

**Financial performance analysis of GSK with a comparison  
to few of the leading pharmaceutical companies of Bangladesh**



**Internship  
Report**

**Financial performance analysis of GSK with a comparison  
to few of the leading pharmaceutical companies of Bangladesh**

**Submitted to:**

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**BUS 400**

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## Letter of Transmittal

30<sup>th</sup> June, 2014

To,

**Dr. Akbar Ali Khan**

**Professor**

BRAC Business School

BRAC University

**Subject: Submission of internship report on “Financial performance analysis of GSK with a comparison to few of the leading pharmaceutical companies of Bangladesh.”**

Dear Sir,

This is my great pleasure to submit the internship report of my three months long internship program in the GlaxoSmithKline Bangladesh Limited, under Finance and Accounts Department. The title of the report is “**Financial performance analysis of GSK with a comparison to few of the leading pharmaceutical companies of Bangladesh**”. This report has been prepared to fulfill the requirement of my internship program at my assigned organization, GlaxoSmithKline Bangladesh Limited.

I have put my best effort to make this report a successful one. It has been joyful & enlightening experience for me to work in the organization & prepare this report. However, this has been obviously a great source of learning for me to.

I would like to express my sincere gratitude to you for your kind guidance & suggestions in preparing the report. It would be my immense pleasure if you find this report useful & informative to have an apparent perspective on the issue. I shall be happy to provide any further explanation regarding this report if required & please do not hesitate to call me if you have any query on this report or any other relevant matters.

Thanks and best regards,

**Nusrat Sharmeen Anika**

ID: 10104060

## Acknowledgement

There is an English proverb “Two heads are better than one” which means no one can obtain a noble objective alone. This internship report is an accumulation of many people’s endeavor. At the very beginning, I would like to convey my sincere appreciation to the almighty Allah for giving me the strength & the ability to finish the task within the planned time. Then, I like to express my sincere gratitude to everyone who contributed towards preparing & making this study successfully.

I would like to express my Sincere & immense gratitude to my internship advisor, Dr. Akbar Ali Khan, Professor of BRAC Business School, BRAC University. I am deeply grateful to his whole hearted supervision during the internship period. His valuable suggestions & guideline helped me a lot to prepare the report in a well organized manner.

I would also like to thank the authority of GlaxoSmithKline Bangladesh Limited for giving me the opportunity to do my internship in their well-known multinational organization and supplying me necessary information and published papers. I would like to give thanks to:

- Mr. Omar Faruk Bhuiyan, Management Reporting Manager, Finance & Accounts Department, GSK Bangladesh

I am also grateful to the other officials & my intern friends at GSK who helped me while preparing the report by giving their suggestions, assistance & supply of information, which were valuable to me.

## Executive Summary

The internship report is made on financial performance comparison among GSK, Square and Beximco. The report includes the process of reviewing and evaluating company's financial statements, because without this the ratio analysis, vertical and horizontal analysis cannot be done. Ratio analysis mainly calculates the statistical relationships between data. The ratio analysis helps an organization to understand performance on the last fiscal year which further helps them to take decisions in future.

I have selected this topic after consulting with my academic supervisor. The beginning part of my report contains the brief introduction of the selected company and the objectives, scope, methodology and limitations of the study.

In the second part, I have covered the detailed background of the company such as the history, global network, mission & strategy, the organizational structure, market position and an overview of its operations.

In the third part, I have shared my internship experience at Finance & Accounts Department of GlaxoSmithKline, Bangladesh Ltd. In this part, I have described my observation and understanding about the organization including my responsibilities and working experiences.

Then starts the main analysis part of my report where I have done vertical, horizontal, comparative and ratio analysis of consecutive five years. Here, I have presented the result and according to the result, I have interpreted the financial condition of Square, Beximco and GSK Bangladesh Ltd.

In the next part, I have discussed some recommendations that will help GSK to strengthen their financial base more.

Lastly, I have come up with a brief conclusion and necessary references.

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## CHAPTER ONE

# Introduction

### 1.1: OBJECTIVE OF THE REPORT

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Objective of the study entails the Financial Ratio Analysis of GlaxoSmithKline Bangladesh, Square and Beximco to assess their performance in the market.

### 1.2: SCOPE

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This report is on **“Financial performance analysis of GSK with a comparison to few of the leading pharmaceutical companies of Bangladesh”**. So, this term paper mainly represents the ratio analysis, vertical analysis and horizontal analysis and comparative analysis of the three leading pharmaceutical companies to show their performance in the market. Moreover, I also tried to focus on growth rates of each major item in the financial statements. I think anyone can get a good idea about these three companies financial performance, organizations can find their lacking in performance and management can find some ways to improve their present performance.

### 1.3: METHODOLOGY

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#### Data Collection

In order to complete the study, two types of data have been used-

- ☐ Primary Data
- ☐ Secondary Data

*Primary Data* was collected through direct observation and interviews with my supervisor and other officials of GlaxoSmithKline, Bangladesh.

*Secondary Data* was collected mainly through the annual reports of GSK, Square and Beximco. Moreover, I also studied websites, some published reports and organizational documents.

#### 1.4: LIMITATION

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The security concern of GSK about revealing the information was one of the biggest challenges for me. For ensuring confidentiality, GSK authority was unwilling to share some information which was really needed to prepare the report. Their official website also contains a limited amount of information required for making a report and I mainly covered the information from annual reports and through the primary sources of data. Then the time duration for preparing the report was not enough. Due to the work load in the office, I also got limited time to prepare the report.

As the internship was first practical experience for me, so it was possible for me to understand the whole and actual financial performance of GSK. Based on the annual reports' data, I have used my understanding about finance to find out the ratios and interpret the situation. So, the statements, recommendations and conclusions are made according to my knowledge and level of understanding.

In spite of having much difficulties and limitations, I have given my best effort to accomplish the report successfully.



## CHAPTER TWO

### Company Overview

GlaxoSmithKline (GSK) is one of the leading British multinational pharmaceutical, biologics, vaccines and consumer healthcare company headquartered in Brentford, London. It is the world's fourth-largest pharmaceutical company after Pfizer, Novartis and Sanofi, measured by 2009 prescription drug sales. The company was established in 2000 by the merger of Glaxo Wellcome plc and SmithKline Beecham plc. GSK has a portfolio of products for major disease areas such as asthma, cancer, virus control, infections, mental health, diabetes and digestive conditions. It also has a large consumer healthcare division that produces oral healthcare and nutritional products, drinks and over-the-counter medicines, including Sensodyne, Boost and Horlicks. GSK has a strong Research and Development which works hard to give best health facilities to the customers and keeps pace with the rapidly changing health care environment very well. GSK is headquartered in London, United Kingdom and the company sells its products in around 70 countries. GSK has gained leadership in four major therapeutic areas which include anti-infectives, central nervous system (CNS) and respiratory & gastro-intestinal/ metabolic. Moreover, GSK is also gaining leadership in the most significant areas of vaccines and it has an emerging portfolio in a very sensitive segment and that is oncology. It is concentrating a lot in making strong quality oncology products. Andrew Witty has been the chief executive officer since May 2008. The company has a primary listing on the London Stock Exchange and as of 6 July 2012 it had a market capitalization of £74.8 billion, the fifth-largest of any company listed on the London Stock Exchange.

History of GSK and its operation throughout the world and Bangladesh is presented below:

#### History of GSK

<b>1873</b>
The company was oriented as Joseph Nathan & Company in New Zealand with the founding of a small export-import company. It started its operation as a processing unit of abundant fresh milk of New Zealand. The only product it was producing Glaxo Baby Food.
<b>1875</b>
It started to export baby food to UK. Alec Nathan, son of Joseph Nathan, coined the name “Glaxo” from “Glactose”.
<b>1924</b>
Joseph Nathan & Company entered the pharmaceutical industry with the manufacture of Ostelin, the first Vitamin D preparation. The importance of the pharmaceutical market was soon realized.
<b>1935</b>
Glaxo Laboratories Limited was founded with its headquarters at Greenford, Middlesex and London for the production and marketing of foods and pharmaceuticals.
<b>1947</b>

After the 2 <sup>nd</sup> world war, Glaxo developed rapidly. Glaxo Laboratories Limited absorbed its parent Joseph Nathan & Company, and became a public company.
<b>1963</b>
Edinburgh Pharmaceutical Industries Limited, which owned Duncan, Flockhart and Company Limited and MAC Farlane Smith Limited, joined Glaxo.
<b>1995</b>
Glaxo acquired 100% share, of Wellcome PLC on May 01, 1995 and formed Glaxo Wellcome PLC.
<b>1998</b>
Glaxo Wellcome achieved a number of regulatory milestones for several of its key projects, such as ZEFFIX for the treatment of influenza.
<b>2000</b>
Glaxo Wellcome and SmithKline Beecham merged to form GlaxoSmithKline; a worldwide research based pharmaceutical company.
<b>2002</b>
The first 100 million albendazole tablets are donated as part of our commitment to fight lymphatic filariasis.
<b>2004</b>
The Clinical Trial Register is launched, an internet site containing clinical trial data that anyone can access.
<b>2011</b>
Human Genome Sciences and GSK receive approval for Benlysta, the first new lupus treatment in 50 years
<b>2012</b>
Official supplier to the Olympic and Paralympic Games, providing laboratory services for official anti-doping measures.
<b>2013</b>
Acquired United States-based biopharmaceutical company Human Genome Sciences (HGS). HGS and GSK collaborated on the development of two drugs that received marketing approval, the lupus drug Belimumab (Benlysta) and albiglutide for type 2 diabetes.
<b>2014</b>
GSK paid \$1 billion to raise its stake in its Indian pharmaceutical unit, GlaxoSmithKline Pharmaceuticals, to 75 percent as part of a move to focus on emerging markets. Novartis and Glaxo agreed on more than \$20 billion in deals, with Novartis selling its vaccine business to GSK and buying GSK's cancer business.

**Source:** <http://www.gsk.com/about-us/our-history.html>

### **GSK at a glance**

<ul style="list-style-type: none"> <li>• <b>One of the world's leading research-based pharmaceutical and healthcare companies.</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Employs over 99,000 people in over 100 countries</b></li> </ul>
<ul style="list-style-type: none"> <li>• <b>Around 12,800 people work in research teams to discover new medicines.</b></li> </ul>

<ul style="list-style-type: none"> <li>• Vaccines are included in immunization campaigns in 182 countries worldwide</li> </ul>
<ul style="list-style-type: none"> <li>• Every second- distributes more than 35 doses of Vaccines.</li> </ul>
<ul style="list-style-type: none"> <li>• Every minute- more than 1100 prescriptions are written for GSK products</li> </ul>
<ul style="list-style-type: none"> <li>• Every hour spends more than £300,000 (US\$562,000) to find new medicines</li> </ul>
<ul style="list-style-type: none"> <li>• January 2008 marked the tenth anniversary of their programme to help eliminate lymphatic filariasis (elephantiasis). Since the start of this programme they have donated more than 1.4 billion albendazole tablets to countries affected by LF</li> </ul>
<ul style="list-style-type: none"> <li>• Global community investment and charitable donations were £163 million in 2009</li> </ul>

**Source:** <http://www.gsk.com.bd/about/gsk-at-a-glance.aspx>

### **Mission**

**The mission statement of the business-** “ Our global quest is to improve the quality of human life by enabling people to do more, feel better and live longer”

**Source:** <http://www.gsk.com.bd/mission/>

### **Strategic Goal**

**Our strategic intent states our business goal –** “We want to become the indisputable leader in our industry.”

Strategies:

- Grow a diversified global company
- Deliver more products of value
- Simplify the operating model
- Individual Empowerment
- Building Trust

**Source:** Annual Report 2013, GlaxoSmithKline Bangladesh Ltd.

## Values

- **Respect for people**
- **Patient Focus**
- **Transparency**
- **Integrity**

## Spirit

**“We undertake our quest with the enthusiasm of entrepreneurs, excited by the constant search for innovation. We value performance achieved with integrity. We will attain success as a world class leader with each and every one of our people contributing with passion and an unmatched sense of urgency.”**

**Source:** Annual Report 2013, GlaxoSmithKline Bangladesh Ltd.

## Behaviors

- **Flexible Thinking**
- **Continuous Improvement**
- **Customer Driven**
- **Developing People**
- **Enable & Drive Change**
- **Building Relationships**

**Source:** Annual Report 2013, GlaxoSmithKline Bangladesh Ltd.

## Quality Statement

**“Quality is at the heart of everything we do- from the discovery of the molecule through product development, manufacture, supply and sale- and vital to all the services that support our business performance.”**

**Source:** Annual Report 2013, GlaxoSmithKline Bangladesh Ltd.

## Policy

- **Safeguard people and enhance their well being**
- **Protect our communities and the environment**
- **Lead in what we do**
- **Make continuous improvement**
- **Integrate sustainability into our business**
- **Be transparent with everyone**

**Source:** Annual Report 2013, GlaxoSmithKline Bangladesh Ltd.

## **The GlaxoSmithKline Bangladesh Limited**

GlaxoSmithKline (GSK) Bangladesh Limited carries with it a desirable image and reputation for the past 6 decades. A subsidiary of GlaxoSmithKline plc- one of the world's leading research-based pharmaceutical and healthcare companies GSK Bangladesh, continues to be committed to improving the quality of human life by enabling people to do more, feel better and live longer. The Company's principle activities include secondary manufacture of pharmaceutical products and marketing of vaccines, pharmaceutical healthcare products and health food drinks.

In 1949 the Company commenced its journey in Bangladesh with its' corporate identity as Glaxo in Chittagong as an importer of products from the Glaxo Group Companies. It started spreading its spectrum from being an importer to a manufacturer by establishing its own manufacturing unit at Chittagong in 1967. The facility till date is considered as one of the Centres of Excellence in Global Manufacturing & Supply Network of the Group.

The global corporate mergers and acquisitions have seen the evolution of the Company's identity in the past 6 decades. In line with mergers and acquisitions, the identity changed from Glaxo to Glaxo Wellcome Bangladesh Limited following the Burroughs Wellcome acquisition in 1995 and finally to GlaxoSmithKline Bangladesh Limited during 2002 after merger with SmithKlineBeecham in December 2000. The mega merger of the Company enables it to deliver cutting edge advancements in health care solutions. The 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 615 numbers of personnel all over the country GSK Bangladesh, which now comprises of both Pharma and Consumer, continually strive to meet the GlaxoSmithKline mission to improve the quality of human life by ensuring healthcare products, health drinks and different corporate social responsibility programs. GSK is committed to developing new and effective healthcare solutions. The values on which the group was founded have always inspired growth and will continue to do so in times to come.

## **History of GlaxoSmithKline, Bangladesh Limited**

<b>1948-1950</b>
Glaxo Laboratories (Pakistan) Limited was incorporated having its registered office in Karachi. Initially it was a wholly owned subsidiary of Glaxo Group Limited.
1949: First branch in East Pakistan was opened at Dewanhat, Chittagong. The Company was absolutely dependent on imports from U.K. Mode of delivery of products were mainly railway parcel and post parcel.

<b>1951-1959</b>
1951: Public offer of shares was made at the request of the Govt. As a result Glaxo Group's Shareholding ratio reduced to 70%.
1955: Karachi factory started production of medicines having sufficient capacity to cover market needs of both East and West Pakistan.
1956: Second branch in East Pakistan was opened at Motijheel, Dhaka.
<b>1960-1969</b>
1960-1961: Permission for establishment of a factory at Chittagong was obtained from the Govt. Land for Fauzderhat factory was purchased.
1962: Plan for factory building at Fauzderhat was passed by Chittagong Divisional Commissioner.
1966: Third branch was opened at Khan Jahan Ali Road, Khulna. East Pakistan Head Office was established headed by one Resident Director.
1967: Chittagong factory went into production.
1968: Permission for packing of 1800 tons baby food and 900 tons Glaxose-D was granted by the Govt.
<b>1970-1979</b>
1970: Packing of Glaxose-D started.
1972: All establishments of Glaxo Laboratoies (Pakistan) Ltd. in the then East Pakistan was vested in the abandoned properties of the Government.
1973: Released from abandoned properties and permission was given by the Government to form a Company in Bangladesh. Packing of milk food commenced.
1974: Glaxo Bangladesh Limited was incorporated and the First Depot was opened at Bogra.
1975: Depots at Barisal and Sylhet were opened.
1976: Depot at Mymensingh was opened.
<b>1980-1989</b>
1980: Sales Depots at Comilla, Pabna and Rangpur were opened.
1981: Sales Depot at Narayanganj was opened.
1982: To comply with the requirements of Drugs Control Ordinance the Company had to discontinue production of all vitamin preparations (Tablet, Syrup & Injections) and some other products declared as non-essential items. Effect on sale was about 25%. Excise duty on medicine was imposed by the Government.
1983: Sales Depots at Rajshahi, Tangail and Dinajpur were opened.
1984: Sales Depots at Faridpur, Tangail and Dinajpur were opened.
1985: The Company discontinued packing of baby food.
1988: Company's registered office was re-located to Dhaka.
<b>1990-1999</b>
1990: Company properties at Paribag and Gulshan Dhaka were sold and registered office relocated to Chittagong.
1995: Renamed as Glaxo Wellcome Bangladesh Limited following the Burroughs Wellcome acquisition
<b>2000-2010</b>
2002: Following the global mega merger with SmithKlineBeecham Identity changed to GlaxoSmithKline Bangladesh Limited

**Source:** <http://www.gsk.com.bd/about/our-company.aspx>

### Operations in Bangladesh

Operations in Bangladesh	
Headquarter	Registered Office & Factory
GlaxoSmithKline, Bangladesh LTD	Fauzderhat Industrial Area
Corporate Office	North Kattali, Chittagong
House # 2A, Road # 138	District Marketing Office
Gulshan-1	

### Ownership

Before 1951, Glaxo Group Limited had ownership of the company all by themselves. In 1951, public offer of shares was made at the request of the government. As a result, Glaxo group's shareholding reduced to 70%. In 1974, Glaxo Bangladesh limited was incorporated and started issuing shares by initial public offering. Below is the scenario of the ownership percentage from the year 2008 to 2012.

