Responsibility (CSR) Activities:

Keeping in line with what GSK know and do the best, its CSR targets enable people to lead healthy and improved lives. They do the CSR activities by addressing the primary healthcare burdens of availability, affordability and awareness and by promoting education related to the field of healthcare.

GSK and Save the Children

To combat diarrhea and improve the general hygiene and sanitation in the societies, GlaxoSmithKline initiated the Personal Hygiene and Sanitation Education (PHASE) Program in different countries of the world. PHASE was initiated in Bangladesh with Save the Children (USA) in 2005 with a three year long (2005-2008) program in Nasirnagar, Brahmanbaria. Developing special PHASE materials and provide training to build teachers' capacity in School Health and Nutrition (SHN).

The Free Primary School

In an effort to reach out to slum children GSK Bangladesh is sponsoring a free primary school run by an NGO called Sathee Kalyan Samity, in Rupnagar, Mirpur (a suburban slum area in Dhaka). School is run by an NGO called Sathee Samaj Kalyan Samity (SSKS). The school was opened in February 2010 and GSK has been covering all the costs of running the school.

Response to Rohingya Crisis:

GSK responded to Rohingya crisis last year (2017) and provided the affected people with immediate medicines and other necessary supports.

CHAPTER 2: JOB DESCRIPTION

2.1 Job Description at GSK

Marketing and Trade Finance department is one of the major departments in GSK. Its main tasks are to handle the payment and incentive issues of the sales personnel and other third party sales drives. This department also takes care of the marketing budgeting and deals with financing regarding promotions and marketing. Marketing and Trade Finance department keeps record of all the marketing costs thus any payment issue can have the proper evidence which will help both the company and employees in future to negotiate properly. Marketing and Trade Finance department keeps contact with banks for different transaction purposes and time to time collect the information about deposits and withdrawals about the accounts like Pension Fund, Dividend Payment, Provident Fund, and Treasury Bills etc. The department handles the issues like purchasing and encashment of Treasury Bills, providing the bonus payments and recording the loan payments given to the employees. Marketing and Trade Finance department also handles the allowance issue that is given to the interns and that's why they keep information of all interns thus payment can be made on right time. They also keep records of foreign travel bills.

2.2 Specific Responsibilities of the Jobs as an Intern

I started my internship on the 14th of January under the direct supervision of Fakhruddin Mahmud who happens to be the Marketing and Trade finance manager of GSK. I was guided and directed by Ishrat Zaman and Mr. Nadim Khan, Finance Executives. I was responsible for checking the manual claims sent by the DMOs and Territory Officers (TO). Most of the claims are made and monitored online but some areas are not covered or have not been able to develop online claims. Thus the manual claim was sent to the head office and I along with another finance intern with me, were responsible for checking and making sure that the claimed amount was correct and go with the corporate policies. I was also responsible for checking the bills sent by different parties and suppliers before they go to the account department for paying off.

About the department's function

Every month, GSK confronts with a numerous numbers of expense claims which GSK is supposed to disburse as per company policy. The policy refers these payments as allowance to the employees. There are many types of expense claims and those are:

- a) Travelling Expense
- b) Medical Expense
- c) Marketing and promotional expenses
- d) Agency claims
- e) Third party claims

Verifying T &E Forms

The expense claims of the Corporate Office and GSK's factory are supposed to be sent through T&E Forms. This form allows employees to place their claims for further approval from their Bosses and as soon as the Boss gives the approval, Secretarial Legal Department goes for further processing. I checked whether supporting documents are given or not with this T & E forms.

Data Entry

The bills which have been checked like travelling, medicals are needed to put the data into Excel worksheet. Where all the record of medical claims and travelling expense were included. Besides that, I was also responsible for making a VAT Tracker on excel sheet and make sure that all the records of VAT are saved and organized.

Final Settlements File

If any of the employees leave GSK or gets terminated by GSK, Secretarial Department arranges a document known as Final Settlement Copy, which refers to keep the document as evidence for both the parties acknowledging that GSK don't have any claim with the person any more neither do the party. As an intern I didn't play any vital role but I assist them done this kind of work.

Uses of Microsoft word and Excel Worksheet

All the data entry task was done by using Microsoft's Excel sheet and if I was supposed to make any report, I was told to use the Microsoft's Word file to prepare it.

Preparing Files and Folders

Most of the times I have prepared personal files and list of problems regarding claims sent by the DMOs and TOs. These files were needed to make by name and employee company code. I also separated the bills with folder like Chittagong factory's bills and Corporate office's bills.

2.3 Different Aspect of Job Performance

Besides the Marketing and Trade Finance department I have done various Job performances which were fallen under other aspects. All of these are discussed below.

- ✓ In part of Marketing and Trade Finance department my core task was checking and verifying the expense claims of the DMOs. I used to follow the company policies while deciding that the expense claim is valid or not.
- ✓ Apart from checking and verifying all the expenses bills. I had to input the entries in the system and then also used to check that all valid payments have got clearance. If there were any difficulties or confusions, then I used to inform the Secretarial Executive.
- ✓ As the department accomplishes the payroll activities, so employees used to visit the department for payment purposes and in absence of supervisors, I used to attend them, then used to convey their messages and claims to my supervisors.

- ✓ The Marketing and Trade Finance department taught me to be prompt, sincere, honest, active, efficient and most importantly it taught me how to communicate in the corporate world. For enhancing these skills in me and for providing me such a refined environment, I will be ever grateful to GSK and specially the Marketing and Trade Finance department.
- ✓ At present month, the preparation for Annual General Meeting is going on and I believe it will be great experience for me. In addition, these I had also done some other major and minor tasks. Overall, I am spending a very busy schedule in GSK and it also helped me a lot to know the primary official works.