	2008		2009		2010		2011		2012	
	% of Holdings	No. of shares	% of Holdings	No. of shares	% of Holdings	No. of shares	% of Holdings	No. of shares	% of Holdings	No. of shares
Setfirst Limited, UK	81.98	9,875,144	81.98	9,875,144	81.98	9,875,144	81.98	9,875,144	81.98	9,875,144
Investment corporation of Bangladesh (ICB) & ICB unit and Mutual Funds	15.59	1,878,025	12.09	1,456,225	12.48	1,502,975	12.01	1,446,725	12.1	1,457,025
General Public	1.61	193,543	4.06	488,543	4.45	536,343	4.58	551,393	3.7	445,956
Sadharan Bima Corporation	0.63	76,437	0.63	76,437	0.63	76,437	0.63	76,437	0.63	76,437
Other local Financial Institutions	0.19	23,300	1.24	150,100	0.46	55,550	0.8	96,750	1.59	191,887
Total	100	12,046,449	100	12,046,449	100	12,046,449	100	12,046,449	100	12,046,449

**Source:** Annual Report (2008-2012), GlaxoSmithKline Bangladesh Limited

### Classification of shareholders by holding

	No. of holders	Total holdings %	No. of holders	Total holdings %	No. of holders	Total holdings %	No. of holders	Total holdings %	No. of holders	Total holdings %
Holdings	2008		2009		2010		2011		2012	
Less than 500 shares	534	0.52	709	0.75	1249	1.21	897	0.89	839	0.83
500 to 5,000 shares	99	1.01	171	1.87	178	1.65	138	1.5	141	1.52
5,001 to 10,000 shares	4	0.22	13	0.8	15	0.97	14	0.86	19	1.13
10,001 to 20,000 shares	3	0.31	6	0.66	6	0.51	3	0.27	4	0.43
20,001 to 30,000 shares	0	0	2	0.38	3	0.64	4	0.77	2	0.36
30,001 to 40,000 shares	1	0.3	0	0	0	0	1	0.29	1	0.33
40,001 to 50,000 shares	0	0	1	0.4	0	0	0	0	0	0
50,001 to 1,00,000 shares	1	0.63	3	2.06	3	1.75	4	1.05	2	1.43
100,001 to 1,000,000 shares	3	15.03	3	11.1	3	11.29	2	12.39	3	11.99
Over 1,000,000 shares	1	81.98	1	81.98	1	81.98	1	81.98	1	81.98
Total	646	100	909	100	1458	100	1064	100	1012	100

**Source:** Annual Report (2008-2012), GlaxoSmithKline Bangladesh Limited

**GSK's market share and position comparison:**

Serial	Name of Pharma	Tk (Crore)	Market Share
Rank	Total Market	7,186	100.00
1	SQUARE	1,378	19.18
2	INCEPTA PHARMA	650	9.05
3	BEXIMCO	620	8.62
4	OPSONIN PHARMA	355	4.94
5	ESKAYEF	348	4.84
6	RENATA	340	4.73
7	ACME	319	4.44
8	A.C.I.	293	4.08
9	ARISTOPHARMA	286	3.99
10	DRUG INTERNATIONAL	270	3.75
11	SANOFI AVENTIS	185	2.57
12	GLAXOSMITHKLINE	140	1.95
13	ORION PHARMA LTD.	140	1.94

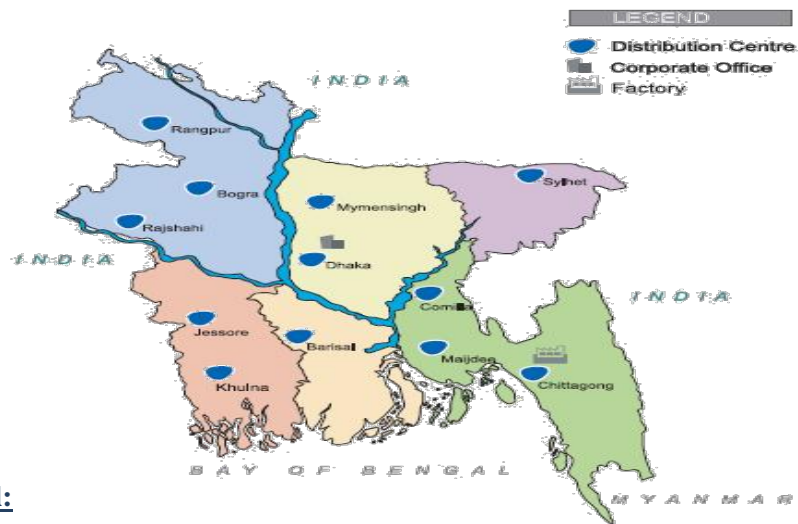
**Source:**<http://mydreamlan.wordpress.com/2013/05/12/list-of-pharmaceutical-companies-and-top-pharmaceutical-companies-of-bangladesh-2013/>

From the chart above, we can see that, GSK Bangladesh is securing 12<sup>th</sup> position according to data collected from 2013. Though having a very good position in the worldwide pharmaceutical market, GSK Bangladesh is not having a good position in holding a good market share in Bangladesh for its pharmaceutical products. From the sales revenue of GSK Bangladesh over the last five years we can see that, it has been generating more revenues in consumer healthcare products rather than in pharmaceutical products. This has diluted its position in the pharmaceutical industry of Bangladesh. The chart below shows its sales revenues over few years. (Source: *List of pharmaceutical companies and top pharmaceutical companies of Bangladesh, 2013*)

**District Marketing Offices:** GlaxoSmithKline Bangladesh Limited has twelve District Marketing Offices (DMO) throughout the country which covers six zones to sell products of GSK. 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





### Distribution channel:

Mutual Food	Distributor of consumer health care product of GSK, Bangladesh.
Zuellig Pharma	Distributor of pharmaceuticals product of GSK, Bangladesh.

### Organizational structure of Company

**Top management:** As per provisions of the Article of Association, Board of Directors holds periodic meetings to resolve issue of policies and strategies, recording minutes/decisions for implementation by the Executive Management.

#### **Executive Management:**

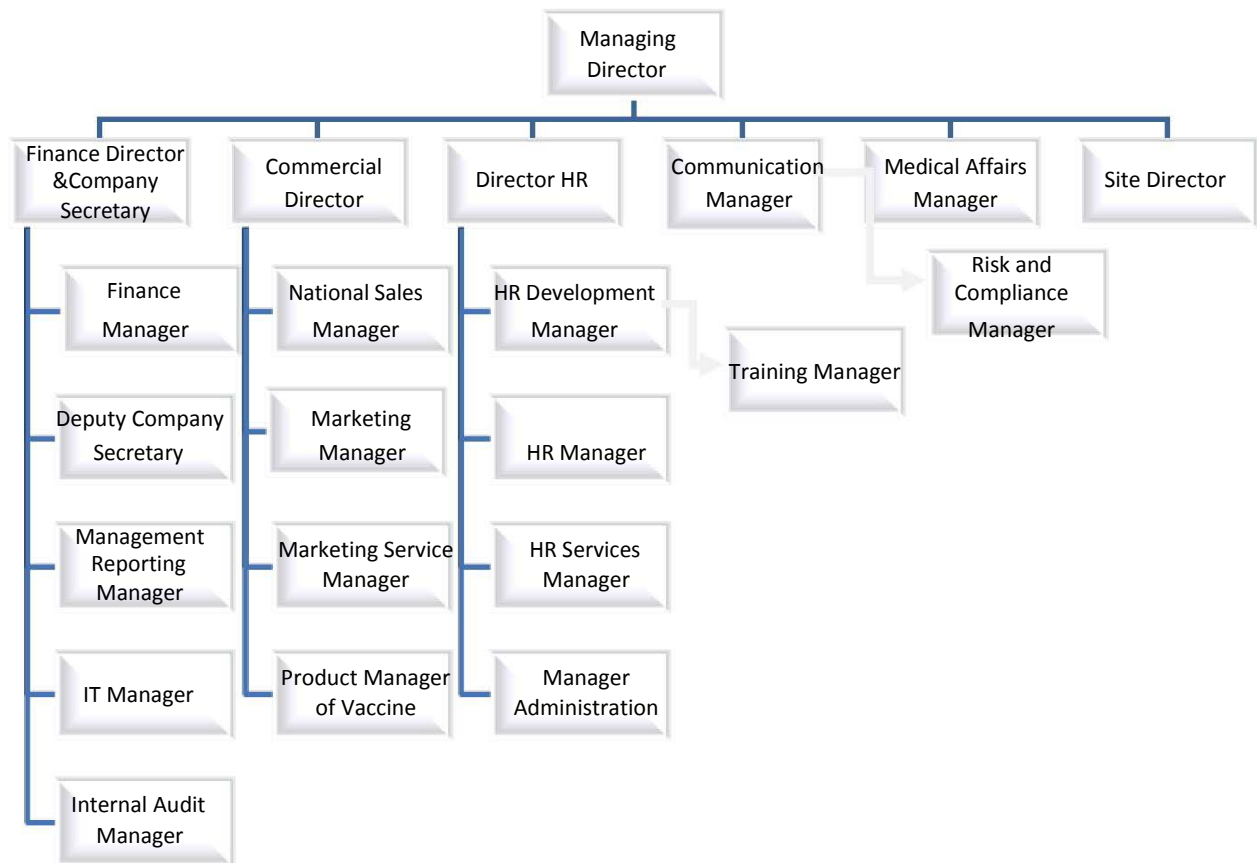
The Managing Director heads the Executive Management, the Chief Executive Officer (CEO) who has been delegated necessary and adequate authority by the Board of Directors. The Executive Management operates through further delegations of authority at every echelon of the line management.

### Board of Directors

<b>Mr. Rodrigo Becker</b>	Chairman
<b>M. Azizul Haque</b>	Managing Director
<b>Mr. Fayekuzzaman</b>	Non-Executive Director & Member, Audit Committee
<b>Sarwar Azam khan</b>	Finance Director & Company Secretary
<b>Masud Khan</b>	Non-Executive Director
<b>Rajib Barua</b>	Site Director
<b>Gopalakrishnan Venkatramani</b>	General Manager

**Source:** <http://www.gsk.com.bd/about/our-strategy.aspx>

## Organogram of GSK Bangladesh:



### **Functional Department of GlaxoSmithKline Bangladesh Ltd**

GlaxoSmithKline, Bangladesh, Limited comprises of five major departments. They are given below-

- Human Resources
- Marketing
- Finance
- Medical and regulatory affairs
- Information Technology

Each department of GSK operates in different aspects but they are inter-related as well as complementary to each other. Above mentioned functional departments are worked under the Managing Director. The company's delegation of authority is decentralized. The main functions of these departments are shown below-

- **Human Resources**

HR department is one of the most active departments in GSK. Previously this department was known as “**Personnel Management**” department. The company places great emphasis and commitment in developing the human resources as the management body believes that only the best people with professional competencies can contribute successfully to achieve the organization's goals. GSK has two HR Division, one is at corporate head office and other one is Chittagong factory office. There are four functional sub-departments. They are- HR Development, HR Services, HR Administration and Industrial Relations. First three sub departments are looked after by corporate head office HR division and last one is looked after by Chittagong HR division. There are various functions of HR department of GSK. The main activities of this department are given below-

1. Recruiting and training the best pool of employees according to company's requirement
2. Administering smooth workflow in the organization
3. Managing demands of the labors in the factory
4. Allocating annual holidays
5. Organizing motivational programs for employees
6. Looking after the wage structures and bonuses

- **Marketing**

The pharmaceutical industry of Bangladesh has limited field for marketing. Yet in an age of high competition like today's, firms are heavily spending and effectively practicing marketing. The summary of marketing functions is given below

1. Designing and implementing sales strategies
2. Controlling and updating distribution network
3. Designing and carrying out promotional programs

4. Providing marketing information services
5. Carrying out different awareness programs
6. Controlling international trades
7. Keeping records of data regarding marketing activities
8. Building up public communication network
9. Looking after all the brands and patents
10. Conducting marketing surveys as needed

▪ **Finance**

GSK gives proper importance to their finance department. The financial statements of GSK have been prepared in accordance with Bangladesh Accounting Standards and the relevant requirements of the schedule to the Securities and Exchange Rules, 1987 and of the companies Act 1994 following the historical cost conversion. The primary tasks of finance department are given below-

1. Controlling the accounts
2. Completing annual budgets
3. Allocating all kinds of payments to the staffs and managers
4. Looking after all the revenue and expenses
5. Conducting internal audit
6. Keeping records through IT
7. Facilitating local production costs

▪ **Medical and regulatory affairs**

Medical and Regulatory Department of GSK, Bangladesh is compiled with required number of doctors and qualified people. This department is primarily responsible to perform tasks like liaison with government for legal issue purpose, communicate with doctors, handling advertisements, etc.

▪ **Information Technology**

The technical department of GSK is extraordinarily strong. The organization always strives for reaching the global standard of applications of information technology. This company is one of the very few companies in Bangladesh that use world class sophisticated software.

**SWOT analysis:** SWOT is the short form for Strengths, Weaknesses, Opportunities and Threats. SWOT is a basic, straightforward model that assesses what an organization can and cannot do as well as its potential opportunities and threats. It includes-

- Factors pertaining to the internal environment of the company. These are usually expressed as Strengths (S) or Weaknesses (W).
- Factors pertaining to the external environment of the company. These are expressed as Opportunities (O) or Threats (T).

#### **SWOT Analysis with points on GlaxoSmithKline, Bangladesh:**

<b>Strengths:</b>
1. Highly developed and reputed Research and Development department
2. Considerable financial resources to grow the business.
3. Goodwill of the company and follows GMR-Good Manufacturing Practice
4. Efficient, capable and honest workforce
5. Ability to take advantage of economies of scale
6. Better product quality relative to rivals
<b>Weaknesses:</b>
1. Not so large sales force relative to its competitors
2. Underutilized plant capacity
3. Lack of sufficient promotional effort.
4. Higher unit cost and higher cost of production due to purchasing raw materials from specific sources only.
<b>Opportunities:</b>
1. Market is significantly large and growing
2. In Bangladesh, GSK can have the advantage of cheap labor
3. Expanding the company's product line to meet a broader range of customer needs.
4. Strategic agreements with other pharmaceutical companies and organizations to boost its research.
5. Target and acquire untapped market for vaccines.
<b>Threats:</b>
1. Competitors products at low price
2. Increasing threats from local competitors
3. Political instability in the country and sudden trade policies of the government.
4. Adverse shifts in foreign exchange rates
5. Economic slowdown

**Source:** <http://empire-capital.org/wp-content/uploads/2013/11/glaxosmithkline.pdf>

### **Square Pharmaceuticals Limited:**

**Square Pharmaceuticals**, a part of Square group of companies, is one of the leading pharmaceutical companies of Bangladesh. It was founded back in 1958 by Samson H. Chowdhury along with three of his friends as a private firm. It got licensing Agreement signed with F. Hoffmann-La Roche Ltd, Switzerland in 1982. Square Pharmaceuticals Ltd., the flagship company, is holding the strong leadership position in the pharmaceutical industry of Bangladesh since 1985 and it has been continuously in the 1st position among all national and multinational companies since 1985. Square Pharmaceuticals is now on its way to becoming a high performance global player. It pioneered exports of medicines from Bangladesh in 1987 and has been exporting antibiotics and other pharmaceutical products to different countries of Europe, Asia, Africa and South America very successfully. It went public in 1991 and is currently listed on the Dhaka Stock Exchange. As per vision, mission and objectives; they are to emphasize on the quality of product, process and services leading to growth of the company imbued with good governance.

**Mission:** “Our Mission is to produce and provide quality & innovative healthcare relief for people, maintain stringently ethical standard in business operation also ensuring benefit to the shareholders, stakeholders and the society at large”.

**Source:** [http://en.wikipedia.org/wiki/Square\\_Pharmaceuticals](http://en.wikipedia.org/wiki/Square_Pharmaceuticals)

### **Beximco Pharmaceuticals Limited:**

Beximco pharmaceuticals, a part of the Beximco group of companies, is a leading manufacturer of pharmaceutical formulations and Active Pharmaceutical Ingredients (APIs) in Bangladesh. It is the flagship company of Beximco Group, the largest private sector industrial conglomerate in Bangladesh. It is the only pharma company in the country which has won the National Export Gold Trophy for four times which is the highest recognition for the companies in the export sector for significant contribution to Bangladesh's economic growth. It also has unique distinction as the only Bangladeshi company to get listed on the AIM of London Stock Exchange. It was founded back in 1976 and started operations in 1980, manufacturing products under the licenses of Bayer AG of Germany and Upjohn Inc. of USA. It has now grown to become a leading pharmaceutical company in Bangladesh, and it supplies more than 10% of country's total medicinal needs. Today it manufactures and markets its own branded generics for several diseases including AIDS, cancer, asthma, hypertension, and diabetes for both national and international markets. The company is consistently building upon its portfolio and currently producing more than 500 products in different dosage forms.

**Mission:** “We are committed to enhancing human health and well being by providing contemporary and affordable medicines, manufactured in full compliance with global quality standards. We continually strive to improve our core capabilities to address the unmet medical needs of the patients and to deliver outstanding results for our shareholders”.

**Source:** [http://en.wikipedia.org/wiki/Beximco\\_Pharma](http://en.wikipedia.org/wiki/Beximco_Pharma)

## CHAPTER THREE

### Internship Experience

#### **Preparing budget book:**

The budget book of GSK is prepared on an annual basis. For each year's budget, preparation gets started from the previous year and finally the budget book for that year is published in the first quarter of that year. For example-the budget book preparation for 2014 started from fourth quarter of 2013 and finally it got published in March 2014. The details of the budget book is provided on quarter basis and then on month basis within those quarters. As I have worked under the supervision of the management reporting manager, I have seen following are the activities which are covered by him. The activities done by the management reporting manager related to the preparation of the budget book:

- Firstly, the budget book contains pricing, financial statements, sales analysis, capital and other operating expenses, product profitability statements etc.
- From the pharmaceutical products, some products are local and some are imported. Prices of each of the products are fixed at first and then the financial statement analysis is carried out.
- In financial statement analysis, income statement and gross profit growth percentage analysis are considered as very important. Here, the variation in previous year's actual and budgeted performance is also shown.
- In sales analysis, budget for each month's sales is considered. For each month, both monthly and cumulative sales analysis is done to show both sales volume and sales value.
- Then, there is a section where the employee headcount is provided counting the headquarter employees as well as factory ones. Headcount summary is also included to show total number of employees in each functions like- marketing, distribution, Medical administration etc.
- In the next section, the capital expenses regarding these areas- Advertising and promotional, field force, product management, finance and accounts, HR, medical administration, legal and secretarial, communication, IT and risk and compliance are provided.
- Finally, the product profitability statement and production cost sheet based on budget volume, unit cost, quality requirement are provided.

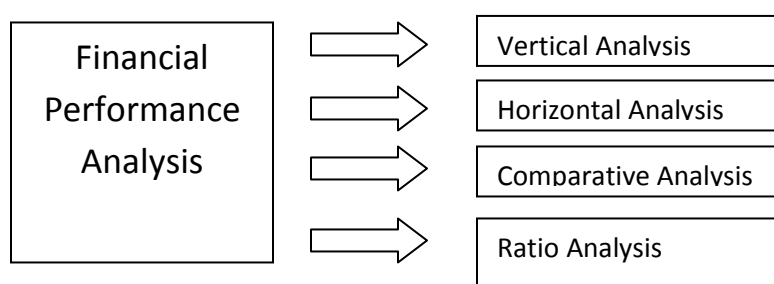
#### **Unison reporting:**

Every month GlaxoSmithKline needs to submit their performance report to an internationally used system named, Unison. GSK's in all over the world share this system to share their performances with each other. Basically, these are the items which are shared: Sales and standard costs, Profit and loss.

## CHAPTER FOUR

# Financial Performance Analysis

In my report, I tried to analyze the financial performance of three pharmaceutical companies GlaxoSmithKline Bangladesh, Square and Beximco to see how they are performing in the market and their position in the industry. For analysis, I have collected most of the datas from annual reports and then I organized the datas to carry out vertical analysis, horizontal analysis, comparative analysis and finally ratio analysis.



### ➤ Vertical analysis:

“Vertical analysis uses percentages to compare individual components of financial statements to a key statement figure. Horizontal analysis compares items over many time periods; vertical analysis compares many items within the same time period”.

**Source:** McgrawHillHigher Education, Chapter 13: Financial Statement Analysis, Pg : 680

Here, I have shown all the amounts of an income statement and balance sheets as a percentage of net sales and total assets respectively.

### ➤ Horizontal analysis:

“Financial statement users conduct comparative financial statement analysis by setting consecutive balance sheet, income statements or cash flow statements side by side, and reviewing changes in individual categories on a year to year or multi year basis. It is also referred to horizontal analysis.”

**Source:** Leopold A. Bernstein, John J. Wild, Financial statement analysis, Chapter-1: Financial statement analysis and reporting, Pg : 22



Here, I have shown the horizontal analysis among GSK, Square and Beximco to understand each of the company's growth rates in each element of both Income statements and Balance sheets.

➤ **Comparative analysis:**

In the comparative analysis section, I have shown the comparison among basic elements of the income statement and the balance sheet. It has been done to show a comparative scenario among the three companies' performance in net sales, cost of goods sold, gross profit, operating expenses, net income, total assets, total equity and total liabilities. Here, total assets, total equity and total liabilities belong to balance sheet items and the rest of the elements are from the income statement.

➤ **Ratio analysis:**

"Ratio analysis involves studying various relationships between different items reported in a set of financial statements."

**Source:** McGrawHill Higher Education, Chapter 13: Financial Statement Analysis, Pg : 680

Ratio analysis is used to evaluate various aspects of a company's operating and financial performance such as its efficiency, liquidity, profitability and solvency. The trend of these ratios over time is studied to check whether they are improving or deteriorating. Here, I have used ratio analysis among three companies to see their individual performance and position. Ratio analysis is a cornerstone of fundamental financial analysis.

Here I have used the following ratios to compare the three companies' performance over years.