CHAPTER 3: ANALYZE ISSUE BASED ON RELEVANT THEORY

3.1 Separation of Duties (Sod):

Separation of duties (SoD) is an inner control designed to prevent mistake and deception by ensuring that at least two persons are responsible for the isolated parts of any task. SoD involves breaking down jobs that might rationally be completed by a single individual into many tasks so that no one person is solely in control.

As per as GSK is concern, they have lacking of segregation of duties in Marketing and Trade Finance department. Because tasks are not separated into the individuals. They are not clear about their responsibilities. For example, one person is doing all the task of disbursement expense claimed by company's employees. Therefore, there is a high possibility of making error.

3.2 Work Specialization

The purpose of job specialization is to split up the process of work into individual tasks that is necessary for the organization or business and that cannot be handled by one person. In other words, it is actually a division of labor wherein it is realized that by giving more emphasis on the scope of activities, productivity increases. Work specialization is beneficial for all the employees to better understand their tasks and accomplish them flawlessly.

When steps are divided among separate employees, it doesn't create many complexities. The work could be done within shortage period of time. If there's only one person to be held responsible, the whole system would crush or at least there will be a lot of flaws in the works done.

In GSK I realized they have lacking's of work specialization. Because most of the time I saw the entire process done by one individual therefore the work cannot be done within the estimated time any many different problems arise on that time.

3.3 Online technologies

Technology has significant properties on business processes. No matter the size of the enterprise, technology has both palpable and impalpable benefits that will help the business make money

and yield the results as they demand. Technological infrastructure affects the culture, efficiency and relationships of a business. It also affects the security of confidential information and trade advantages.

If technology is used effectively in the workplace, less error will occur and there will be more time to do new tasks rather than checking on the authentication of the previous tasks. Technology has helped GSK to make the employees communicate among themselves and among the departments.

In terms of technology GSK is not updated compare to other organizations. They are using very old technology in order to keeping their records which does not go with GSK values. Sometimes employees face difficulties to run their particular software which makes more complexity in the work process.

3.4 Brand Positioning

Brand positioning is the process of positioning one's brand in the mind of your customers. Brand positioning helps an organization grow more rapidly and gain trust of the customers. An effective brand positioning strategy ensures that the products of the company creates value to the customers.

As per as GSK in concern, every product of GSK are established in the market. For example, Horlicks, Sensodyne, Glaxose etc. we can recognize these products individually as brand but the name of company is not familiar that much as like Unilever and P&G. therefore people cannot recognize GSK as brand.

3.5 SWOT Analysis of GSK

Strengths

- **Good Connections:** one of the major strength of GlaxoSmithKline Bangladesh Limited is its financial feedback and back up as it is one of the top ranked pharmaceutical companies in the world. As it has offices and plants in different leading countries so the firm has never suffered from any financial crisis.
- **Recognized Products:** GlaxoSmithKline Bangladesh limited is a leading company in terms of Consumer Healthcare products. For its multidimensional concept in the context of Bangladesh, it drew the attention of people very quickly and within a short period of time it has got a wide range of customer base. All consumer products are established such as, Horlicks, Boost, Glaxose etc.
- **Passionate Staff:** The recruitment of employees at GlaxoSmithKline Bangladesh Limited emphasizes on having the skilled graduates and postgraduates who have backgrounds or job experience for that particular job. The reason behind is that GSK wants to maintain high work standard. These type young and fresh workers stimulate the whole working environment of GlaxoSmithKline.
- ✓ **Permitted Work Force:** The human resource of GlaxoSmithKline is extremely well thought and perfectly managed. As from the very first the top management believed in empowered employees. This empowered environment makes GSK a better place for the employees. The employees aren't suffocated with authority but are able to grow as the organization matures. They feel proud to be a part of the organization.

- GSK has intense demand of their product nationally and internationally which helps them to inflate their business
- Considerable financial resources to grow the business
- Ability to take advantage of economies of scale
- Better product quality relative to rivals
- Goodwill of the company

Weakness

- ❑ **Raw material limitations:** GlaxoSmithKline just cannot use raw materials from any source though it might be cheaper than present source. In order to maintain product standard and quality they use their own source.
- ❑ **Prolong decision making:** As GSK is a world leader research based multinational company so to a certain extent they cannot compete with the local pharmaceutical company in Bangladesh because for GSK it needs to undergo an extensive research to launch a new product.
- ✓ **Lower customer's Confidence:** To the citizens of Bangladesh, GlaxoSmithKline is not uniquely dominated in the field of pharmaceutical industry. Additionally, because of the dominant existence of Square, Beximco pharma people are indifferent in buying medicine from GSK after providing the highest quality products.
- ❑ **Greater Production Cost:** Group compliance due to group policy the company has to import raw materials from UK rather than from neighboring countries (other than those which produce locally) resulting in higher cost of production.

Opportunities

- ❑ **Higher Demand of Products:** Next to food, clothing and housing, health treatment is a basic need of people. The most important thing of a human being is his or her health. Since health treatment is one of the basic needs of people, there is always a high demand of quality medicines, the prime output of GlaxoSmithKline.
- ✓ **Few substitute products:** As GlaxoSmithKline is the world's best research based pharmaceutical company so continuously it has coming up with a lot of innovations and inventions. So considering these new products local pharmaceutical companies are totally unmatched with the GlaxoSmithKline regarding innovations and inventions.
- ❑ **A Solid Network:** One of the major positive aspects of GlaxoSmithKline Bangladesh Limited is its worldwide network. Established of different R&D, biotechnology, clinical development, active supply, product supply and management know-how in different countries facilitate to run the whole operation efficiently.
- ✓ Expanding the company's product line to meet a broader range of customer needs

- Market is significantly large and growing
- In Bangladesh, GSK can get labors at a very cheap cost

Threats

- **Pricing:** As GlaxoSmithKline Bangladesh Ltd ensures High quality product and raw materials, so its products price is comparatively higher than other brand's products. Due to this reason Present customers are switching over to other local brands.
- **Moral Standard:** Company ethical issues are so sound that GSK cannot perform any unethical task to manage drug administration and other tribulations to maximize profit.
- ✓ **Bangladesh Government's regulation:** Government regulation can be a big threat, if the government implements restriction to the multinationals to improve the local national pharmaceutical brands.

3.6 Critical Observation and Recommendation

From my experience in GSK, I have found that the organization is very organized at accomplishing the tasks, it is very much focused on doing fair business and the corporate environment is really harmless and friendly. GSK Bangladesh truly follows the code of conducts which established by its parent company. All the employees here try to maintain integrity in their every tasks. All the departments are here properly coordinated which fosters the organizational performance a lot. As I was the part of Marketing and Trade Finance department which is a section of Finance department, I have found that employees of these two departments are very much knowledgeable and skilled and very efficiently they plan and implement the financial strategies. They are also very much aware about utilizing the resources and not to waste the assets of the organization unnecessarily.

I have observed and felt that GSK Bangladesh is doing excellent job, one thing that appeared surprising to me is in spite being so efficient at operations and having so much qualified products, GSK Bangladesh is not in the leading position. Market leaders are the local firms, the reason behind this is the government concern to promote the local pharmaceuticals. So,

GSK should take strong initiatives thus they can improve their rank and can lag behind the competitors. On the other hand, most of the consumer health care products are doing so well, especially the health drinks and the glucose powder.

So, my recommendations are:

- ✓ GSK should concentrate more on promotional activities and making people more aware about their company profile and products thus a strong brand image can be established.
- ✓ Like the Consumer Healthcare products, the pharmaceuticals products should be engaged in famous public events.
- ✓ They should be more concerned to reduce the production cost of the pharma products thus they can compete with the local products more successfully.
- ✓ GSK should be very careful in maintaining the copyrights of their products as they are in alliance with some local firms like Mutual food and Zuellig Pharma.
- ✓ Making individuals more clear about their responsibilities
- ✓ Employees should follow a common process in order to complete their task
- ✓ Proper training should be given by the company so that employees can understand how they have to perform their job

Chapter 4: Comparative Financial Analysis

4.1 Comparative Ratio Analysis

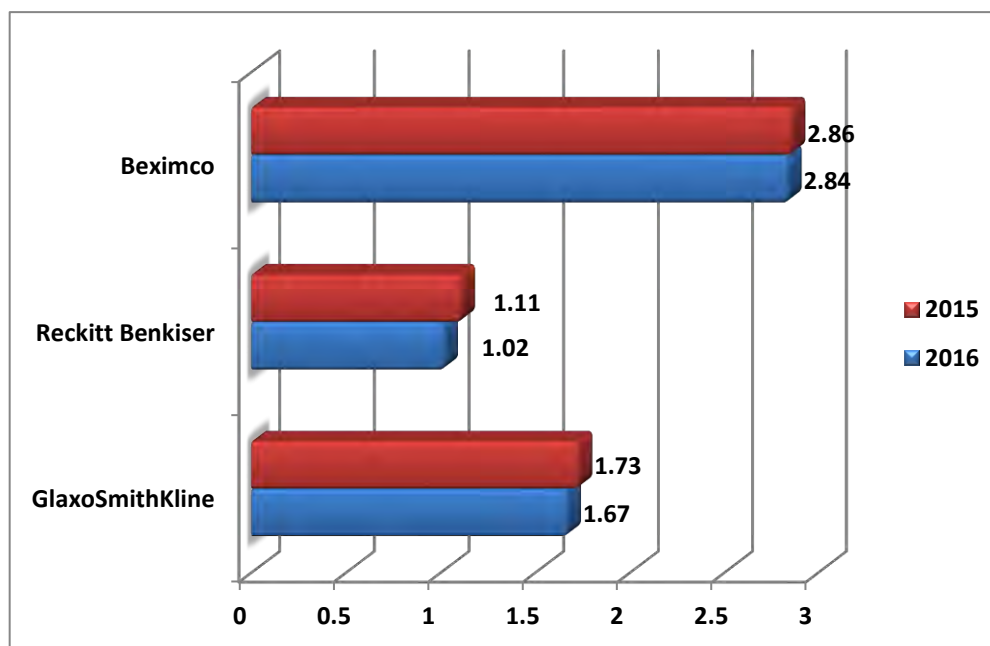
In the comparative ratio analysis section, I have compared the data of GlaxoSmithKline Bangladesh Limited with two other rival companies' data. Here, I showed Beximco Pharmaceuticals Limited and Reckitt Benckiser Bangladesh Limited as the rivals of the company. I have compared some of the key ratios of these three companies' which shows the financial position of the companies. I compared their current ratios, gross and net profit margins, net asset per shares, earnings per shares, dividend per shares, price-earnings ratios, return on asset, return on equity and market price shares. Through all these ratios and information, I think their comparative position became pretty much clear.