- |                           |                           |
|---------------------------|---------------------------|
| ▪ Current ratio           | ▪ Asset turnover          |
| ▪ Quick ratio             | ▪ Inventory turnover      |
| ▪ Cash ratio              | ▪ Earning per share       |
| ▪ Gross profit margin     | ▪ Debt ratio              |
| ▪ Operating profit margin | ▪ Debt to equity ratio    |
| ▪ Net profit margin       | ▪ Days sales outstanding  |
| ▪ Return on Asset         | ▪ Dividend payout ratio & |
| ▪ Return on Equity        | ▪ Price earnings ratio    |

## 1. Vertical analysis:

Vertical analysis compares different items to a single item in the same accounting period. This technique is also known as common size financial statements analysis. Vertical analysis can be done for both income statement and balance sheet. Here, all the amounts in the income statement are shown as a percentage of net sales or the net revenue.

**Income Statement Vertical analysis (Square Pharma)**

	2008		2009		2010		2011		2012	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Net sales</b>	<b>9,82,07,96,568</b>	<b>100.00%</b>	<b>11,46,25,78,410</b>	<b>100.00%</b>	<b>13,47,14,24,469</b>	<b>100.00%</b>	<b>16,05,44,25,243</b>	<b>100.00%</b>	<b>17,95,94,89,496</b>	<b>100.00%</b>
<b>COGS</b>	<b>5,67,25,65,973</b>	<b>57.76%</b>	<b>6,56,12,88,485</b>	<b>57.24%</b>	<b>7,70,36,61,010</b>	<b>57.19%</b>	<b>9,16,72,53,620</b>	<b>57.10%</b>	<b>10,22,34,78,073</b>	<b>56.93%</b>
<b>Gross Profit</b>	<b>4,14,82,30,595</b>	<b>42.24%</b>	<b>4,90,12,89,925</b>	<b>42.76%</b>	<b>5,76,77,63,459</b>	<b>42.81%</b>	<b>6,88,71,71,623</b>	<b>42.90%</b>	<b>7,73,60,11,423</b>	<b>43.07%</b>
<b>Operating expenses</b>	<b>2,17,69,29,331</b>	<b>22.17%</b>	<b>2,52,05,32,046</b>	<b>21.99%</b>	<b>3,01,61,58,062</b>	<b>22.39%</b>	<b>3,56,60,24,910</b>	<b>22.21%</b>	<b>3,88,32,00,849</b>	<b>21.62%</b>
Selling and Distribution expenses	1,31,93,62,317	13.43%	1,68,72,10,447	14.72%	2,12,11,63,004	15.75%	2,43,04,66,795	15.14%	2,82,05,82,797	15.71%
Administrative expenses	46,04,31,051	4.69%	52,44,60,492	4.58%	62,61,45,987	4.65%	70,19,77,079	4.37%	73,73,37,036	4.11%
Financial expenses	39,71,35,963	4.04%	30,88,61,107	2.69%	26,88,49,071	2.00%	43,35,81,036	2.70%	32,52,81,016	1.81%
<b>Profit from operations</b>	<b>1,97,13,01,264</b>	<b>20.07%</b>	<b>2,38,07,57,879</b>	<b>20.77%</b>	<b>2,75,16,05,397</b>	<b>20.43%</b>	<b>3,32,11,46,713</b>	<b>20.69%</b>	<b>3,85,28,10,574</b>	<b>21.45%</b>
Other income	66,55,20,915	6.78%	58,55,64,826	5.11%	83,38,84,528	6.19%	85,67,39,329	5.34%	85,22,89,241	4.75%
Profit before WPPF	2,63,68,22,179	26.85%	2,96,63,22,705	25.88%	3,58,54,89,925	26.62%	4,17,78,86,042	26.02%	4,70,50,99,815	26.20%
Allocations for WPPF	12,55,62,961	1.28%	14,12,53,462	1.23%	17,07,37,615	1.27%	19,89,46,954	1.24%	22,40,52,372	1.25%
Profit before Tax	2,51,12,59,218	25.57%	2,82,50,69,243	24.65%	3,41,47,52,310	25.35%	3,97,89,39,088	24.78%	4,48,10,47,443	24.95%
Provision for Income Tax	59,26,44,226	6.03%	68,84,99,602	6.01%	80,55,75,198	5.98%	95,89,06,349	5.97%	1,06,77,70,353	5.95%
Provision for Deferred Income Tax	2,85,62,063	0.29%	4,86,97,850	0.42%	7,71,22,562	0.57%	12,23,22,098	0.76%	7,18,52,307	0.40%
<b>Profit after Tax</b>	<b>1,89,00,52,929</b>	<b>19.25%</b>	<b>2,08,78,71,791</b>	<b>18.21%</b>	<b>2,53,20,54,550</b>	<b>18.80%</b>	<b>2,89,77,10,641</b>	<b>18.05%</b>	<b>3,34,14,24,783</b>	<b>18.61%</b>
Other comprehensive Income:	-		-							
Gain on marketable securities	-		-		9,24,83,089	0.69%	13,99,86,324	0.87%	10,14,75,954	0.57%
<b>Total comprehensive Income</b>	<b>1,89,00,52,929</b>	<b>19.25%</b>	<b>2,08,78,71,791</b>	<b>18.21%</b>	<b>2,62,45,37,639</b>	<b>19.48%</b>	<b>3,03,76,96,965</b>	<b>18.92%</b>	<b>3,23,99,48,829</b>	<b>18.04%</b>
<b>EPS</b>	<b>125.25</b>		<b>138.36</b>		<b>129.07</b>		<b>147.71</b>		<b>9.01</b>	
<b>Number of shares used to compute EPS</b>	<b>1,50,90,300</b>		<b>1,50,90,300</b>		<b>1,96,17,390</b>		<b>1,96,17,390</b>		<b>37,07,68,664</b>	

The chart shows the vertical analysis of Square's Income statement where all the components of the income statement has been compared as a percentage of net sales or net revenues. The basic performance indicators like-Cost of goods sold shows that it was quite same in early four years but declined in the final year 2012. Due to the decrease in COGS in 2012, the gross profit increased to some extent. By excluding all the expenses, interests and taxes, the final performance indicator total comprehensive income shows that, it was highest in 2010 which is 19.48%. The lowest rate can be seen in 2012. All the other percentages are shown in the chart.

### Balance Sheet Vertical analysis (Square Pharma)

	2008		2009		2010		2011		2012	
ASSETS:	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Non-Current Assets:</b>	<b>9,40,77,30,001</b>	<b>71.00%</b>	<b>10,25,51,89,084</b>	<b>68.23%</b>	<b>12,42,21,95,814</b>	<b>63.89%</b>	<b>14,70,82,77,754</b>	<b>68.56%</b>	<b>17,45,09,47,962</b>	<b>74.43%</b>
Property, Plant and Equipment-Carrying Value	4,89,96,79,832	36.98%	5,63,07,91,822	37.46%	6,98,15,59,781	35.91%	8,76,78,27,062	40.87%	9,32,21,86,497	39.76%
Capital Work-in-Progress	-	0.00%	63,43,47,093	4.22%	88,75,84,197	4.56%	1,27,43,90,572	5.94%	3,71,83,26,254	15.86%
Investment - Long Term (at Cost)	4,50,80,50,169	34.02%	3,99,00,50,169	26.55%	4,03,17,51,281	20.73%	3,97,10,22,723	18.51%	3,82,11,21,331	16.30%
Investment in Marketable Securities (Fair Value)					52,13,00,555	2.68%	69,50,37,397	3.24%	58,93,13,880	2.51%
<b>Current Assets:</b>	<b>3,84,35,12,855</b>	<b>29.00%</b>	<b>4,77,43,11,194</b>	<b>31.77%</b>	<b>7,02,22,13,840</b>	<b>36.11%</b>	<b>6,74,55,07,008</b>	<b>31.44%</b>	<b>5,99,66,97,544</b>	<b>25.57%</b>
Inventories	2,09,87,55,231	15.84%	2,20,70,78,082	14.68%	2,54,16,88,329	13.07%	2,68,78,18,472	12.53%	2,50,36,83,240	10.68%
Trade Debtors	47,75,62,002	3.60%	50,82,49,174	3.38%	77,24,21,345	3.97%	80,83,11,714	3.77%	80,09,74,912	3.42%
Advances,Deposits and Prepayments	26,03,30,162	1.96%	35,82,50,076	2.38%	52,39,91,079	2.69%	57,71,56,445	2.69%	65,03,80,369	2.77%
Investment in marketable securities(at cost)	2,02,50,000	0.15%	22,12,69,226	1.47%						
Short Term Loan	69,31,57,720	5.23%	1,22,07,36,941	8.12%	2,81,38,11,332	14.47%	2,08,53,00,110	9.72%	1,10,92,51,152	4.73%
Cash and Cash Equivalents	29,34,57,740	2.21%	25,87,27,695	1.72%	37,03,01,755	1.90%	58,69,20,267	2.74%	93,24,07,871	3.98%
<b>TOTAL ASSETS</b>	<b>13,25,12,42,856</b>	<b>100.00%</b>	<b>15,02,95,00,278</b>	<b>100.00%</b>	<b>19,44,44,09,654</b>	<b>100.00%</b>	<b>21,45,37,84,762</b>	<b>100.00%</b>	<b>23,44,76,45,506</b>	<b>100.00%</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>										
<b>Shareholders' Equity:</b>	<b>9,94,93,97,634</b>	<b>75.08%</b>	<b>11,55,43,79,825</b>	<b>76.88%</b>	<b>13,81,77,05,990</b>	<b>71.06%</b>	<b>16,26,68,84,255</b>	<b>75.82%</b>	<b>18,84,47,46,184</b>	<b>80.37%</b>
Share Capital	1,20,72,24,000	9.11%	1,50,90,30,000	10.04%	1,96,17,39,000	10.09%	2,64,83,47,600	12.34%	3,70,76,86,640	15.81%
Share Premium	2,03,54,65,000	15.36%	2,03,54,65,000	13.54%	2,03,54,65,000	10.47%	2,03,54,65,000	9.49%	2,03,54,65,000	8.68%
General Reserve	10,58,78,200	0.80%	10,58,78,200	0.70%	10,58,75,200	0.54%	10,58,78,200	0.49%	10,58,78,200	0.45%
Tax Holiday Reserve	1,10,19,35,237	8.32%	1,10,19,35,237	7.33%	1,10,19,35,237	5.67%	-	0.00%		
Gain on Marketable Securities (Unrealized)					25,94,35,115	1.33%	39,94,21,439	1.86%	29,79,45,485	1.27%
Retained Earnings	5,49,88,95,197	41.50%	6,80,20,71,388	45.26%	8,35,32,56,438	42.96%	11,07,77,72,016	51.64%	12,69,77,70,859	54.15%
<b>Non-Current Liabilities:</b>	<b>66,09,76,668</b>	<b>4.99%</b>	<b>1,25,83,76,052</b>	<b>8.37%</b>	<b>95,85,11,238</b>	<b>4.93%</b>	<b>93,39,65,662</b>	<b>4.35%</b>	<b>81,04,61,067</b>	<b>3.46%</b>
Long Term Loans - Secured	44,97,57,608	3.39%	1,03,26,33,110	6.87%	65,56,45,734	3.37%	50,87,78,060	2.37%	31,34,21,158	1.34%
Deferred Tax Liability	21,12,19,060	1.59%	22,57,42,942	1.50%	30,28,65,504	1.56%	42,51,87,602	1.98%	49,70,39,909	2.12%
<b>Current Liabilities:</b>	<b>2,64,08,68,554</b>	<b>19.93%</b>	<b>2,21,67,44,401</b>	<b>14.75%</b>	<b>4,66,81,89,426</b>	<b>24.01%</b>	<b>4,25,29,34,845</b>	<b>19.82%</b>	<b>3,79,24,38,255</b>	<b>16.17%</b>
Short Term Bank Loans	1,53,43,45,782	11.58%	73,64,43,848	4.90%	2,62,74,83,864	13.51%	2,01,65,51,125	9.40%	1,11,26,94,131	4.75%
Long Term Loans - Current Portion	29,55,90,601	2.23%	46,20,90,211	3.07%	47,81,99,933	2.46%	47,71,41,480	2.22%	51,15,04,034	2.18%
Trade Creditors	12,42,22,699	0.94%	39,47,15,915	2.63%	73,33,69,218	3.77%	87,54,31,555	4.08%	1,08,60,97,881	4.63%
Liabilities for Expenses	6,95,73,702	0.53%	5,64,63,570	0.38%	7,94,99,584	0.41%	9,53,61,435	0.44%	10,96,04,834	0.47%
Liabilities for Other Finance	61,71,35,770	4.66%	56,70,30,857	3.77%	74,96,36,827	3.86%	78,84,49,250	3.68%	97,25,37,375	4.15%
<b>Total Liabilities:</b>	<b>3,30,18,45,222</b>	<b>24.92%</b>	<b>3,47,51,20,453</b>	<b>23.12%</b>	<b>5,62,67,00,664</b>	<b>28.94%</b>	<b>5,18,69,00,507</b>	<b>24.18%</b>	<b>4,60,28,99,322</b>	<b>19.63%</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>13,25,12,42,856</b>	<b>100.00%</b>	<b>15,02,95,00,278</b>	<b>100.00%</b>	<b>19,44,44,06,654</b>	<b>100.00%</b>	<b>21,45,37,84,762</b>	<b>100.00%</b>	<b>23,44,76,45,506</b>	<b>100.00%</b>

The vertical analysis of Square shows all the components as a percentage of total assets or total liabilities and equity amount. The chart shows that, the basic performance indicators of the income statement like- non-current assets are seen to be highest (74.43%) in 2012 and the lowest (63.89%) in 2010. Here, all the non-current assets of different years have been shown as a percentage of total assets. So, square had the highest rate of non-current assets of all assets in 2012 and the lowest rate in 2010. From current assets, we can see that, the highest percentage (36.11%) was in 2010 and lowest (25.57%) was in 2012. From shareholders' equity, we can see that the highest rate was in 2012 (80.37%) and lowest (71.06%) in 2010. The rest of the percentages belonged to another element, liabilities (current and non-current).

### Income Statement Vertical analysis (Beximco Pharma)

	2008		2009		2010		2011		2012	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net Sales Revenue	4,01,01,67,059	100.00%	4,86,82,54,915	100.00%	6,49,08,47,353	100.00%	7,89,02,41,843	100.00%	9,28,91,15,284	100.00%
Cost of Goods Sold	2,00,28,71,181	49.94%	2,56,62,06,626	52.71%	3,31,76,40,254	51.11%	4,10,37,09,021	52.01%	4,89,97,13,857	52.75%
Gross Profit	2,00,72,95,878	50.06%	2,30,20,48,289	47.29%	3,17,32,07,099	48.89%	3,78,65,32,822	47.99%	4,38,94,01,427	47.25%
Operating Expenses	1,00,85,01,030	25.15%	1,30,07,65,878	26.72%	1,53,74,26,907	23.69%	1,79,80,53,124	22.79%	2,18,15,21,867	23.48%
Administrative Expenses	15,34,64,243	3.83%	21,51,92,547	4.42%	23,34,13,980	3.60%	27,52,01,846	3.49%	33,22,25,347	3.58%
Selling, Marketing and Distribution Expenses	85,50,36,787	21.32%	1,08,55,73,331	22.30%	1,30,40,12,927	20.09%	1,52,28,51,278	19.30%	1,84,92,96,520	19.91%
Profit from Operations	99,87,94,848	24.91%	1,00,12,82,411	20.57%	1,63,57,80,192	25.20%	1,98,84,79,698	25.20%	2,20,78,79,560	23.77%
Other Income	6,86,510	0.02%	19,89,86,379	4.09%	45,60,11,134	7.03%	34,09,07,774	4.32%	44,28,47,713	4.77%
Finance Cost	24,96,54,298	6.23%	28,94,27,992	5.95%	66,21,82,384	10.20%	56,76,45,757	7.19%	64,54,06,575	6.95%
Profit before Contribution to W P P & Welfare Funds	74,98,27,060	18.70%	91,08,40,798	18.71%	1,42,96,08,942	22.02%	1,76,17,41,715	22.33%	2,00,53,20,698	21.59%
Contribution to W P P & Welfare Funds	3,57,06,050	0.89%	4,33,73,371	0.89%	6,80,76,616	1.05%	8,38,92,463	1.06%	9,54,91,462	1.03%
Profit Before Tax	71,41,21,010	17.81%	86,74,67,427	17.82%	1,36,15,32,326	20.98%	1,67,78,49,252	21.26%	1,90,98,29,236	20.56%
Income Tax Expenses	16,87,79,737	4.21%	(24,27,27,120)	-4.99%	30,98,83,518	4.77%	47,93,23,910	6.07%	59,04,39,908	6.36%
Current Tax	17,37,20,430	4.33%			7,10,85,835	1.10%	20,75,49,905	2.63%	44,57,12,907	4.80%
Deferred Tax/Income	49,40,693	0.12%	24,27,27,120	4.99%	23,87,97,683	3.68%	27,17,74,005	3.44%	14,47,27,001	1.56%
Profit after Tax for the Year	54,53,41,273	13.60%	62,47,40,307	12.83%	1,05,16,48,808	16.20%	1,19,85,25,342	15.19%	1,31,93,89,328	14.20%
Other Comprehensive Income	-		-		-		-		-	
Total Comprehensive Income for the Year	54,53,41,273	13.60%	62,47,40,307	12.83%	1,05,16,48,808	16.20%	1,19,85,25,342	15.19%	1,31,93,89,328	14.20%
Earnings Per Share (EPS) / Adjusted EPS (2011)	3.61		4.13		5.17		3.93		4.33	
Number of Shares used to compute EPS	15,11,49,296		15,11,49,296		20,34,20,202		30,46,39,050		30,46,39,050	

The chart shows the vertical analysis of Beximco where all the components of the income statement has been calculated as a percentage of net sales or net revenues. The basic performance indicators like-Cost of goods sold shows that it was the lowest in 2008 which is 49.94% and highest in 52.75% in 2012. Because of being the lowest rate in 2008 and highest in 2012 respectively, the gross profit was highest in 2008 and lowest in 2012. By excluding all the expenses, interests and taxes, the final performance indicator total comprehensive income shows that, it was highest in 2010 which is 16.20%. The lowest rate can be seen in 2009. All the other percentages are shown in the chart.