Detailed data along with the ratios of Reckitt Benckiser Bangladesh Limited and Beximco Pharmaceuticals Limited gives a glance of an overall performance of GlaxoSmithKline Bangladesh Limited. All the data showed in the further ratio calculation were taken from their respective annual reports.

4.1.1 Comparative Current Ratio:

GlaxoSmithKline Bangladesh Limited		Reckitt Benckiser Bangladesh Limited		Beximco Pharmaceuticals Limited	
2016	2015	2016	2015	2016	2015
1.67 Times	1.73 Times	1.02 Times	1.11 Times	2.84 Times	2.86 Times

Comparative Current Ratio Analysis



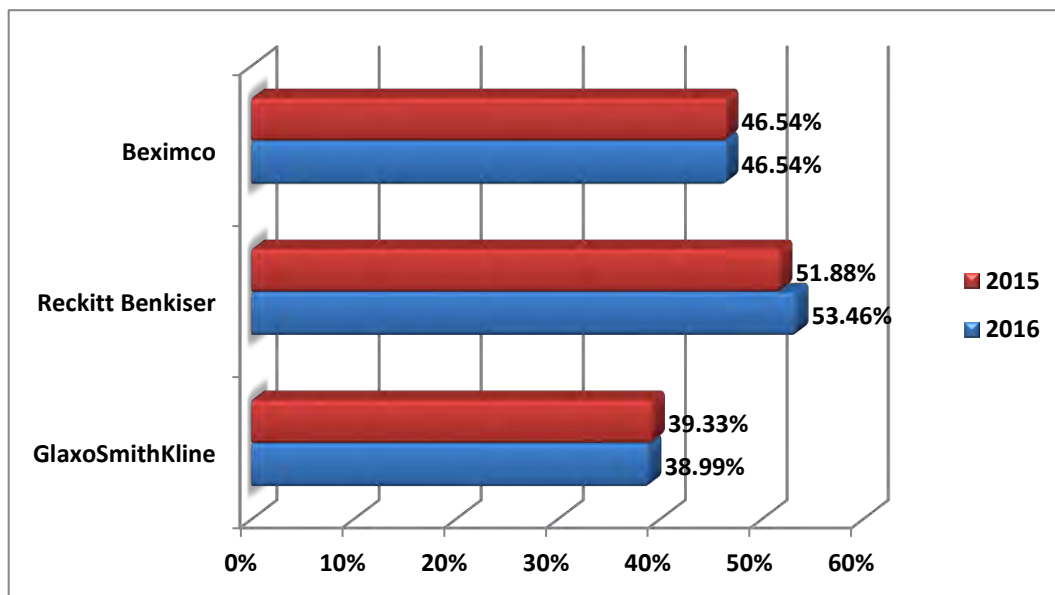
Comparative Current Ratio Analysis

Interpretation: The higher the current ratio is, the better the position of the company. In the analysis above, Beximco Pharmaceuticals has the highest current ratio in 2015 and 2016 and thus it has the best position above mentioned other companies.

4.1.2 Comparative Gross Profit Margin

GlaxoSmithKline Bangladesh Limited		Reckitt Benckiser Bangladesh Limited		Beximco Pharmaceuticals Limited	
2016	2015	2016	2015	2016	2015
38.99%	39.33%	53.46%	51.88%	46.54%	47.27%

Comparative Gross Profit Margin Analysis



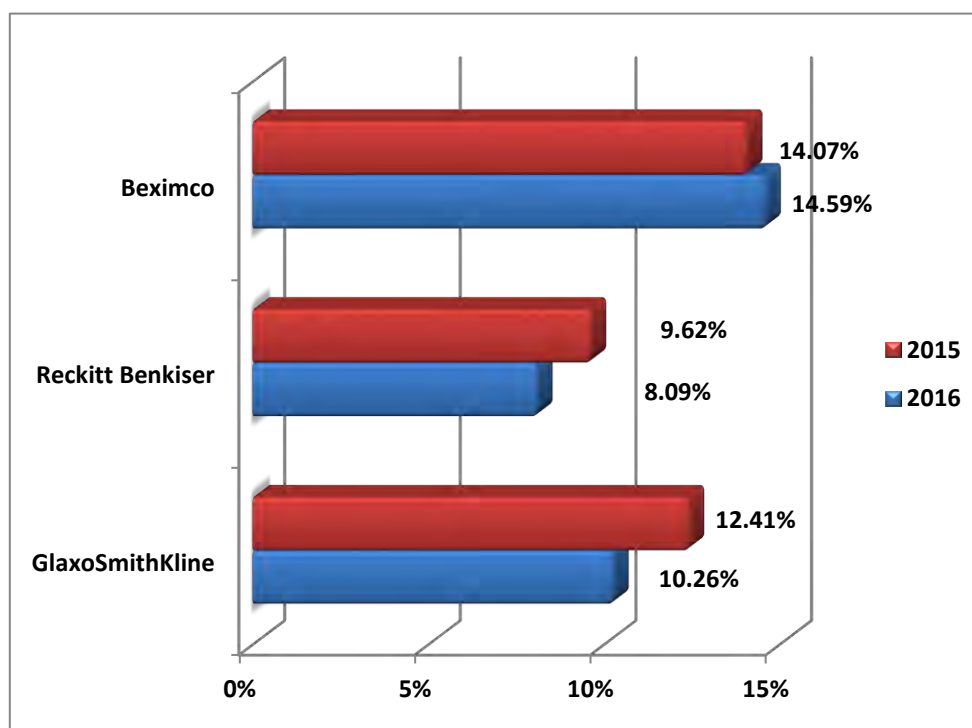
Comparative Gross Profit Margin Analysis

Interpretation: In case of gross margin, Reckitt Benckiser shows the highest profit margin of 51.88% profit in 2015 and 53.46% profit in 2016. So, in competitive gross profit analysis, Reckitt Benckiser has the best position than GSK Bangladesh and Beximco.