### Balance sheet Vertical analysis (Beximco Pharma)

	2008		2009		2010		2011		2012	
ASSETS	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Non-Current Assets</b>	<b>11,95,77,73,787</b>	<b>80.69%</b>	<b>12,97,51,95,529</b>	<b>65.23%</b>	<b>15,18,07,31,678</b>	<b>71.03%</b>	<b>15,88,48,77,780</b>	<b>68.96%</b>	<b>16,39,23,88,639</b>	<b>66.66%</b>
Property, Plant and Equipment- Carrying Value	11,92,10,72,697	80.44%	12,96,65,87,178	65.19%	15,12,33,06,298	70.76%	15,74,54,92,625	68.36%	16,20,18,58,216	65.89%
Intangible Assets			57,26,525	0.03%	5,11,26,854	0.24%	13,59,33,879	0.59%	18,70,79,147	0.76%
Investment in Shares	3,67,01,090	0.25%	28,81,826	0.01%	62,98,526	0.03%	34,51,276	0.01%	34,51,276	0.01%
<b>Current Assets</b>	<b>2,86,18,91,654</b>	<b>19.31%</b>	<b>6,91,67,37,893</b>	<b>34.77%</b>	<b>6,19,16,67,831</b>	<b>28.97%</b>	<b>7,14,84,62,753</b>	<b>31.04%</b>	<b>8,19,74,21,953</b>	<b>33.34%</b>
Inventories	1,50,52,88,093	10.16%	1,72,29,53,284	8.66%	1,98,38,09,444	9.28%	2,29,18,44,631	9.95%	2,43,39,87,981	9.90%
Spares & Supplies	23,45,30,326	1.58%	24,20,34,855	1.22%	27,65,20,188	1.29%	32,58,81,244	1.41%	39,61,75,790	1.61%
Accounts Receivable	50,39,16,401	3.40%	69,41,11,730	3.49%	82,13,56,439	3.84%	97,82,24,317	4.25%	1,16,24,04,807	4.73%
Loans, Advances and Deposits	54,45,09,106	3.67%	69,92,04,450	3.52%	77,91,29,620	3.65%	84,03,20,705	3.65%	96,52,76,373	3.93%
Short Term Investment	-	0.00%	2,50,00,00,000	12.57%	85,94,03,704	4.02%	2,19,34,23,560	9.52%	2,68,65,98,326	10.93%
Cash and Cash Equivalents	7,36,47,728	0.50%	1,05,84,33,574	5.32%	1,47,14,48,436	6.88%	51,87,68,296	2.25%	55,29,78,676	2.25%
<b>TOTAL ASSETS</b>	<b>14,81,96,65,441</b>	<b>100.00%</b>	<b>19,89,19,33,422</b>	<b>100.00%</b>	<b>21,37,23,99,509</b>	<b>100.00%</b>	<b>23,03,33,40,533</b>	<b>100.00%</b>	<b>24,58,98,10,592</b>	<b>100.00%</b>
<b>EQUITY AND LIABILITIES</b>										
<b>Shareholders' Equity</b>	<b>10,45,02,02,145</b>	<b>70.52%</b>	<b>10,88,57,06,614</b>	<b>54.92%</b>	<b>15,97,40,86,451</b>	<b>74.74%</b>	<b>17,12,81,28,177</b>	<b>74.36%</b>	<b>18,40,81,61,859</b>	<b>74.86%</b>
Issued Share Capital	1,25,95,77,470	8.50%	1,51,14,92,960	7.63%	2,09,80,65,090	9.82%	2,51,76,78,100	10.93%	3,04,63,90,500	12.39%
Share Premium	1,48,97,50,000	10.05%	1,48,97,50,000	7.52%	5,26,94,74,690	24.66%	5,26,94,74,690	22.88%	5,26,94,74,690	21.43%
Excess of Issue Price over Face Value of GDRs	1,68,96,36,958	11.40%	1,68,96,36,958	8.52%	1,68,96,36,958	7.91%	1,68,96,36,958	7.34%	1,68,96,36,958	6.87%
Capital Reserve on Merger	29,49,50,950	1.99%	29,49,50,950	1.49%	29,49,50,950	1.38%	29,49,50,950	1.28%	29,49,50,950	1.20%
Revaluation Surplus	1,71,11,74,747	11.55%	1,61,73,61,714	8.16%	1,53,46,45,820	7.18%	1,46,66,02,600	6.37%	1,40,65,27,880	5.72%
Retained Earnings	4,00,51,12,020	27.03%	4,28,25,14,032	21.61%	5,08,73,12,943	23.80%	5,88,97,84,879	25.57%	6,70,11,80,881	27.25%
<b>Non-Current Liabilities</b>	<b>1,76,74,31,029</b>	<b>11.93%</b>	<b>6,68,47,75,166</b>	<b>33.73%</b>	<b>2,88,51,55,826</b>	<b>13.50%</b>	<b>3,25,70,50,368</b>	<b>14.14%</b>	<b>3,11,67,03,964</b>	<b>12.67%</b>
Long Term Borrowings-Net off Current Maturity (Secured)	1,44,66,00,500	9.76%	1,92,49,33,065	9.71%	1,90,21,50,733	8.90%	1,89,00,74,651	8.21%	1,46,96,21,611	5.98%
Fully Convertible,5% Dividend,Preferred share			4,10,00,00,000	20.68%						
Liability for Gratuity & WPPF	27,44,19,253	1.85%	30,74,25,614	1.55%	33,58,85,792	1.57%	40,35,98,795	1.75%	49,96,22,784	2.03%
Deferred Tax Liability	4,64,11,276	0.31%	35,24,16,487	1.78%	64,71,19,301	3.03%	96,33,76,922	4.18%	1,14,74,59,569	4.67%
<b>Current Liabilities and Provisions</b>	<b>2,60,20,32,267</b>	<b>17.56%</b>	<b>2,25,08,67,161</b>	<b>11.36%</b>	<b>2,51,31,57,232</b>	<b>11.76%</b>	<b>2,64,81,61,988</b>	<b>11.50%</b>	<b>3,06,49,44,769</b>	<b>12.46%</b>
Short Term Borrowings	1,46,16,66,227	9.86%	1,45,13,26,354	7.32%	1,63,99,61,052	7.67%	1,64,22,16,008	7.13%	1,52,64,49,918	6.21%
Long Term Borrowings-Current Maturity	64,81,65,841	4.37%	30,88,20,056	1.56%	34,88,60,443	1.63%	36,37,44,181	1.58%	66,47,12,728	2.70%
Creditors and Other Payables	26,31,76,822	1.78%	40,98,98,122	2.07%	43,23,15,660	2.02%	52,37,98,136	2.27%	47,00,97,685	1.91%
Accrued Expenses	8,17,76,450	0.55%	7,90,94,905	0.40%	9,05,12,178	0.42%	10,15,59,917	0.44%	12,85,98,961	0.52%
Dividend Payable	31,69,568	0.02%	17,27,724	0.01%	15,07,899	0.01%	13,61,452	0.01%	10,20,948	0.0042%
Income Tax Payable	14,40,77,359	0.97%	7,05,84,481	0.36%			1,54,82,294	0.07%	27,40,64,529	1.11%
<b>Total Liabilities</b>	<b>4,36,94,63,296</b>	<b>29.48%</b>	<b>8,93,56,42,327</b>	<b>45.08%</b>	<b>5,39,83,13,058</b>	<b>25.26%</b>	<b>5,90,52,12,356</b>	<b>25.64%</b>	<b>6,18,16,48,733</b>	<b>25.14%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,81,96,65,441</b>	<b>100.00%</b>	<b>19,82,13,48,941</b>	<b>100.00%</b>	<b>21,37,23,99,509</b>	<b>100.00%</b>	<b>23,03,33,40,533</b>	<b>100.00%</b>	<b>24,58,98,10,592</b>	<b>100.00%</b>

The vertical analysis of Beximco's Balance sheet shows all the components as a percentage of total assets or total liabilities and equity amount. The chart shows that, the basic performance indicators of the balance sheet like- non-current assets are seen to be highest (80.69%) in 2008 and the lowest (65.23%) in 2009. Here, all the non-current assets of different years have been shown as a percentage of total assets. So, Beximco had the highest rate of non-current assets of all assets in 2008 and the lowest rate in 2009. From current assets, we can see that, the highest percentage (34.77%) was in 2009 and lowest (19.31%) was in 2008. From shareholders' equity, we can see that the highest rate was in 2012 (74.86%) and lowest (54.92%) in 2009. The rest of the percentages belonged to another element, liabilities (current and non-current).

### Income Statement Vertical analysis (GSK)

	2008		2009		2010		2011		2012	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Sales	1,88,81,05,000	100.00%	3,02,36,72,000	100.00%	3,63,20,95,000	100.00%	4,73,51,21,000	100.00%	5,55,38,12,000	100.00%
Cost of Sales	1,41,64,32,000	75.02%	2,07,93,89,000	68.77%	2,38,97,42,000	65.80%	3,38,66,70,000	71.52%	3,96,49,00,000	71.39%
Gross Profit	47,16,73,000	24.98%	94,42,83,000	31.23%	1,24,23,53,000	34.20%	1,34,84,51,000	28.48%	1,58,89,12,000	28.61%
Operating Expenses:										
Selling Expenses	17,49,35,000	9.27%	39,63,26,000	13.11%	55,78,08,000	15.36%	74,81,74,000	15.80%	1,06,59,00,000	19.19%
Distribution expenses	58,79,000	0.31%	31,39,000	0.10%	73,72,000	0.20%	82,61,000	0.17%	2,13,65,000	0.38%
Administrative expenses	8,26,67,000	4.38%	11,98,89,000	3.97%	14,57,17,000	4.01%	18,72,16,000	3.95%	14,19,04,000	2.56%
Other income	44,36,000	0.23%	69,30,000	0.23%	41,41,000	0.11%	1,21,26,000	0.26%	1,59,27,000	0.29%
Total	25,90,45,000	13.72%	51,24,24,000	16.95%	70,67,56,000	19.46%	93,15,25,000	19.67%	1,21,32,42,000	21.85%
Profit from operations	21,26,28,000	11.26%	43,18,59,000	14.28%	53,55,97,000	14.75%	41,69,26,000	8.80%	37,56,70,000	6.76%
Finance Income	4,08,000	0.02%	77,94,000	0.26%	1,79,83,000	0.50%	5,21,63,000	1.10%	5,51,92,000	0.99%
Finance costs	84,27,000	0.45%	8,31,000	0.03%	8,20,000	0.02%	37,59,000	0.08%		
Profit before charging WPPF	20,46,09,000	10.84%	43,88,22,000	14.51%	55,27,60,000	15.22%	46,53,30,000	9.83%	43,08,62,000	7.76%
Allocation for WPPF									2,15,23,000	0.39%
Profit before taxation	20,46,09,000	10.84%	43,88,22,000	14.51%	55,27,60,000	15.22%	46,53,30,000	9.83%	40,93,39,000	7.37%
Income tax expenses	6,16,60,000	3.27%	11,50,35,000	3.80%	14,25,83,000	3.93%	18,32,62,000	3.87%	16,53,72,000	2.98%
Profit for the year	14,29,49,000	7.57%	32,37,87,000	10.71%	41,01,77,000	11.29%	28,20,68,000	5.96%	24,39,67,000	4.39%
Other comprehensive income										
Total comprehensive income for the year	14,29,49,000	7.57%	32,37,87,000	10.71%	41,01,77,000	11.29%	28,20,68,000	5.96%	24,39,67,000	4.39%
EPS	11.87		26.88		34.05		23.41		20.00	

The chart shows the vertical analysis of GlaxoSmithKline's Income statement, where all the components of the income statement has been calculated as a percentage of net sales or net revenues. The basic performance indicators like-Cost of sales shows that it was the lowest in 2010 which is 65.80% and highest was 75.02% in 2008. Because of being the lowest rate in 2010 and highest in 2008 respectively, the gross profit was highest in 2010 and lowest in 2008. By excluding all the expenses, interests and taxes, the final performance indicator total comprehensive income shows that, it was highest in 2010 which is 11.29%. The lowest rate can be seen in 2012. All the other percentages are shown in the chart.

### Balance Sheet Vertical analysis (GSK)

	2008		2009		2010		2011		2012	
Assets	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Non-current assets</b>	<b>34,38,90,000</b>	<b>25.24%</b>	<b>36,72,18,000</b>	<b>21.58%</b>	<b>39,01,07,000</b>	<b>17.62%</b>	<b>48,06,62,000</b>	<b>18.48%</b>	<b>49,78,30,000</b>	<b>16.25%</b>
Property, plant and equipment	32,64,67,000	23.96%	34,88,15,000	20.50%	36,81,02,000	16.62%	48,06,62,000	18.48%	49,78,30,000	16.25%
Deferred tax asset	1,74,23,000	1.28%	1,84,03,000	1.08%	2,20,05,000	0.99%				
<b>Current assets</b>	<b>1,01,84,58,000</b>	<b>74.76%</b>	<b>1,33,42,84,000</b>	<b>78.42%</b>	<b>1,82,41,78,000</b>	<b>82.38%</b>	<b>2,12,07,92,000</b>	<b>81.52%</b>	<b>2,56,63,76,000</b>	<b>83.75%</b>
Inventories	59,62,05,000	43.76%	61,05,25,000	35.88%	69,52,31,000	31.40%	1,13,88,44,000	43.78%	1,05,95,44,000	34.58%
Trade and other receivables	42,03,16,000	30.85%	40,94,64,000	24.06%	46,29,04,000	20.91%	21,13,64,000	8.12%	48,73,98,000	15.91%
Cash and cash equivalents	19,37,000	0.14%	31,42,95,000	18.47%	66,60,43,000	30.08%	77,05,84,000	29.62%	1,01,94,34,000	33.27%
<b>Total assets</b>	<b>1,36,23,48,000</b>	<b>100.00%</b>	<b>1,70,15,02,000</b>	<b>100.00%</b>	<b>2,21,42,85,000</b>	<b>100.00%</b>	<b>2,60,14,54,000</b>	<b>100.00%</b>	<b>3,06,42,06,000</b>	<b>100.00%</b>
<b>Equity and Liabilities</b>										
Share capital	12,04,65,000	8.84%	12,04,65,000	7.08%	12,04,65,000	5.44%	12,04,65,000	4.63%	12,04,65,000	3.93%
Retained earnings	72,70,03,000	53.36%	97,85,11,000	57.51%	1,19,60,41,000	54.01%	1,23,71,80,000	47.56%	1,30,04,50,000	42.44%
Revaluation reserves							5,94,79,000	2.29%	5,94,79,000	1.94%
General reserves	50,00,000	0.37%	50,00,000	0.29%	50,00,000	0.23%	50,00,000	0.19%	50,00,000	0.16%
Capital reserves	5,97,42,000	4.39%	5,97,42,000	3.51%	5,96,45,000	2.69%	1,66,000	0.01%	1,66,000	0.01%
<b>Total equity</b>	<b>91,22,10,000</b>	<b>66.96%</b>	<b>1,16,37,18,000</b>	<b>68.39%</b>	<b>1,38,11,51,000</b>	<b>62.37%</b>	<b>1,42,22,90,000</b>	<b>54.67%</b>	<b>1,48,55,60,000</b>	<b>48.48%</b>
<b>Liabilities</b>										
<b>Non-current liabilities</b>										
Deferred tax liability	3,60,28,000	2.64%	3,67,69,000	2.16%	4,60,79,000	2.08%	3,59,01,000	1.38%	3,85,12,000	1.26%
Retirement benefit obligations	6,88,11,000	5.05%	6,69,19,000	3.93%	8,00,20,000	3.61%	8,21,39,000	3.16%	8,38,74,000	2.74%
Obligation under finance lease	13,00,000	0.10%	49,39,000	0.29%	36,39,000	0.16%	2,69,38,000	1.04%	2,24,03,000	0.73%
<b>Total non-current Liabilities</b>	<b>10,61,39,000</b>	<b>7.79%</b>	<b>10,86,27,000</b>	<b>6.38%</b>	<b>12,97,38,000</b>	<b>5.86%</b>	<b>14,49,78,000</b>	<b>5.57%</b>	<b>14,47,89,000</b>	<b>4.73%</b>
<b>Current Liabilities</b>										
Trade and other payables	32,84,95,000	24.11%	36,14,63,000	21.24%	63,28,79,000	28.58%	99,50,94,000	38.25%	1,36,94,68,000	44.69%
Current tax liabilities	1,31,67,000	0.97%	6,65,21,000	3.91%	6,92,19,000	3.13%	3,24,69,000	1.25%	5,66,54,000	1.85%
Obligation under finance lease	23,37,000	0.17%	11,73,000	0.07%	12,98,000	0.06%	66,23,000	0.25%	77,35,000	0.25%
<b>Total current liabilities</b>	<b>34,39,99,000</b>	<b>25.25%</b>	<b>42,91,57,000</b>	<b>25.22%</b>	<b>70,33,96,000</b>	<b>31.77%</b>	<b>1,03,41,86,000</b>	<b>39.75%</b>	<b>1,43,38,57,000</b>	<b>46.79%</b>
<b>Total liabilities</b>	<b>45,01,38,000</b>	<b>33.04%</b>	<b>53,77,84,000</b>	<b>31.61%</b>	<b>83,31,34,000</b>	<b>37.63%</b>	<b>1,17,91,64,000</b>	<b>45.33%</b>	<b>1,57,86,46,000</b>	<b>51.52%</b>
<b>Total Equity and Liabilities</b>	<b>1,36,23,48,000</b>	<b>100.00%</b>	<b>1,70,15,02,000</b>	<b>100.00%</b>	<b>2,21,42,85,000</b>	<b>100.00%</b>	<b>2,60,14,54,000</b>	<b>100.00%</b>	<b>3,06,42,06,000</b>	<b>100.00%</b>

The vertical analysis of GlaxoSmithKline's Balance sheet shows all the components as a percentage of total assets or total liabilities and equity amount. The chart shows that, the basic performance indicators of the balance sheet like- non-current assets are seen to be highest (25.24%) in 2008 and the lowest (16.25%) in 2012. Here, all the non-current assets of different years have been shown as a percentage of total assets. So, Beximco had the highest rate of non-current assets of all assets in 2008 and the lowest rate in 2009. From current assets, we can see that, the highest percentage (83.75%) was in 2012 and lowest (74.76%) was in 2008. From shareholders' equity, we can see that the highest rate was in 2009 (68.39%) and lowest (48.48%) in 2012. The rest of the percentages belonged to another element, liabilities (current and non-current).

## 2. Horizontal analysis:

Horizontal analysis of financial statements involve comparison of a financial ratio, a benchmark, or a line item over a number of accounting periods. This method of analysis is also known as trend analysis. Horizontal analysis allows the assessment of relative changes in different items over time. Here, the horizontal analysis among GSK, Square and Beximco is done to understand each of the company's growth rates in each element of Income statements and Balance sheets.

Income Statement Horizontal analysis (Square Pharma)

	2008	2009	2010	2011	2012	% change in	% change in	% change in	% change in
	Amount	Amount	Amount	Amount	Amount	2009	2010	2011	2012
Net sales	9,82,07,96,568	11,46,25,78,410	13,47,14,24,469	16,05,44,25,243	17,95,94,89,496	16.72%	17.53%	19.17%	11.87%
COGS	5,67,25,65,973	6,56,12,88,485	7,70,36,61,010	9,16,72,53,620	10,22,34,78,073	15.67%	17.41%	19.00%	11.52%
Gross Profit	4,14,82,30,595	4,90,12,89,925	5,76,77,63,459	6,88,71,71,623	7,73,60,11,423	18.15%	17.68%	19.41%	12.32%
Operating expenses	2,17,69,29,331	2,52,05,32,046	3,01,61,58,062	3,56,60,24,910	3,88,32,00,849	15.78%	19.66%	18.23%	8.89%
Selling and Distribution expenses	1,31,93,62,317	1,68,72,10,447	2,12,11,63,004	2,43,04,66,795	2,82,05,82,797	27.88%	25.72%	14.58%	16.05%
Administrative expenses	46,04,31,051	52,44,60,492	62,61,45,987	70,19,77,079	73,73,37,036	13.91%	19.39%	12.11%	5.04%
Financial expenses	39,71,35,963	30,88,61,107	26,88,49,071	43,35,81,036	32,52,81,016	-22.23%	-12.95%	61.27%	-24.98%
Profit from operations	1,97,13,01,264	2,38,07,57,879	2,75,16,05,397	3,32,11,46,713	3,85,28,10,574	20.77%	15.58%	20.70%	16.01%
Other income	66,55,20,915	58,55,64,826	83,38,84,528	85,67,39,329	85,22,89,241	-12.01%	42.41%	2.74%	-0.52%
Profit before WPPF	2,63,68,22,179	2,96,63,22,705	3,58,54,89,925	4,17,78,86,042	4,70,50,99,815	12.50%	20.87%	16.52%	12.62%
Allocations for WPPF	12,55,62,961	14,12,53,462	17,07,37,615	19,89,46,954	22,40,52,372	12.50%	20.87%	16.52%	12.62%
Profit before Tax	2,51,12,59,218	2,82,50,69,243	3,41,47,52,310	3,97,89,39,088	4,48,10,47,443	12.50%	20.87%	16.52%	12.62%
Provision for Income Tax	59,26,44,226	68,84,99,602	80,55,75,198	95,89,06,349	1,06,77,70,353	16.17%	17.00%	19.03%	11.35%
Provision for Deferred Income Tax	2,85,62,063	4,86,97,850	7,71,22,562	12,23,22,098	7,18,52,307	70.50%	58.37%	58.61%	-41.26%
Profit after Tax	1,89,00,52,929	2,08,78,71,791	2,53,20,54,550	2,89,77,10,641	3,34,14,24,783	10.47%	21.27%	14.44%	15.31%
Other comprehensive Income:	-	-	-	-	-	-	-	-	-
Gain on marketable securities	-	-	9,24,83,089	13,99,86,324	10,14,75,954	-	-	51.36%	-27.51%
Total comprehensive Income	1,89,00,52,929	2,08,78,71,791	2,62,45,37,639	3,03,76,96,965	3,23,99,48,829	10.47%	25.70%	15.74%	6.66%
EPS	125.25	138.36	129.07	11.00	9.01	-	-	-	-
Number of shares used to compute EPS	1,50,90,300	1,50,90,300	1,96,17,390	26,48,34,760	37,07,68,664	-	-	-	-

The chart here shows the growth rate in different years compared to the previous years for each of the items. In Square's income statement we can see that, all the values are positive except financial expenses and other income. It is good sign for Square that their financial expenses went down which helped them to increase their income from 2008 to 2012.