4.1.3 Comparative Net Profit Margin

GlaxoSmithKline Bangladesh Limited		Reckitt Benckiser Bangladesh Limited		Beximco Pharmaceuticals Limited	
2016	2015	2016	2015	2016	2015
10.26%	12.41%	8.09%	9.62%	14.59%	14.07%

Comparative Net Margin Analysis



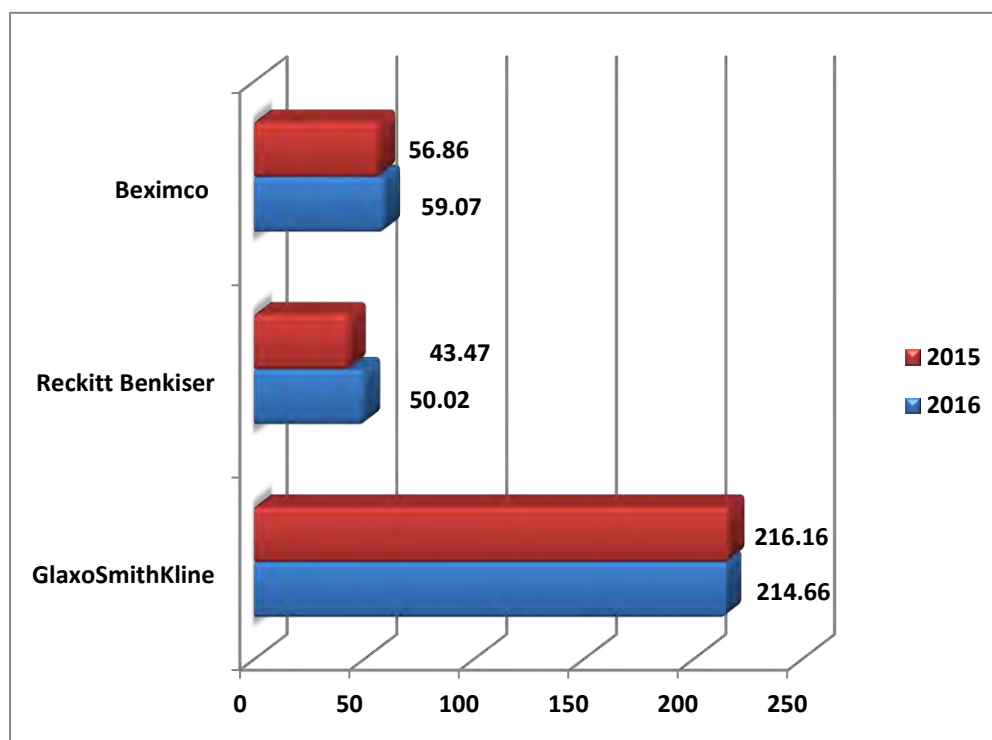
Comparative Net Margin Analysis

Interpretation: In comparison of Net profit, Beximco Pharmaceuticals shows the highest net profit margin from its competitors. It has 14.59% net profit in 2016 and 14.07% in 2015 where GSK only has 12.41% and 10.26% net profit in those years. So, Beximco has higher profitability than two other competitive companies.

4.1.4 Comparative Net Asset per Share

GlaxoSmithKline Bangladesh Limited		Reckitt Benckiser Bangladesh Limited		Beximco Pharmaceuticals Limited	
2016	2015	2016	2015	2016	2015
214.66	216.16	50.02	43.47	59.07	56.86
Taka	Taka	Taka	Taka	Taka	Taka