### Balance Sheet Horizontal analysis (Square Pharma)

	2008	2009	2010	2011	2012	% change in	% change in	% change in	% change in
	Amount	Amount	Amount	Amount	Amount	2009	2010	2011	2012
<b>ASSETS:</b>									
<b>Non-Current Assets:</b>	<b>9,40,77,30,001</b>	<b>10,25,51,89,084</b>	<b>12,42,21,95,814</b>	<b>14,70,82,77,754</b>	<b>17,45,09,47,962</b>	<b>9.01%</b>	<b>21.13%</b>	<b>18.40%</b>	<b>18.65%</b>
Property, Plant and Equipment-Carrying Value	4,89,96,79,832	5,63,07,91,822	6,98,15,59,781	8,76,78,27,062	9,32,21,86,497	14.92%	23.99%	25.59%	6.32%
Capital Work-in-Progress	-	63,43,47,093	88,75,84,197	1,27,43,90,572	3,71,83,26,254		39.92%	43.58%	191.77%
Investment - Long Term (at Cost)	4,50,80,50,169	3,99,00,50,169	4,03,17,51,281	3,97,10,22,723	3,82,11,21,331	-11.49%	1.05%	-1.51%	-3.77%
Investment in Marketable Securities (Fair Value)			52,13,00,555	69,50,37,397	58,93,13,880			33.33%	-15.21%
<b>Current Assets:</b>	<b>3,84,35,12,855</b>	<b>4,77,43,11,194</b>	<b>7,02,22,13,840</b>	<b>6,74,55,07,008</b>	<b>5,99,66,97,544</b>	<b>24.22%</b>	<b>47.08%</b>	<b>-3.94%</b>	<b>-11.10%</b>
Inventories	2,09,87,55,231	2,20,70,78,082	2,54,16,88,329	2,68,78,18,472	2,50,36,83,240	5.16%	15.16%	5.75%	-6.85%
Trade Debtors	47,75,62,002	50,82,49,174	77,24,21,345	80,83,11,714	80,09,74,912	6.43%	51.98%	4.65%	-0.91%
Advances, Deposits and Prepayments	26,03,30,162	35,82,50,076	52,39,91,079	57,71,56,445	65,03,80,369	37.61%	46.26%	10.15%	12.69%
Investment in marketable securities(at cost)	2,02,50,000	22,12,69,226							
Short Term Loan	69,31,57,720	1,22,07,36,941	2,81,38,11,332	2,08,53,00,110	1,10,92,51,152	76.11%	130.50%	-25.89%	-46.81%
Cash and Cash Equivalents	29,34,57,740	25,87,27,695	37,03,01,755	58,69,20,267	93,24,07,871	-11.83%	43.12%	58.50%	58.86%
<b>TOTAL ASSETS</b>	<b>13,25,12,42,856</b>	<b>15,02,95,00,278</b>	<b>19,44,44,09,654</b>	<b>21,45,37,84,762</b>	<b>23,44,76,45,506</b>	<b>13.42%</b>	<b>29.37%</b>	<b>10.33%</b>	<b>9.29%</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES:</b>									
<b>Shareholders' Equity:</b>	<b>9,94,93,97,634</b>	<b>11,55,43,79,825</b>	<b>13,81,77,05,990</b>	<b>16,26,68,84,255</b>	<b>18,84,47,46,184</b>	<b>16.13%</b>	<b>19.59%</b>	<b>17.72%</b>	<b>15.85%</b>
Share Capital	1,20,72,24,000	1,50,90,30,000	1,96,17,39,000	2,64,83,47,600	3,70,76,86,640	25.00%	30.00%	35.00%	40.00%
Share Premium	2,03,54,65,000	2,03,54,65,000	2,03,54,65,000	2,03,54,65,000	2,03,54,65,000	0.00%	0.00%	0.00%	0.00%
General Reserve	10,58,78,200	10,58,78,200	10,58,75,200	10,58,78,200	10,58,78,200	0.00%	0.00%	0.00%	0.00%
Tax Holiday Reserve	1,10,19,35,237	1,10,19,35,237	1,10,19,35,237	-	-	0.00%	0.00%	-100.00%	
Gain on Marketable Securities (Unrealized)			25,94,35,115	39,94,21,439	29,79,45,485			53.96%	-25.41%
Retained Earnings	5,49,88,95,197	6,80,20,71,388	8,35,32,56,438	11,07,77,72,016	12,69,77,70,859	23.70%	22.80%	32.62%	14.62%
<b>Non-Current Liabilities:</b>	<b>66,09,76,668</b>	<b>1,25,83,76,052</b>	<b>95,85,11,238</b>	<b>93,39,65,662</b>	<b>81,04,61,067</b>	<b>90.38%</b>	<b>-23.83%</b>	<b>-2.56%</b>	<b>-13.22%</b>
Long Term Loans - Secured	44,97,57,608	1,03,26,33,110	65,56,45,734	50,87,78,060	31,34,21,158	129.60%	-36.51%	-22.40%	-38.40%
Deferred Tax Liability	21,12,19,060	22,57,42,942	30,28,65,504	42,51,87,602	49,70,39,909	6.88%	34.16%	40.39%	16.90%
<b>Current Liabilities:</b>	<b>2,64,08,68,554</b>	<b>2,21,67,44,401</b>	<b>4,66,81,89,426</b>	<b>4,25,29,34,845</b>	<b>3,79,24,38,255</b>	<b>-16.06%</b>	<b>110.59%</b>	<b>-8.90%</b>	<b>-10.83%</b>
Short Term Bank Loans	1,53,43,45,782	73,64,43,848	2,62,74,83,864	2,01,65,51,125	1,11,26,94,131	-52.00%	256.78%	-23.25%	-44.82%
Long Term Loans - Current Portion	29,55,90,601	46,20,90,211	47,81,99,933	47,71,41,480	51,15,04,034	56.33%	3.49%	-0.22%	7.20%
Trade Creditors	12,42,22,699	39,47,15,915	73,33,69,218	87,54,31,555	1,08,60,97,881	217.75%	85.80%	19.37%	24.06%
Liabilities for Expenses	6,95,73,702	5,64,63,570	7,94,99,584	9,53,61,435	10,96,04,834	-18.84%	40.80%	19.95%	14.94%
Liabilities for Other Finance	61,71,35,770	56,70,30,857	74,96,36,827	78,84,49,250	97,25,37,375	-8.12%	32.20%	5.18%	23.35%
<b>Total Liabilities:</b>	<b>3,30,18,45,222</b>	<b>3,47,51,20,453</b>	<b>5,62,67,00,664</b>	<b>5,18,69,00,507</b>	<b>4,60,28,99,322</b>	<b>5.25%</b>	<b>61.91%</b>	<b>-7.82%</b>	<b>-11.26%</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>13,25,12,42,856</b>	<b>15,02,95,00,278</b>	<b>19,44,44,06,654</b>	<b>21,45,37,84,762</b>	<b>23,44,76,45,506</b>	<b>13.42%</b>	<b>29.37%</b>	<b>10.33%</b>	<b>9.29%</b>

From the horizontal analysis of the balance sheet of Square, we can see that, all the values in percentage change are positive except some values in long term investment, current assets, inventories, short term loans and some liabilities. Negative value indicates that these items have decreased than previous years and the positive values say that each value had an increase compared to the previous year. The amount here shows the growth percentage which says by what percentage an item had an increase or decrease. Some items had no change in their values, so it indicates a 0% change. Some core performance indicators of balance sheet like non-current asset shows, it had the highest percentage of increase in 2011, but again decreased in 2012, current assets are seen to have a slightly decreasing rate, shareholders' equity had a positive change over the five years, liabilities are also seen to be following a decreasing trend which is good as the company is gradually trying to decrease their liability amount.

### Income Statement Horizontal analysis (Beximco Pharma)

	2008	2009	2010	2011	2012	% change in	% change in	% change in	% change in
	Amount	Amount	Amount	Amount	Amount	2009	2010	2011	2012
Net Sales Revenue	4,01,01,67,059	4,86,82,54,915	6,49,08,47,353	7,89,02,41,843	9,28,91,15,284	21.40%	33.33%	21.56%	17.73%
Cost of Goods Sold	2,00,28,71,181	2,56,62,06,626	3,31,76,40,254	4,10,37,09,021	4,89,97,13,857	28.13%	29.28%	23.69%	19.40%
Gross Profit	2,00,72,95,878	2,30,20,48,289	3,17,32,07,099	3,78,65,32,822	4,38,94,01,427	14.68%	37.84%	19.33%	15.92%
Operating Expenses	1,00,85,01,030	1,30,07,65,878	1,53,74,26,907	1,79,80,53,124	2,18,15,21,867	28.98%	18.19%	16.95%	21.33%
Administrative Expenses	15,34,64,243	21,51,92,547	23,34,13,980	27,52,01,846	33,22,25,347	40.22%	8.47%	17.90%	20.72%
Selling, Marketing and Distribution Expenses	85,50,36,787	1,08,55,73,331	1,30,40,12,927	1,52,28,51,278	1,84,92,96,520	26.96%	20.12%	16.78%	21.44%
Profit from Operations	99,87,94,848	1,00,12,82,411	1,63,57,80,192	1,98,84,79,698	2,20,78,79,560	0.25%	63.37%	21.56%	11.03%
Other Income	6,86,510	19,89,86,379	45,60,11,134	34,09,07,774	44,28,47,713	28885.21%	129.17%	-25.24%	29.90%
Finance Cost	24,96,54,298	28,94,27,992	66,21,82,384	56,76,45,757	64,54,06,575	15.93%	128.79%	-14.28%	13.70%
Profit before Contribution to W P P & Welfare Funds	74,98,27,060	91,08,40,798	1,42,96,08,942	1,76,17,41,715	2,00,53,20,698	21.47%	56.95%	23.23%	13.83%
Contribution to W P P & Welfare Funds	3,57,06,050	4,33,73,371	6,80,76,616	8,38,92,463	9,54,91,462	21.47%	56.95%	23.23%	13.83%
Profit Before Tax	71,41,21,010	86,74,67,427	1,36,15,32,326	1,67,78,49,252	1,90,98,29,236	21.47%	56.95%	23.23%	13.83%
Income Tax Expenses	16,87,79,737	(24,27,27,120)	30,98,83,518	47,93,23,910	59,04,39,908	-243.81%	-227.67%	54.68%	23.18%
Current Tax	17,37,20,430	-	7,10,85,835	20,75,49,905	44,57,12,907	-100.00%		191.97%	114.75%
Deferred Tax/Income	49,40,693	24,27,27,120	23,87,97,683	27,17,74,005	14,47,27,001	4812.82%	-1.62%	13.81%	-46.75%
Profit after Tax for the Year	54,53,41,273	62,47,40,307	1,05,16,48,808	1,19,85,25,342	1,31,93,89,328	14.56%	68.33%	13.97%	10.08%
Other Comprehensive Income	-	-	-	-	-				
Total Comprehensive Income for the Year	54,53,41,273	62,47,40,307	1,05,16,48,808	1,19,85,25,342	1,31,93,89,328	14.56%	68.33%	13.97%	10.08%
Earnings Per Share (EPS) / Adjusted EPS (2011)	3.61	4.13	5.17	3.93	4.33				
Number of Shares used to compute EPS	15,11,49,296	15,11,49,296	20,34,20,202	30,46,39,050	30,46,39,050				

The horizontal analysis of Beximco's income statement is showing the growth rate change throughout the five years period of time. Here, all the values are seen to have increased in a positive rate except some values in other income, finance costs, income tax expenses etc. Expenses which have a decreasing growth rate is a good sign for the company as it indicates that they have succeeded to decrease their expenses throughout the period. The basic performance indicator in an income statement like- net sales shows that the highest increase was in 2010 and lowest in 2012. However, it is always having a positive increase which says their sales increased day by day. The increase rate of COGS decreased to some extents and finally the net income is seen to be increasing at a decreasing rate.

### Balance Sheet Horizontal analysis (Beximco Pharma)

	2008	2009	2010	2011	2012	% change in	% change in	% change in	% change in
ASSETS	Amount	Amount	Amount	Amount	Amount	2009	2010	2011	2012
<b>Non-Current Assets</b>	<b>11,95,77,73,787</b>	<b>12,97,51,95,529</b>	<b>15,18,07,31,678</b>	<b>15,88,48,77,780</b>	<b>16,39,23,88,639</b>	<b>8.51%</b>	<b>17.00%</b>	<b>4.64%</b>	<b>3.19%</b>
Property, Plant and Equipment- Carrying Value	11,92,10,72,697	12,96,65,87,178	15,12,33,06,298	15,74,54,92,625	16,20,18,58,216	8.77%	16.63%	4.11%	2.90%
<b>Intangible Assets</b>	<b>-</b>	<b>57,26,525</b>	<b>5,11,26,854</b>	<b>13,59,33,879</b>	<b>18,70,79,147</b>		<b>792.81%</b>	<b>165.88%</b>	<b>37.63%</b>
Investment in Shares	3,67,01,090	28,81,826	62,98,526	34,51,276	34,51,276	-92.15%	118.56%	-45.21%	0.00%
<b>Current Assets</b>	<b>2,86,18,91,654</b>	<b>6,91,67,37,893</b>	<b>6,19,16,67,831</b>	<b>7,14,84,62,753</b>	<b>8,19,74,21,953</b>	<b>141.68%</b>	<b>-10.48%</b>	<b>15.45%</b>	<b>14.67%</b>
Inventories	1,50,52,88,093	1,72,29,53,284	1,98,38,09,444	2,29,18,44,631	2,43,39,87,981	14.46%	15.14%	15.53%	6.20%
Spares & Supplies	23,45,30,326	24,20,34,855	27,65,20,188	32,58,81,244	39,61,75,790	3.20%	14.25%	17.85%	21.57%
Accounts Receivable	50,39,16,401	69,41,11,730	82,13,56,439	97,82,24,317	1,16,24,04,807	37.74%	18.33%	19.10%	18.83%
Loans, Advances and Deposits	54,45,09,106	69,92,04,450	77,91,29,620	84,03,20,705	96,52,76,373	28.41%	11.43%	7.85%	14.87%
Short Term Investment	-	2,50,00,00,000	85,94,03,704	2,19,34,23,560	2,68,65,98,326		-65.62%	155.23%	22.48%
Cash and Cash Equivalents	7,36,47,728	1,05,84,33,574	1,47,14,48,436	51,87,68,296	55,29,78,676	1337.16%	39.02%	-64.74%	6.59%
<b>TOTAL ASSETS</b>	<b>14,81,96,65,441</b>	<b>19,89,19,33,422</b>	<b>21,37,23,99,509</b>	<b>23,03,33,40,533</b>	<b>24,58,98,10,592</b>	<b>34.23%</b>	<b>7.44%</b>	<b>7.77%</b>	<b>6.76%</b>
<b>Shareholders' Equity</b>	<b>10,45,02,02,145</b>	<b>10,88,57,06,614</b>	<b>15,97,40,86,451</b>	<b>17,12,81,28,177</b>	<b>18,40,81,61,859</b>	<b>4.17%</b>	<b>46.74%</b>	<b>7.22%</b>	<b>7.47%</b>
Issued Share Capital	1,25,95,77,470	1,51,14,92,960	2,09,80,65,090	2,51,76,78,100	3,04,63,90,500	20.00%	38.81%	20.00%	21.00%
Share Premium	1,48,97,50,000	1,48,97,50,000	5,26,94,74,690	5,26,94,74,690	5,26,94,74,690	0.00%	253.72%	0.00%	0.00%
Excess of Issue Price over Face Value of GDRs	1,68,96,36,958	1,68,96,36,958	1,68,96,36,958	1,68,96,36,958	1,68,96,36,958	0.00%	0.00%	0.00%	0.00%
Capital Reserve on Merger	29,49,50,950	29,49,50,950	29,49,50,950	29,49,50,950	29,49,50,950	0.00%	0.00%	0.00%	0.00%
Revaluation Surplus	1,71,11,74,747	1,61,73,61,714	1,53,46,45,820	1,46,66,02,600	1,40,65,27,880	-5.48%	-5.11%	-4.43%	-4.10%
Retained Earnings	4,00,51,12,020	4,28,25,14,032	5,08,73,12,943	5,88,97,84,879	6,70,11,80,881	6.93%	18.79%	15.77%	13.78%
<b>Non-Current Liabilities</b>	<b>1,76,74,31,029</b>	<b>6,68,47,75,166</b>	<b>2,88,51,55,826</b>	<b>3,25,70,50,368</b>	<b>3,11,67,03,964</b>	<b>278.22%</b>	<b>-56.84%</b>	<b>12.89%</b>	<b>-4.31%</b>
Long Term Borrowings-Net off Current Maturity (Secured)	1,44,66,00,500	1,92,49,33,065	1,90,21,50,733	1,89,00,74,651	1,46,96,21,611	33.07%	-1.18%	-0.63%	-22.25%
Fully Convertible,5% Dividend,Preferred share		4,10,00,00,000							
Liability for Gratuity & WPPF	27,44,19,253	30,74,25,614	33,58,85,792	40,35,98,795	49,96,22,784	12.03%	9.26%	20.16%	23.79%
Deferred Tax Liability	4,64,11,276	35,24,16,487	64,71,19,301	96,33,76,922	1,14,74,59,569	659.33%	83.62%	48.87%	19.11%
<b>Current Liabilities and Provisions</b>	<b>2,60,20,32,267</b>	<b>2,25,08,67,161</b>	<b>2,51,31,57,232</b>	<b>2,64,81,61,988</b>	<b>3,06,49,44,769</b>	<b>-13.50%</b>	<b>11.65%</b>	<b>5.37%</b>	<b>15.74%</b>
Short Term Borrowings	1,46,16,66,227	1,45,13,26,354	1,63,99,61,052	1,64,22,16,008	1,52,64,49,918	-0.71%	13.00%	0.14%	-7.05%
Long Term Borrowings-Current Maturity	64,81,65,841	30,88,20,056	34,88,60,443	36,37,44,181	66,47,12,728	-52.35%	12.97%	4.27%	82.74%
Creditors and Other Payables	26,31,76,822	40,98,98,122	43,23,15,660	52,37,98,136	47,00,97,685	55.75%	5.47%	21.16%	-10.25%
Accrued Expenses	8,17,76,450	7,90,94,905	9,05,12,178	10,15,59,917	12,85,98,961	-3.28%	14.43%	12.21%	26.62%
Dividend Payable	31,69,568	17,27,724	15,07,899	13,61,452	10,20,948	-45.49%	-12.72%	-9.71%	-25.01%
Income Tax Payable	14,40,77,359	7,05,84,481	-	1,54,82,294	27,40,64,529	-51.01%	-100.00%		1670.18%
<b>Total Liabilities</b>	<b>4,36,94,63,296</b>	<b>8,93,56,42,327</b>	<b>5,39,83,13,058</b>	<b>5,90,52,12,356</b>	<b>6,18,16,48,733</b>	<b>104.50%</b>	<b>-39.59%</b>	<b>9.39%</b>	<b>4.68%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,81,96,65,441</b>	<b>19,82,13,48,941</b>	<b>21,37,23,99,509</b>	<b>23,03,33,40,533</b>	<b>24,58,98,10,592</b>	<b>33.75%</b>	<b>7.83%</b>	<b>7.77%</b>	<b>6.76%</b>

From the horizontal analysis of the balance sheet of Beximco, we can see that, some of the values are having a negative change throughout the years. Negative value indicates that these items had decreased than previous years and the positive values say that each value had an increase compared to the previous year. The amount here shows the growth percentage which says by what percentage an item had an increase or decrease. Some items had no change in their values, so it indicates a 0% change. Some core performance indicators of balance sheet like- non-current asset shows, it had the highest percentage of increase in 2010, but again decreased in 2011 and 2012, current assets are seen to be increasing at a decreasing rate, shareholders' equity had a positive change over the five years, liabilities are also seen to be following a decreasing trend which is good as the company is gradually trying to decrease their liability amount.