Comparative Net Asset per Share Analysis

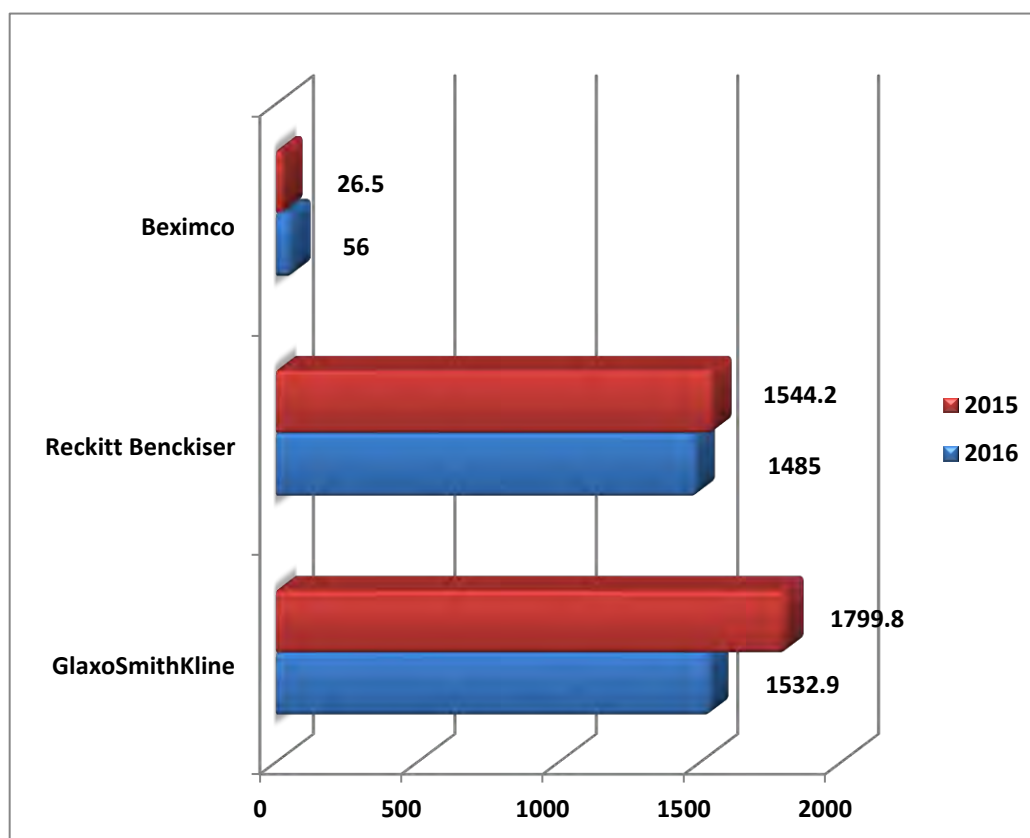


Comparative Net Asset per Share Analysis

Interpretation: GSK Bangladesh generates a very high amount of net asset per share, which is 216.16 taka per share in 2015 and 214.66 taka per share in 2016, where the closest competitor, Beximco only generates 56.86 taka and 59.07 taka per share in the same years. This makes it in a better position in the market than its competitors.

4.1.5 Comparative Market Price per Share

GlaxoSmithKline Bangladesh Limited		Reckitt Benckiser Bangladesh Limited		Beximco Pharmaceuticals Limited	
2016	2015	2016	2015	2016	2015
1532.90	1799.80	1485	1544.2	56	26.50
Taka	Taka	Taka	Taka	Taka	Taka



Comparative Market Price per Share Analysis

Interpretation: The shares of GSK Bangladesh has higher market price than any other competitors in the market. The market value per share of GSK Bangladesh was 1799.8 taka in 2015 which later declined to 1532.9 taka in 2016. The closest competitor, Reckitt Benckiser's share price was 1544.2 taka in 2015 and 1485 taka in 2016. As GSK has the highest market value, it has achieved the market leader position over other pharmaceuticals companies.

Comparative Dividend per Share

GlaxoSmithKline Bangladesh Limited		Reckitt Benckiser Bangladesh Limited		Beximco Pharmaceuticals Limited	
2016	2015	2016	2015	2016	2015
50 Taka	55 Taka	77.5 Taka	65 Taka	0.35 Taka	0.95 Taka

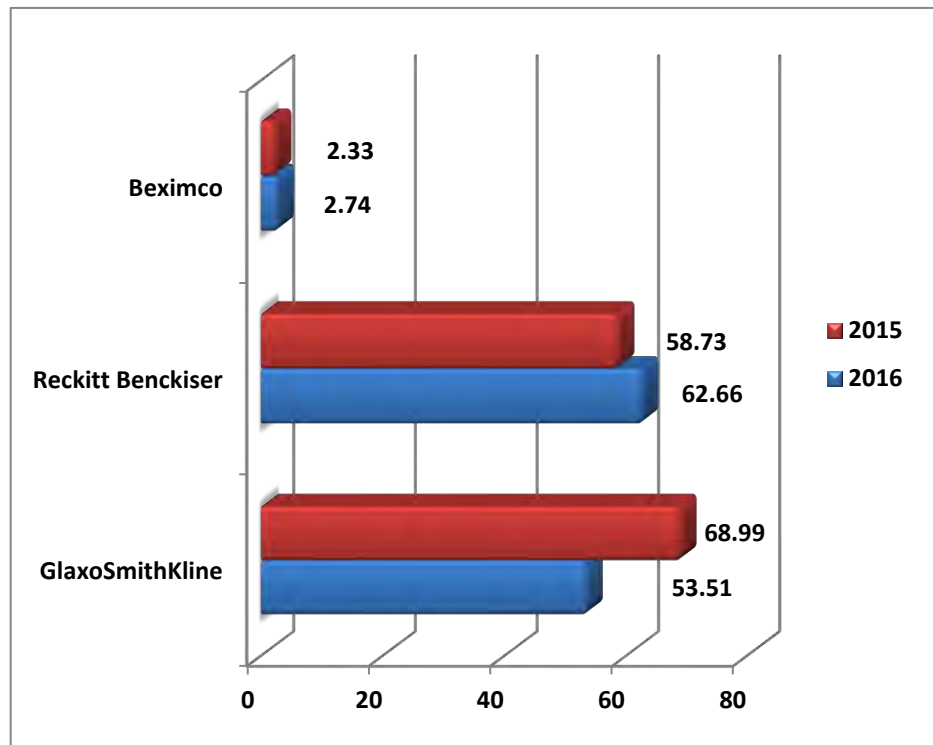
Comparative Dividend per Share Analysis

Interpretation: From dividend payout analysis, it can be shown that, Reckitt Benckiser paid the highest dividend per share to its common stockholders in 2015 and 2016 than other two companies. It paid 65 taka per share dividend in 2015 and 77.5 taka per share dividend in 2016, where GSK paid 55 taka in 2015 and 50 taka in 2016. So, from this viewpoint, Reckitt Benckiser has the best position in than other two companies.

4.1.7 Comparative Earnings per Share

GlaxoSmithKline Bangladesh Limited		Reckitt Benckiser Bangladesh Limited		Beximco Pharmaceuticals Limited	
2016	2015	2016	2015	2016	2015
53.51 Taka	68.99 Taka	62.66 Taka	58.73 Taka	2.74 Taka	2.33 Taka

Comparative Earnings per Share Analysis



Comparative Earnings per Share Analysis

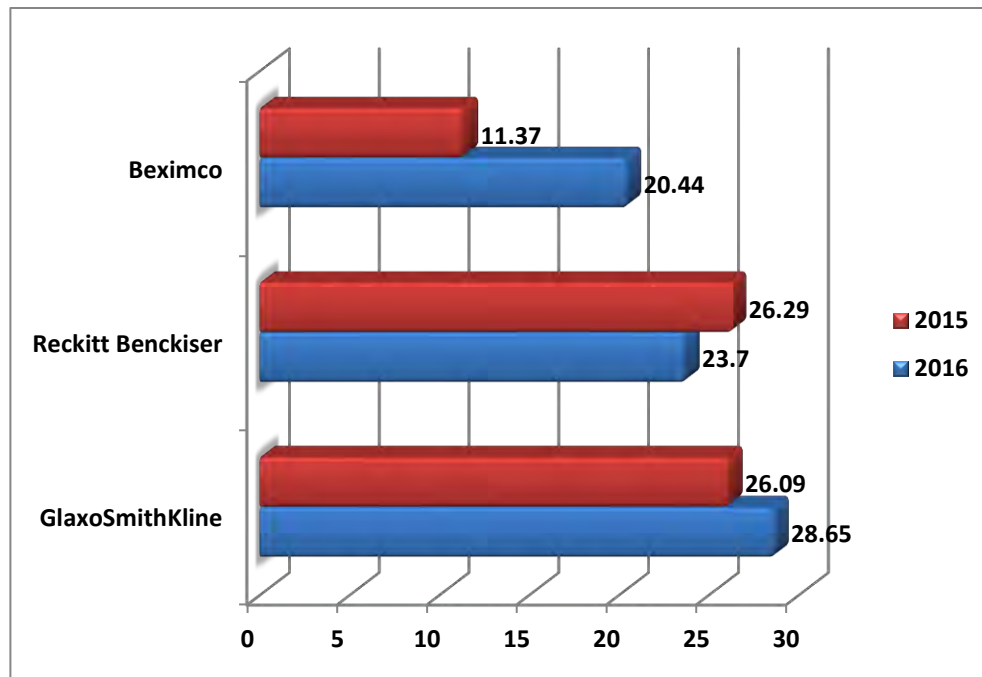
Interpretation: In EPS analysis, GSK had the highest EPS in 2015 among the competitors, which was 68.99 taka per share, where the closest competitor, Reckitt Benckiser had 58.73 taka per share. But in 2016, the share price and net profit of GSK declines and thus the EPS also declines. On the

other hand Reckitt Benckiser had an increased profitability on that year and so it had a higher EPS than GSK, 62.66 taka per share, where GSK had 53.51 taka per share.

4.1.8 Comparative Price-Earnings Ratio

GlaxoSmithKline Bangladesh Limited		Reckitt Benckiser Bangladesh Limited		Beximco Pharmaceuticals Limited	
2016	2015	2016	2015	2016	2015
28.65	26.09	23.70	26.29	20.44	11.37

Comparative P/E Ratio Analysis



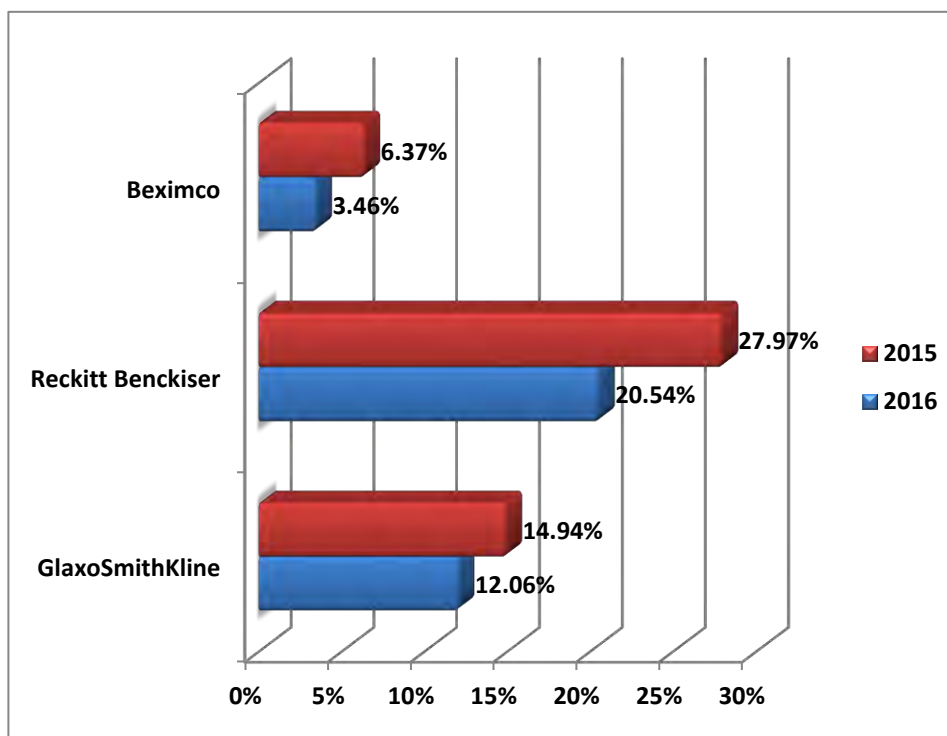
Comparative P/E Ratio Analysis

Interpretation: According to the analysis of price-earnings ratio, we can see that GSK had 26.09 times P/E ratio in 2015 and 28.65 times P/E ratio in 2016, where the closest competitor Reckitt Benckiser had 26.29 times in 2015 and 23.70 times in 2016. The comparison states that GSK has better Price-Earnings ratio than other two companies, Reckitt Benckiser and Beximco.