### Income Statement Horizontal analysis (GSK)

	2008	2009	2010	2011	2012	% change in	% change in	% change in	% change in
	Amount	Amount	Amount	Amount	Amount	2009	2010	2011	2012
Sales	1,88,81,05,000	3,02,36,72,000	3,63,20,95,000	4,73,51,21,000	5,55,38,12,000	60.14%	20.12%	30.37%	17.29%
Cost of Sales	1,41,64,32,000	2,07,93,89,000	2,38,97,42,000	3,38,66,70,000	3,96,49,00,000	46.80%	14.93%	41.72%	17.07%
Gross Profit	47,16,73,000	94,42,83,000	1,24,23,53,000	1,34,84,51,000	1,58,89,12,000	100.20%	31.57%	8.54%	17.83%
Operating Expenses:									
Selling Expenses	17,49,35,000	39,63,26,000	55,78,08,000	74,81,74,000	1,06,59,00,000	126.56%	40.74%	34.13%	42.47%
Distribution expenses	58,79,000	31,39,000	73,72,000	82,61,000	2,13,65,000	-46.61%	134.85%	12.06%	158.62%
Administrative expenses	8,26,67,000	11,98,89,000	14,57,17,000	18,72,16,000	14,19,04,000	45.03%	21.54%	28.48%	-24.20%
Other income	44,36,000	69,30,000	41,41,000	1,21,26,000	1,59,27,000	56.22%	-40.25%	192.83%	31.35%
Total	25,90,45,000	51,24,24,000	70,67,56,000	93,15,25,000	1,21,32,42,000	97.81%	37.92%	31.80%	30.24%
Profit from operations	21,26,28,000	43,18,59,000	53,55,97,000	41,69,26,000	37,56,70,000	103.11%	24.02%	-22.16%	-9.90%
Finance Income	4,08,000	77,94,000	1,79,83,000	5,21,63,000	5,51,92,000	1810.29%	130.73%	190.07%	5.81%
Finance costs	84,27,000	8,31,000	8,20,000	37,59,000	-	-90.14%	-1.32%	358.41%	-100.00%
Profit before charging WPPF	20,46,09,000	43,88,22,000	55,27,60,000	46,53,30,000	43,08,62,000	114.47%	25.96%	-15.82%	-7.41%
Allocation for WPPF	-	-	-	-	2,15,23,000				
Profit before taxation	20,46,09,000	43,88,22,000	55,27,60,000	46,53,30,000	40,93,39,000	114.47%	25.96%	-15.82%	-12.03%
Income tax expenses	6,16,60,000	11,50,35,000	14,25,83,000	18,32,62,000	16,53,72,000	86.56%	23.95%	28.53%	-9.76%
Profit for the year	14,29,49,000	32,37,87,000	41,01,77,000	28,20,68,000	24,39,67,000	126.51%	26.68%	-31.23%	-13.51%
Other comprehensive income	-	-	-	-	-				
Total comprehensive income for the year	14,29,49,000	32,37,87,000	41,01,77,000	28,20,68,000	24,39,67,000	126.51%	26.68%	-31.23%	-13.51%
EPS	11.87	26.88	34.05	23.41	20.25				

The horizontal analysis of GSK's income statement is showing the growth rate change throughout the five years period of time. Here, all the values are seen to have increased in a positive rate except some values in other income, finance costs, profit for the year etc. Expenses which have a decreasing growth rate is a good sign for the company as it indicates that they have succeeded to decrease their expenses throughout the period. The basic performance indicator in an income statement like- net sales shows that the highest increase was in 2009 and lowest in 2012. However, it is always having a positive increase which says their sales increased day by day. The increase rate of COGS is fluctuating and finally the net income is seen to be negative in last two years which is not a very good sign as it indicates that their income is decreasing.

### Balance Sheet Horizontal analysis (GSK)

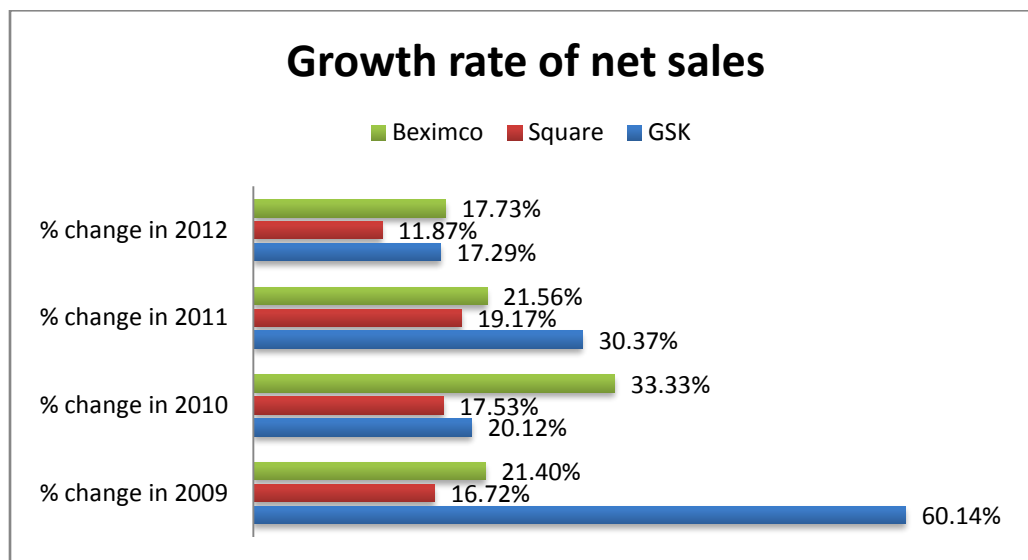
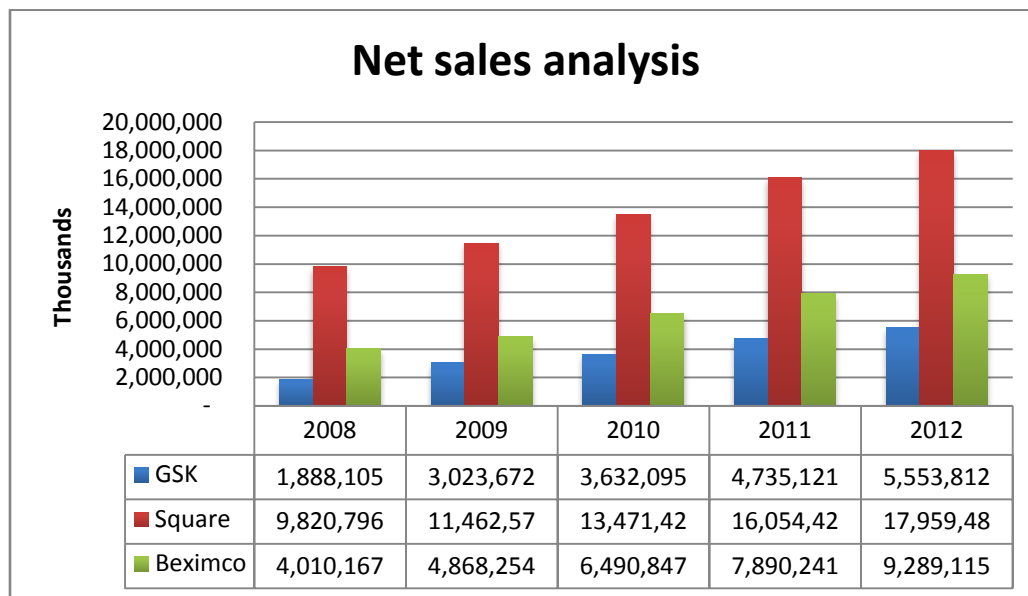
	2008	2009	2010	2011	2012	% change in	% change in	% change in	% change in
Assets	Amount	Amount	Amount	Amount	Amount	2009	2010	2011	2012
<b>Non-current assets</b>	<b>34,38,90,000</b>	<b>36,72,18,000</b>	<b>39,01,07,000</b>	<b>48,06,62,000</b>	<b>49,78,30,000</b>	<b>6.78%</b>	<b>6.23%</b>	<b>23.21%</b>	<b>3.57%</b>
Property, plant and equipment	32,64,67,000	34,88,15,000	36,81,02,000	48,06,62,000	49,78,30,000	6.85%	5.53%	30.58%	3.57%
Deferred tax asset	1,74,23,000	1,84,03,000	2,20,05,000	-	-	5.62%	19.57%	-100.00%	
<b>Current assets</b>	<b>1,01,84,58,000</b>	<b>1,33,42,84,000</b>	<b>1,82,41,78,000</b>	<b>2,12,07,92,000</b>	<b>2,56,63,76,000</b>	<b>31.01%</b>	<b>36.72%</b>	<b>16.26%</b>	<b>21.01%</b>
Inventories	59,62,05,000	61,05,25,000	69,52,31,000	1,13,88,44,000	1,05,95,44,000	2.40%	13.87%	63.81%	-6.96%
Trade and other receivables	42,03,16,000	40,94,64,000	46,29,04,000	21,13,64,000	48,73,98,000	-2.58%	13.05%	-54.34%	130.60%
Cash and cash equivalents	19,37,000	31,42,95,000	66,60,43,000	77,05,84,000	1,01,94,34,000	16125.86%	111.92%	15.70%	32.29%
<b>Total assets</b>	<b>1,36,23,48,000</b>	<b>1,70,15,02,000</b>	<b>2,21,42,85,000</b>	<b>2,60,14,54,000</b>	<b>3,06,42,06,000</b>	<b>24.89%</b>	<b>30.14%</b>	<b>17.49%</b>	<b>17.79%</b>
<b>Equity and Liabilities</b>									
Share capital	12,04,65,000	12,04,65,000	12,04,65,000	12,04,65,000	12,04,65,000	0.00%	0.00%	0.00%	0.00%
Retained earnings	72,70,03,000	97,85,11,000	1,19,60,41,000	1,23,71,80,000	1,30,04,50,000	34.60%	22.23%	3.44%	5.11%
Revaluation reserves	-	-	-	5,94,79,000	5,94,79,000				0.00%
General reserves	50,00,000	50,00,000	50,00,000	50,00,000	50,00,000	0.00%	0.00%	0.00%	0.00%
Capital reserves	5,97,42,000	5,97,42,000	5,96,45,000	1,66,000	1,66,000	0.00%	-0.16%	-99.72%	0.00%
<b>Total equity</b>	<b>91,22,10,000</b>	<b>1,16,37,18,000</b>	<b>1,38,11,51,000</b>	<b>1,42,22,90,000</b>	<b>1,48,55,60,000</b>	<b>27.57%</b>	<b>18.68%</b>	<b>2.98%</b>	<b>4.45%</b>
<b>Liabilities</b>									
<b>Non-current liabilities</b>									
Deferred tax liability	3,60,28,000	3,67,69,000	4,60,79,000	3,59,01,000	3,85,12,000	2.06%	25.32%	-22.09%	7.27%
Retirement benefit obligations	6,88,11,000	6,69,19,000	8,00,20,000	8,21,39,000	8,38,74,000	-2.75%	19.58%	2.65%	2.11%
Obligation under finance lease	13,00,000	49,39,000	36,39,000	2,69,38,000	2,24,03,000	279.92%	-26.32%	640.26%	-16.83%
<b>Total non-current Liabilities</b>	<b>10,61,39,000</b>	<b>10,86,27,000</b>	<b>12,97,38,000</b>	<b>14,49,78,000</b>	<b>14,47,89,000</b>	<b>2.34%</b>	<b>19.43%</b>	<b>11.75%</b>	<b>-0.13%</b>
<b>Current Liabilities</b>									
Trade and other payables	32,84,95,000	36,14,63,000	63,28,79,000	99,50,94,000	1,36,94,68,000	10.04%	75.09%	57.23%	37.62%
Current tax liabilities	1,31,67,000	6,65,21,000	6,92,19,000	3,24,69,000	5,66,54,000	405.21%	4.06%	-53.09%	74.49%
Obligation under finance lease	23,37,000	11,73,000	12,98,000	66,23,000	77,35,000	-49.81%	10.66%	410.25%	16.79%
<b>Total current liabilities</b>	<b>34,39,99,000</b>	<b>42,91,57,000</b>	<b>70,33,96,000</b>	<b>1,03,41,86,000</b>	<b>1,43,38,57,000</b>	<b>24.76%</b>	<b>63.90%</b>	<b>47.03%</b>	<b>38.65%</b>
<b>Total liabilities</b>	<b>45,01,38,000</b>	<b>53,77,84,000</b>	<b>83,31,34,000</b>	<b>1,17,91,64,000</b>	<b>1,57,86,46,000</b>	<b>19.47%</b>	<b>54.92%</b>	<b>41.53%</b>	<b>33.88%</b>
<b>Total Equity and Liabilities</b>	<b>1,36,23,48,000</b>	<b>1,70,15,02,000</b>	<b>2,21,42,85,000</b>	<b>2,60,14,54,000</b>	<b>3,06,42,06,000</b>	<b>24.89%</b>	<b>30.14%</b>	<b>17.49%</b>	<b>17.79%</b>

From the horizontal analysis of the balance sheet of GSK, we can see that, some of the values are having a negative change throughout the years. Negative value indicates that these items had decreased than previous years and the positive values say that each value had an increase compared to the previous year. The amount here shows the growth percentage which says by what percentage an item had an increase or decrease. Some items had no change in their values, so it indicates a 0% change. Some core performance indicators of balance sheet like- non-current asset shows, it had the highest percentage of increase in 2011, but again decreased in 2012, current assets are seen to be fluctuating, shareholders' equity had a positive change over the five years, liabilities are also seen to be following a decreasing trend which is good as the company is gradually trying to decrease their liability amount.

### 3.Comparative analysis:

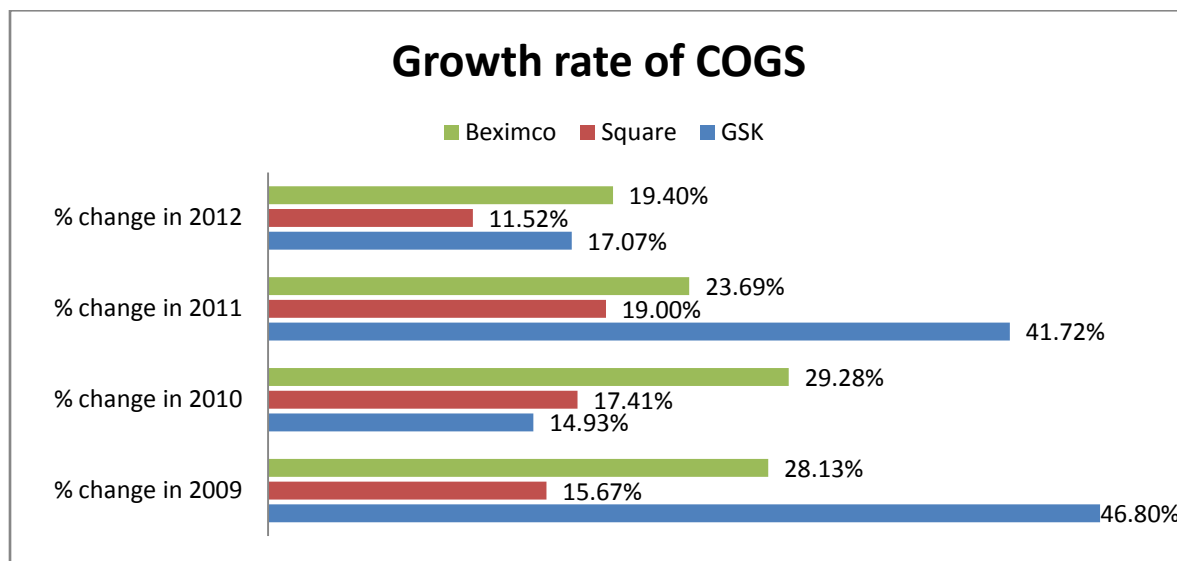
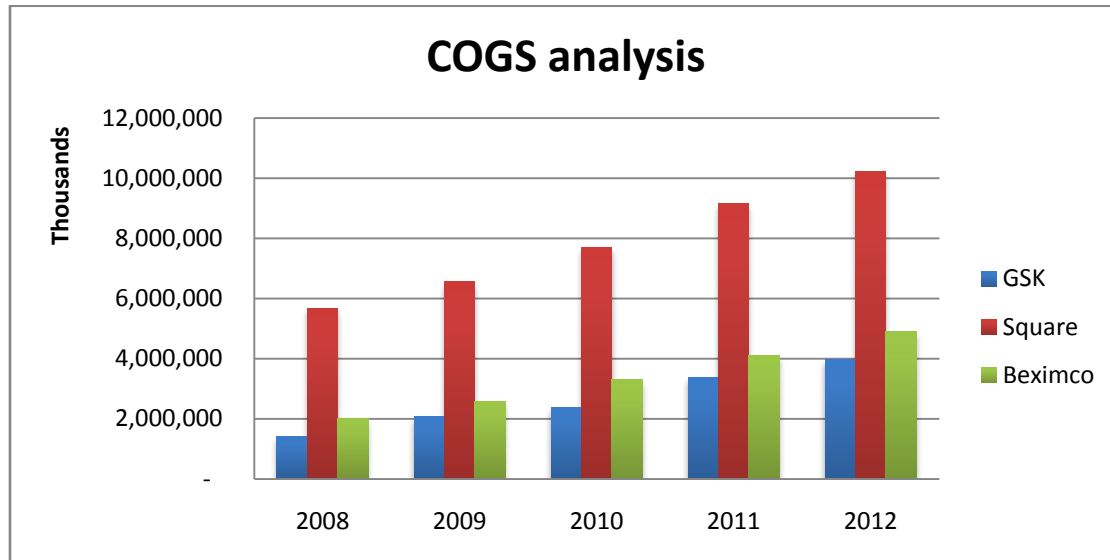
In this section of analysis, I tried to comparatively represent the scenarios of three companies. Here, I have included the basic elements of income statements and balance sheets to compare their performances throughout the period of 2008-2012. I have also tried to show the growth trend of these elements for each of the companies. From income statement, I have compared the elements like- Net sales, COGS, Gross profit, Operating expenses and Net income. From balance sheet I have included elements like- Total equity, Total liabilities and Total assets.

#### **Net sales comparison:**



From the net sales comparison of all the three companies, we can see that all of them are having an increase in their sales throughout the previous years. However, if we compare we can see that. Square has the highest sales compared to other two. Though Beximco and GSK are also having an increase in their sales, it is very low compared to Square. From growth rate analysis, we can see that Square has a quite stable growth rate, Beximco had a great positive growth in 2010 but again came to its previous stable rate afterwards. Here, GSK is seen to have the highest growth rate in 2009 which was because of their introduction of consumer products in the market in the fourth quarter of 2008. However, the rate is seen to be fluctuating afterwards.

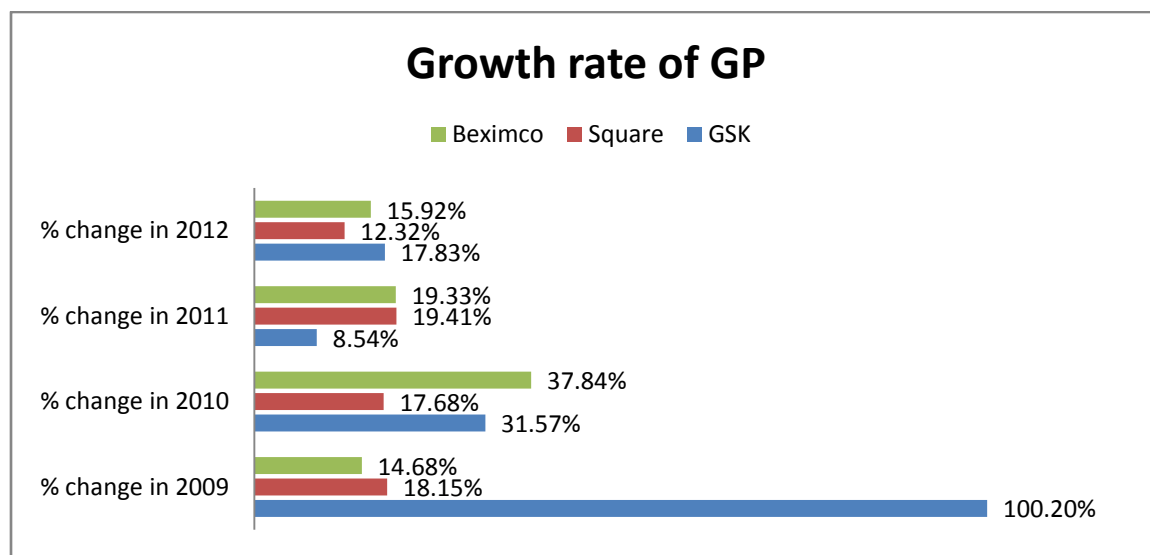
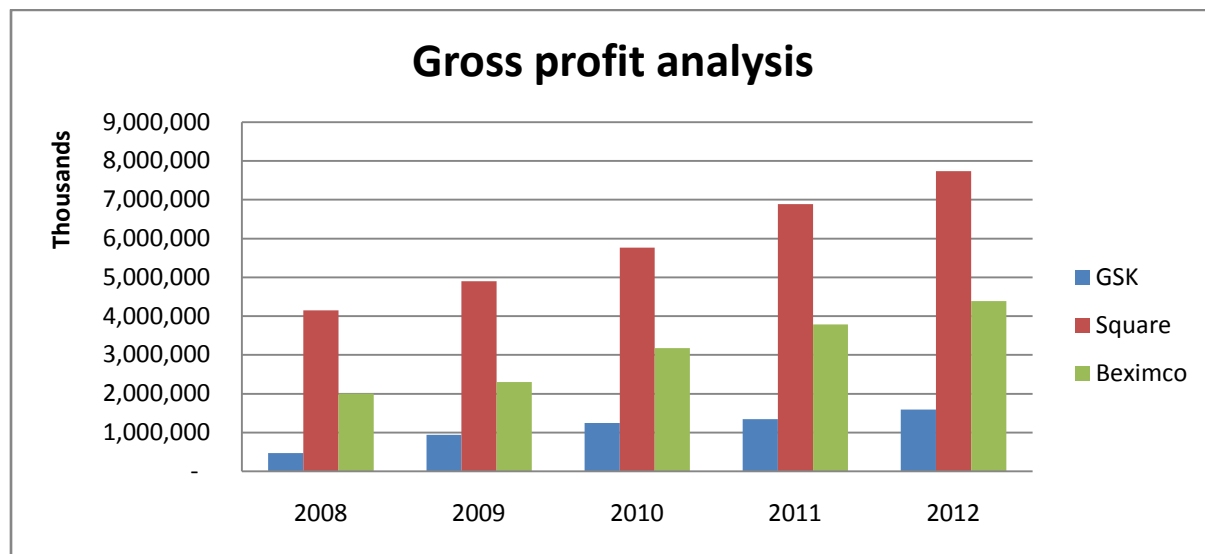
#### COGS comparison:



From the cost of sales comparison of all the three companies, we can see that all of them are having an increase in their sales throughout the previous years. As Square is having a huge sale in every year, their cost of sales are also high than others. Though Beximco and GSK are also having an increase in their sales, it is

very low compared to Square. From growth rate analysis, we can see that Square has a quite stable growth rate with a little fluctuation 2011 and 2012; Beximco and GSK are seen to have fluctuating rates over the years. Here, GSK needs to improve their performance as their cost of sales is very high compared to their sales. The reason behind their increase in cost of sales can be mentioned as their maintenance of high inventory. They maintain high inventory to reduce sudden government rule imposition on importing certain products from other countries. We can also see fluctuations in the cost of sales growth rate of GSK in alternative years. In 2009 it happened due to the sudden introduction of consumer goods in 2008, which increased the cost of sales. In 2011, the increase took place due to a sudden price exchange rate change. Therefore, they need to be more aware about increasing their sales reducing cost.

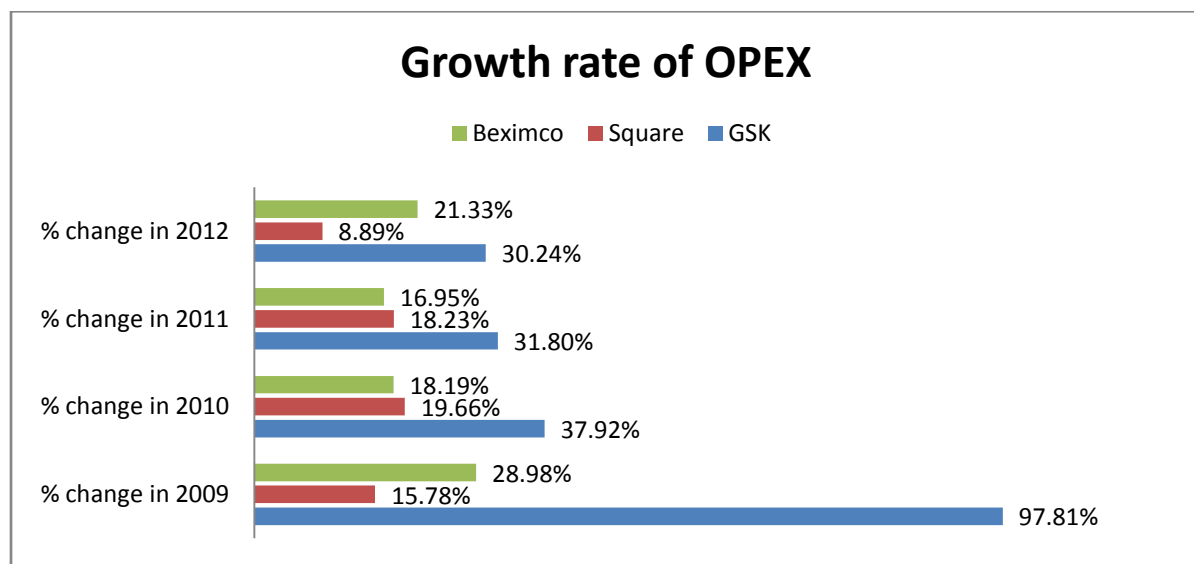
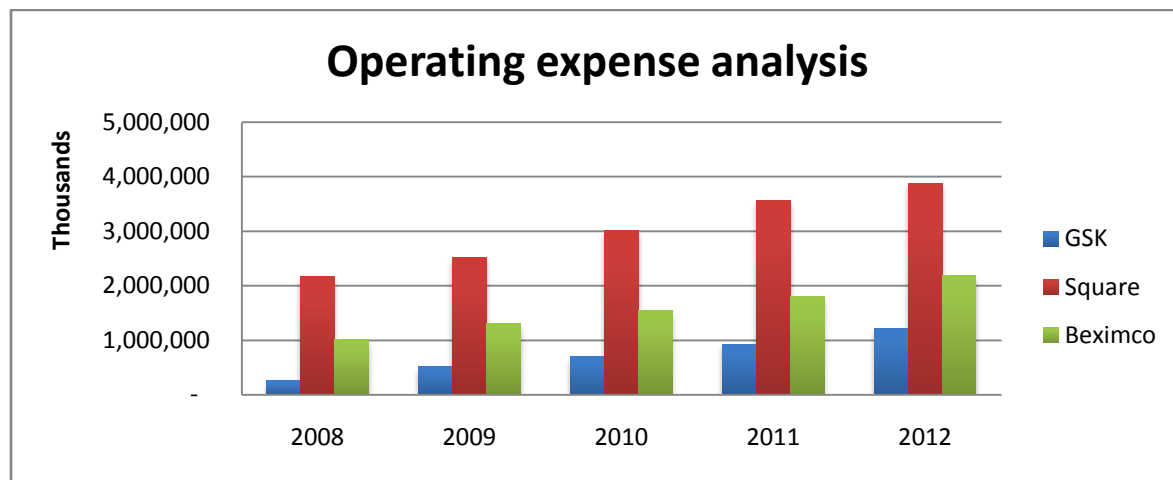
### Gross profit comparison:





From the gross profit comparison of all the three companies, we can see that all of them are having an increase in their gross profit throughout the previous years. However, if we compare, we can see that Square has the highest gross profit compared to other two. Though Beximco and GSK are also having an increase, it is very low compared to Square. From growth rate analysis, we can see that Square has a quite stable growth rate with a slight decrease in 2012, Beximco had a great positive growth in 2010 but again came to its previous stable rate afterwards. Here, GSK is seen to have the highest growth rate in 2009 and gradually it is holding a fluctuating rate. The growth rate basically changed due to the ups and downs in the net sales and cost of sales for each company. So, obviously GSK is in a risky situation here as they are having very fluctuating performances over the previous years.

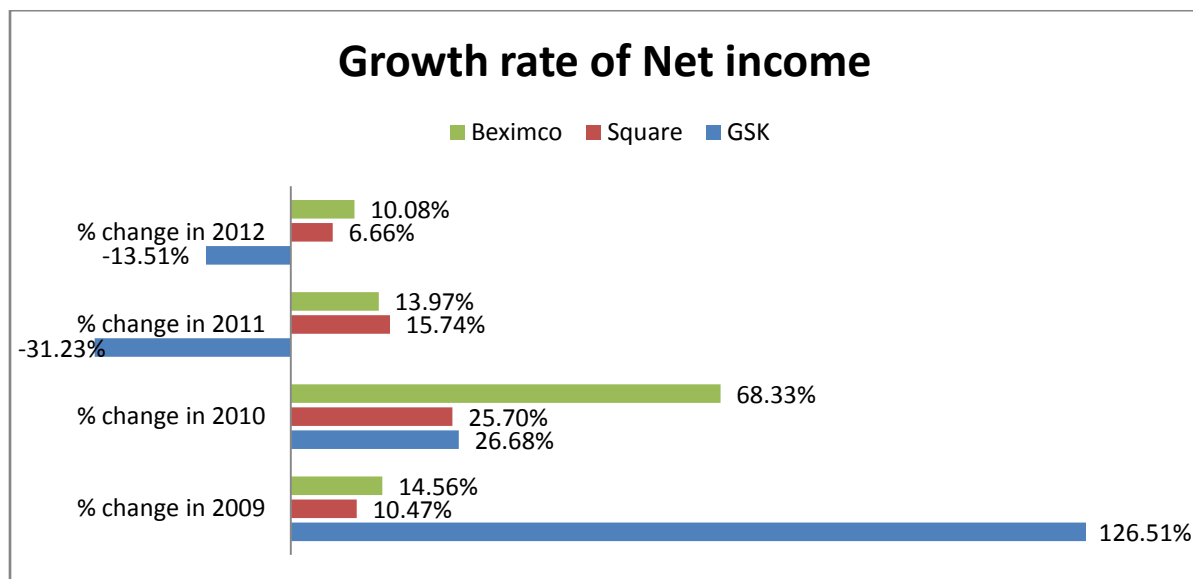
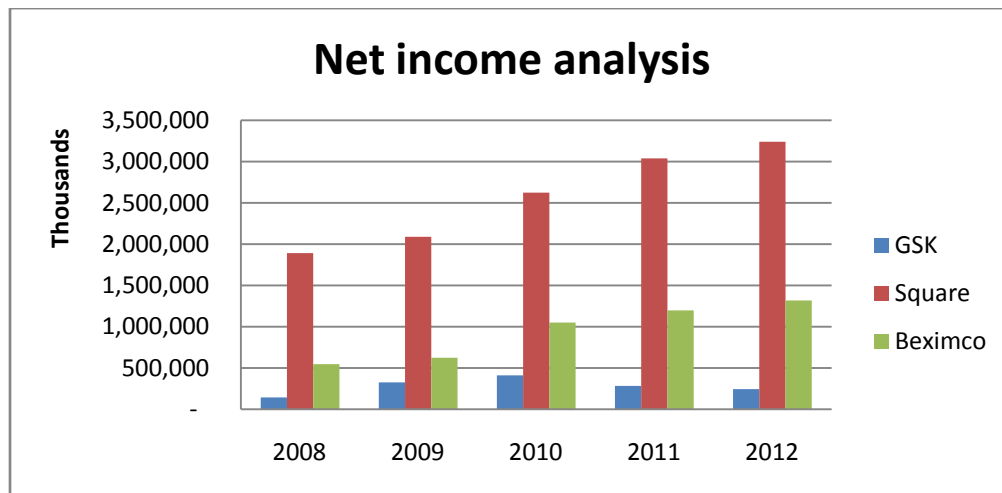
#### Operating expense comparison:



From the operating expense comparison of all the three companies, we can see that all of them are having an increase in their operating expenses throughout the previous years. The chart shows that, Square has been

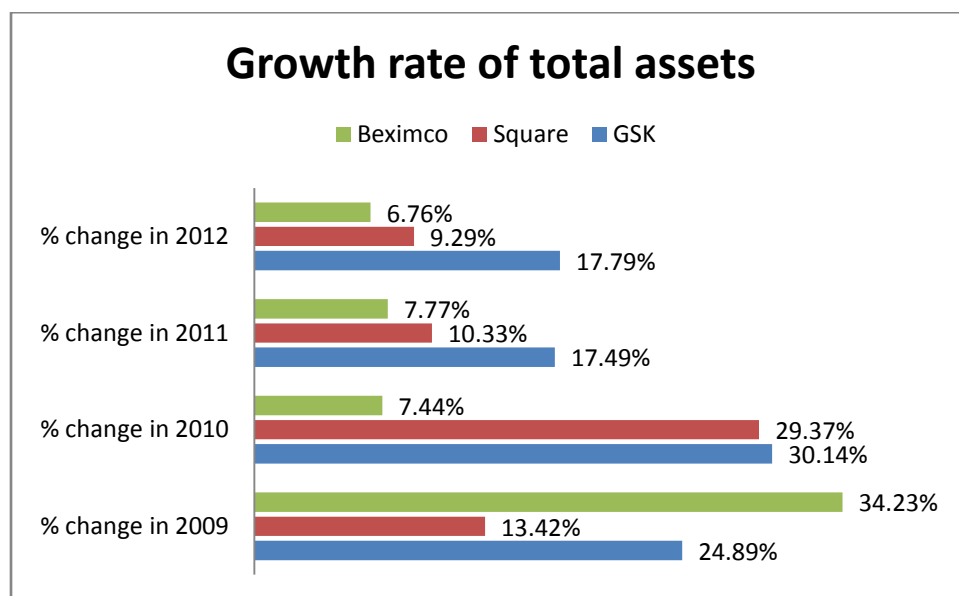
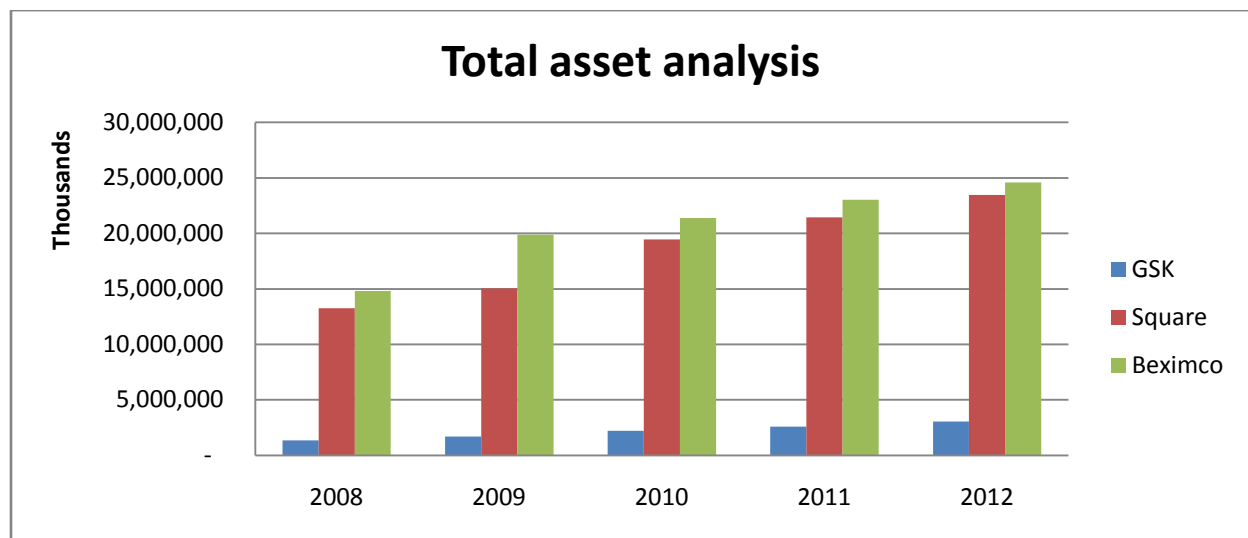
having the highest operating expenses because their sales is also high compared to other two. However, it is always good for a company when they can reduce their cost increasing profit. So, a high expense is not always a bad scenario if it justifies a company's sales volume and profit. However, if we compare we can see that. Square has the highest sales compared to other two. Though Beximco and GSK are also having an increase in their expenses, it is very low compared to Square as their operation is also less. From growth rate analysis, we can see that Square has a quite stable growth rate over the years with a big fluctuation in 2012, Beximco is securing quite a stable positive growth rate situation. Here, GSK is seen to have the highest positive growth in their operating expenses which is not a very good sign as we have seen that their sales is very low to justify this huge expenses. This is basically happening due to their huge idle capacity which is they have more fixed assets to utilize and increase their production as well as sales. So, GSK needs to consider this issue carefully and take necessary measures to reduce their operating expense growth.

#### Net income comparison:



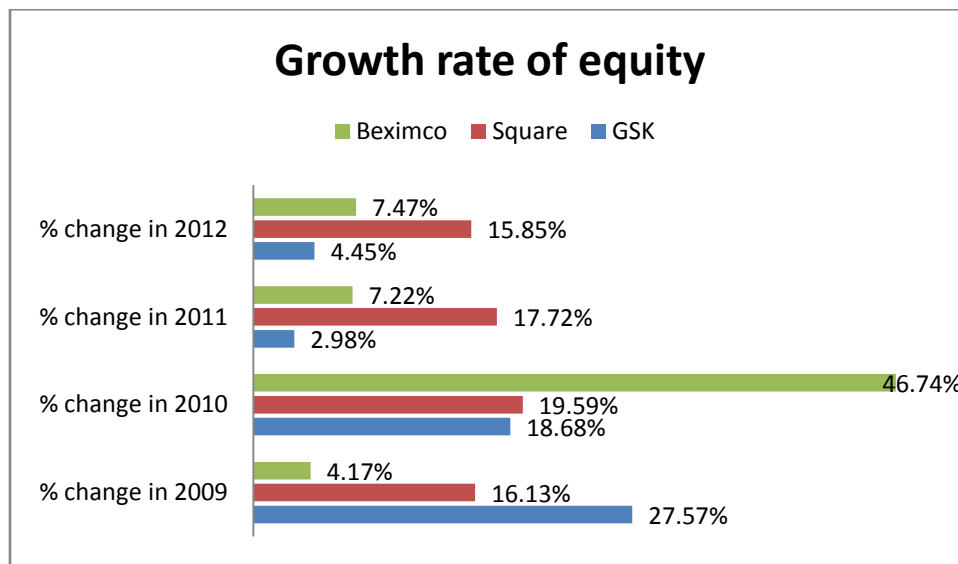
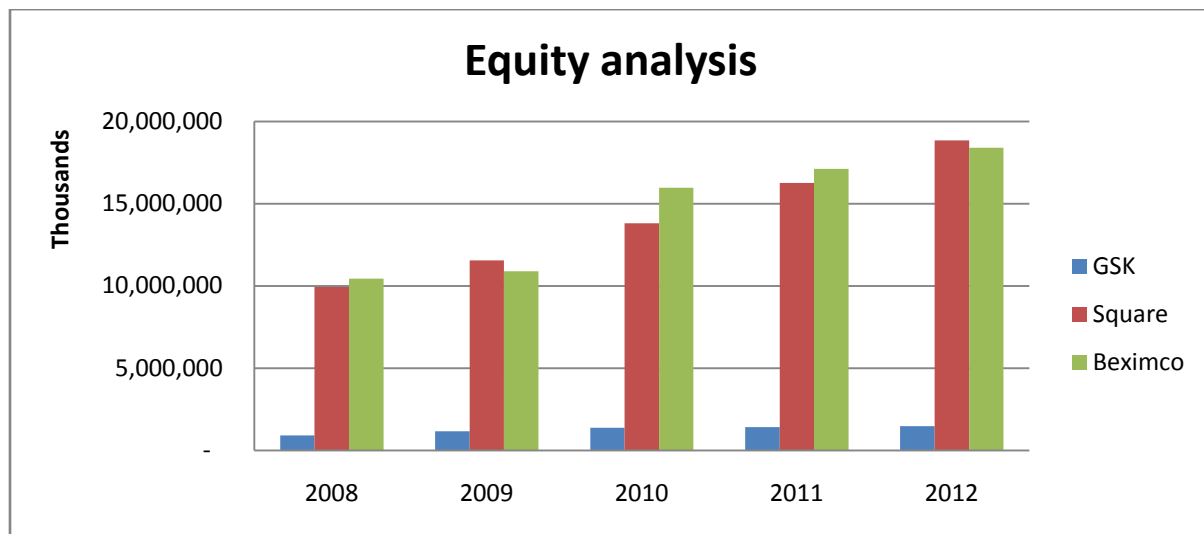
Net income of a company is one of the biggest indicators to see how it is performing and how much amount the company is gaining after deducting all expenses, taxes and interests from their gross profit. From the net income comparison of all the three companies, we can see that Square and Beximco is having an increase in their income. On the other hand, GSK is seen to have highest income in 2010 which again dropped afterwards. So, undoubtedly Square is in the most suitable situation in the market compared to other two. From the growth rate analysis, we can see that, Square has always a positive growth rate in their income though the rate is very much fluctuating. Beximco had unexpectedly highest growth rate in income in 2010 but again it came to its previous flow after 2010. GSK's performance considering the growth rate in their income is unacceptable as they are having a very fluctuating growth in their income and even after 2010; the rate is negative which means they are having decrease in their income than previous years. Considering the total scenario, GSK is obviously in a risky situation and they need to increase their sales and reduce their costs to come out of this situation.