4.1.9 Comparative Return on Assets (ROA)

GlaxoSmithKline Bangladesh Limited		Reckitt Benckiser Bangladesh Limited		Beximco Pharmaceuticals Limited	
2016	2015	2016	2015	2016	2015
12.06%	14.94%	20.54%	27.97%	3.46%	6.37%

Comparative ROA Analysis



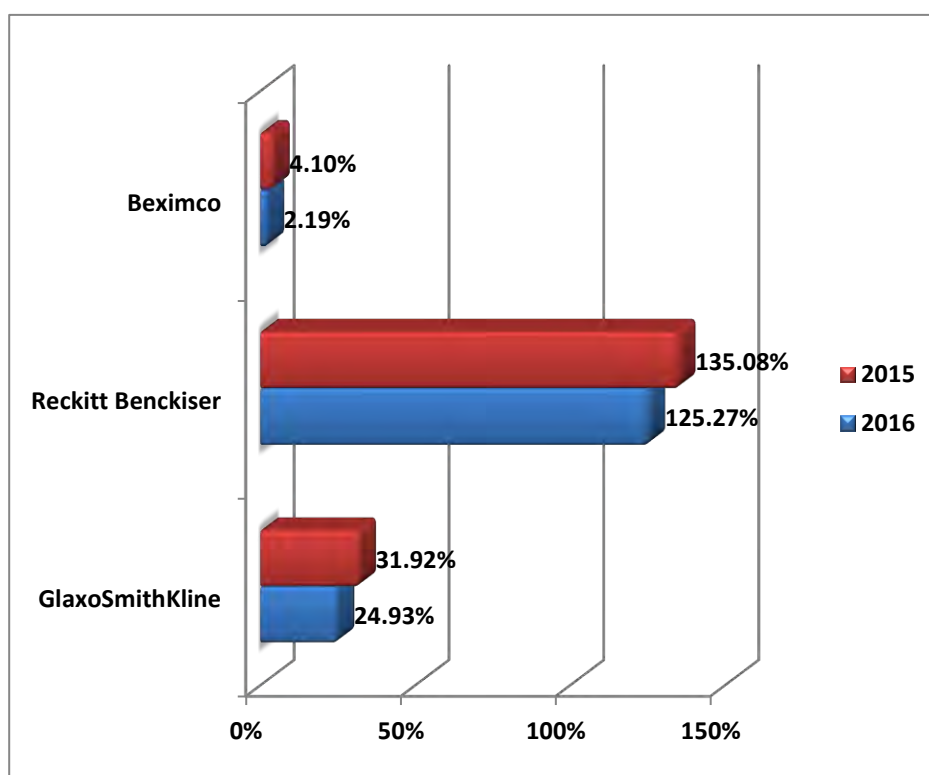
Interpretation: The comparative return on assets analysis shows that Reckitt Benckiser had 27.97% return on their total assets in 2015 and 20.54% return in 2016 where GSK had 14.94% return in 2015 and 12.06% return in 2016. This comparison tells us that Reckitt Benckiser gets higher return on its assets employed than GSK.

4.1.10 Comparative Return on Equity (ROE)

Table-46:

GlaxoSmithKline Bangladesh Limited		Reckitt Benckiser Bangladesh Limited		Beximco Pharmaceuticals Limited	
2016	2015	2016	2015	2016	2015
24.93%	31.92%	125.27%	135.08%	2.19%	4.1%

Comparative ROE Analysis



Interpretation: Reckitt Benckiser has 135.08% returns on its equity employed in 2015 and 125.27% return in 2016, where GSK had only 31.92% and 24.93% return in the same years respectively. So, from this analytical view, Reckitt Benckiser has the superior position than GSK.

Conclusion

GlaxoSmithKline Bangladesh Limited is a major and foremost company in the pharmaceuticals business for more than four decades by engineering and delivering quality product to its customers. It has diversified its local business arena and has tried to come up with new solutions for its customers. GSK always worries about the superiority of the product and medicine for the customer and also increases the profit for its shareholder and stockholder and also the employees and other parties. They have a challenging and inspiring mission to improve the quality of human life by enabling people to do more, feel better and live longer. Most importantly, it gives us an idea of what can be the company's performance in the future. The company may identify and access less costly local or foreign sources of inventory for their Pharma products to reduce the COGS as well as to acquire a strong profit position in the industry. I believe that if GSK concentrates more on gaining the majority of the market share of the pharmaceutical industry in Bangladesh, it would be able to do better in its financial ratios and would also be able to turn its share into a blue chip in the share market. In my analysis, I have become able to know more about the financial strength, operational efficiency and management effectiveness of GSK. I have comprehended that GSK is doing really great in recent times and it is financially solvent but there are some threats which are increasing recently.

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