#### Total asset comparison:



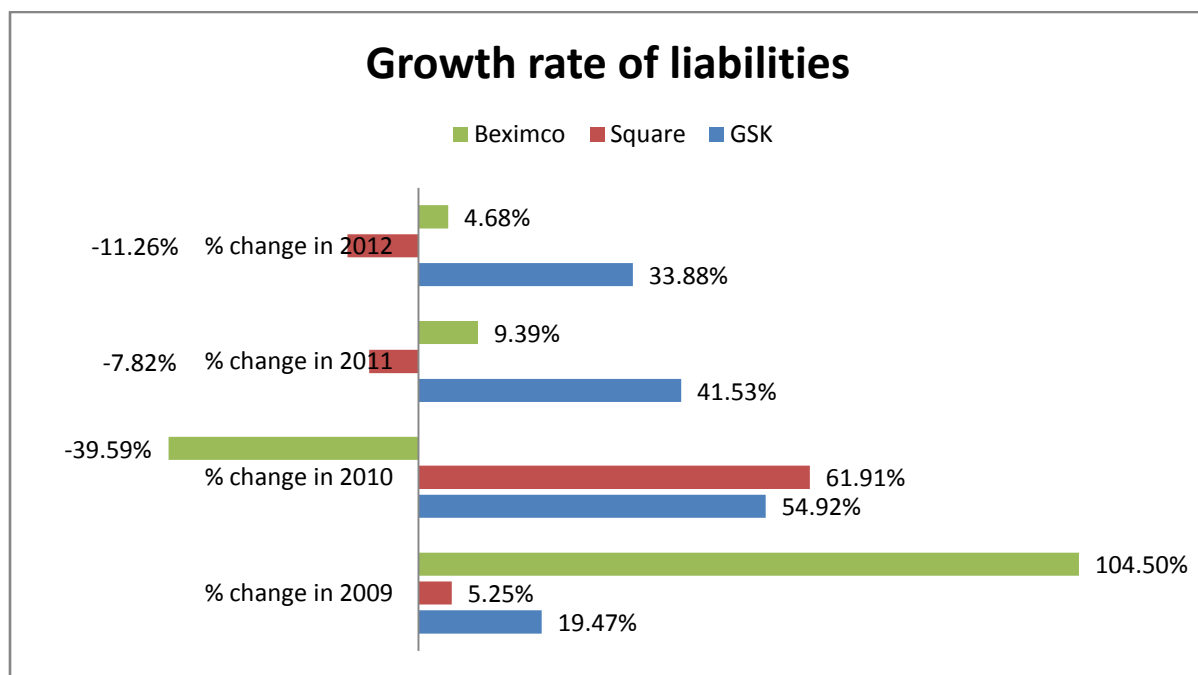
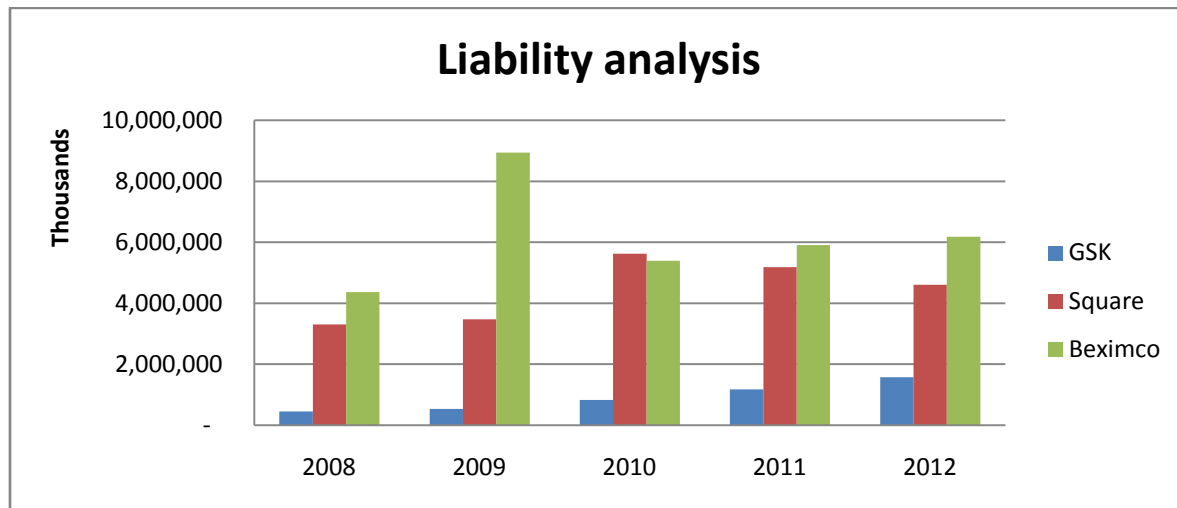
From the total asset comparison of all the three companies, we can see both Square and Beximco is maintaining good current and non-current assets to run their operation. As they have huge sales, they need to maintain huge assets. GSK is maintaining very low assets than other two. As their operation is low, their assets are also seen to be very low. From growth rate analysis, we can see that Beximco had the highest growth rate in their assets in 2010 and Beximco in 2009. Other than these two years, both of the company is having a stable growth rate whereas GSK is having a high growth rate in their assets compared to other two.

### Equity comparison:



From the equity analysis of all the three companies, we can see that Beximco and Square both are having quite equal rate of equity funding and the rate is increasing with the increase in their operation. Here, GSK is seen to be maintaining the lowest rate of equity funding. From the growth rate analysis, we can see that Square's equity funding growth rate is quite stable over the five years whereas Beximco and GSK are having a positive growth rate but fluctuating. Necessary information regarding this matter could not be identified.

## Liability comparison:



From the liability analysis of the three companies, we can see that, Square is having quite a stable rate in maintaining current and non-current liabilities whereas Beximco is seen to have an increasing trend after a huge fluctuation in 2009. It is good that Beximco has been able to reduce their liabilities in recent years. GSK is having a slight increase in their liabilities over the years. From the growth rate analysis, we can see that, both Beximco and Square has been able to reduce their liability growth rate and in some years it is even negative. Necessary information regarding this matter could not be identified.

In this section of analysis, I tried to comparatively represent the scenarios of three companies. Here, I have included the basic elements of income statements and balance sheets to compare their performances throughout the period of 2008-2012. I have also tried to show the growth trend of these elements for each of

the companies. From income statement, I have compared the elements like- Net sales, COGS, Gross profit, Operating expenses and Net income. From balance sheet I have included elements like- Total equity, Total liabilities and Total assets.

#### 4. Ratio analysis:

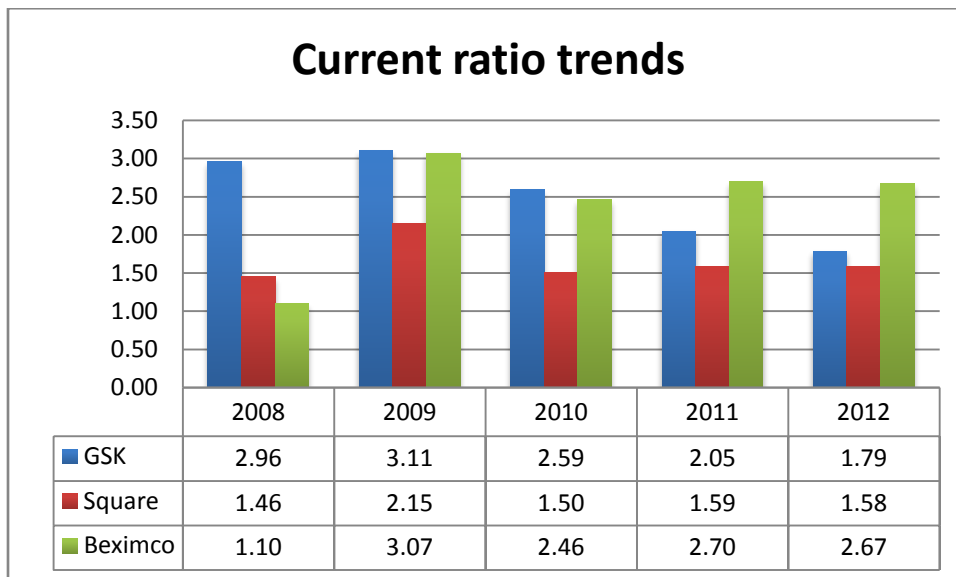
Ratio analysis is used to evaluate various aspects of a company's operating and financial performance such as its efficiency, liquidity, profitability and solvency. The trend of these ratios over time is studied to check whether they are improving or deteriorating. Ratios are also compared across different companies in the same sector to see how they stack up, and to get an idea of comparative valuations. Ratio analysis is a cornerstone of fundamental analysis.

##### **1. Current ratio:**

It is a liquidity ratio that measures a company's ability to pay short-term debts. The ratio is mainly used to give an idea of the company's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, receivables). The higher the current ratio, the more capable the company is of paying its obligations. A ratio under 1 suggests that the company would be unable to pay off its obligations if they came due at that point. Higher current ratio definitely indicates that the firm is highly liquid and able enough to meet the demands of the creditors. Satisfactory current ratio actually varies from industry to industry but in general, if the current ratio lies above 1, it indicates that the business is healthy. If the current ratio is below 1, then it means that the current liabilities are higher than the current asset, so the firm can face many difficulties while paying back their short term debts. On the other hand, if the current ratio is too high then it indicates that the firm has problem in working capital management. Low current ratio does not always mean that the firm is at an alarming stage or very near to be bankrupt but of course it is better to maintain a standard current ratio in order to be free from liquidity risk.

**Current ratio:**  $\text{Current Asset} / \text{Current Liabilities}$

	2008	2009	2010	2011	2012
GSK	2.96	3.11	2.59	2.05	1.79
Square	1.46	2.15	1.50	1.59	1.58
Beximco	1.10	3.07	2.46	2.70	2.67



The graph shows that, all the three companies had their highest current ratio in 2009. For GSK, though the ratio declined afterwards, it was not below 1. So, it can be said that they always maintain a good current ratio to pay off their debts in time. In recent past years, Square has been maintaining a stable current ratio which is very much required to maintain a healthy financial position. Moreover, they are maintaining current ratio near 1 which is risk free and they are also operating successfully without maintain any idle capacity. Beximco is also maintaining a good position to be able to pay their current debts. So, we can comment that these companies are quite aware about their liabilities and they maintain their assets in ways to pay off their obligations in time.

## 2. Quick ratio:

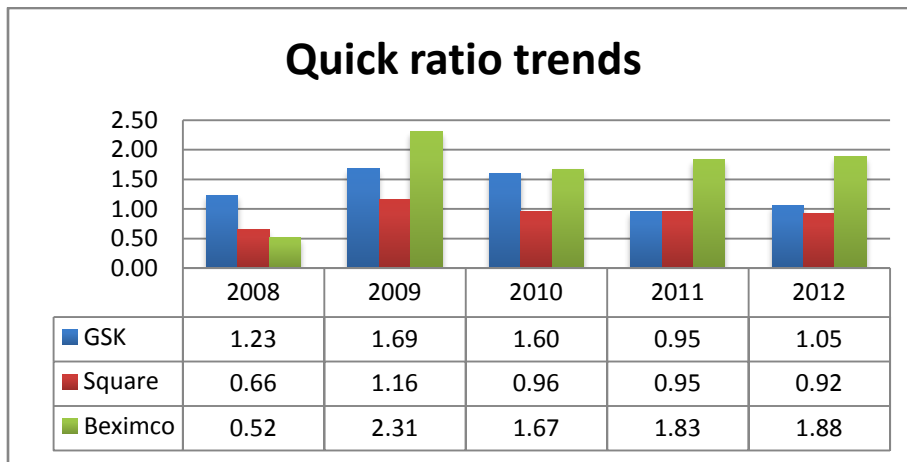
This ratio assesses the capacity of an organization to recover its current liabilities by using the organization's quick assets. Assets which can be easily converted into cash are known as quick assets. Quick ratio is also known as Acid-test ratio and it excludes the inventories as inventories are less liquid. Quick ratio less than 1 indicates that the firm is currently unable to pay its current debts. A high quick ratio is not considered as good always depending on the accounts receivables

and current liabilities. If it happens that the firm has huge account receivables which will be collected after a long time and the current liabilities are lesser but needs to be paid instantly then the quick ratio will be higher. However, the firm will be in a risky situation as there is liquidity crisis. On the other hand, opposite thing can also happen.

**Quick Ratio:**  $(\text{Current Assets} - \text{Inventories}) / \text{Current Liabilities}$

	2008	2009	2010	2011	2012
GSK	1.23	1.69	1.60	0.95	1.05

Square	0.66	1.16	0.96	0.95	0.92
Beximco	0.52	2.31	1.67	1.83	1.88



The graph shows that GSK Bangladesh had highest quick ratio in 2009 which declined in 2010 and 2011. In 2011, the ratio was less than 1 which was not pleasing. However, in 2012 it again increased indicating a good liquid position. Compared to GSK, Square also had the highest ratio in 2009 which gradually decreased afterwards. From, 2010 to 2012, the ratios are less than 1 which is not satisfactory. In case of Beximco also the ratio was highest in 2009 and they held a very good ratio in all years compared to other twos. Compared to their liquid assets, their illiquid assts are very low. So, they have a good quick ratio. Finally, the graph shows that, GSK has maintained satisfactory ratios in past years as well as recent years indicating their good ability of paying off their current debts with their current liquid assets.

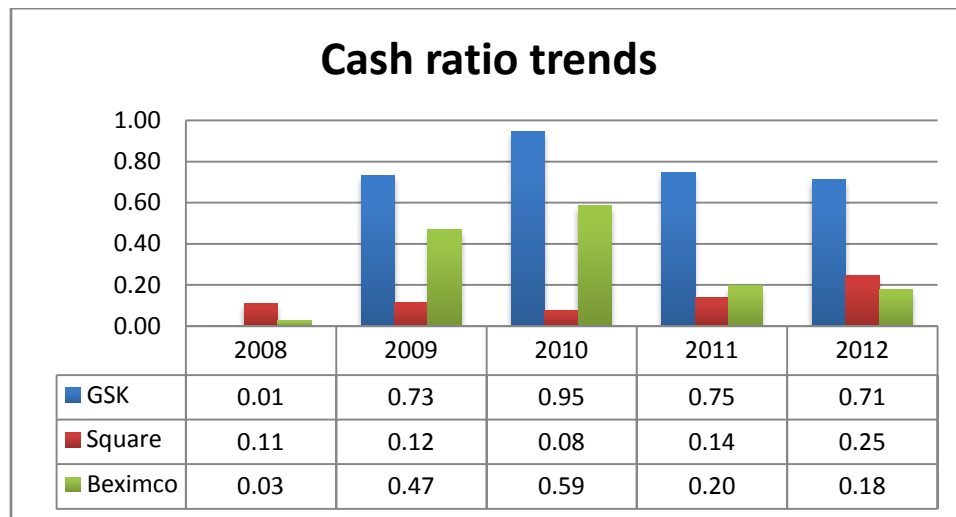
**3. Cash ratio:** Cash ratio is a ratio of a firm's cash and cash equivalents to its current liabilities. This ratio is a great measurement of liquidity. If the ratio is high then it indicates that the firm has enough cash to meet up immediate payment demand. The cash ratio is generally a more conservative look at a company's ability to cover its liabilities than many other liquidity ratios. This is due to the fact that inventory and accounts receivable are left out of the equation. Cash ratio is very conservative at its appearance as it does not include inventories and accounts receivables, only cash on hand and cash equivalents are used to calculate this. Since these two accounts are a large part of many companies, this ratio should not be used in determining company value, but simply as one factor in determining liquidity.

**Cash ratio:** Cash & Equivalents/Current Liabilities

	2008	2009	2010	2011	2012
GSK	0.01	0.73	0.95	0.75	0.71
Square	0.11	0.12	0.08	0.14	0.25



Beximco	0.03	0.47	0.59	0.20	0.18
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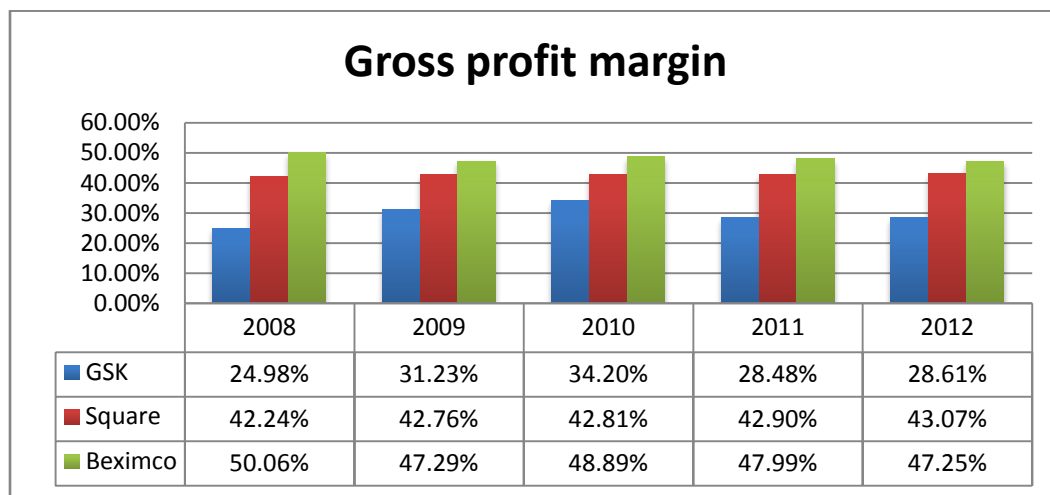
The graph shows that, in 2008, the cash ratio was very poor which signals that GSK faced much liquidity crisis and had not sufficient cash in hand to pay back the short term liabilities. However, GSK is maintaining a good cash ratio from 2009 to 2012 and it is also high in all years compared to other two companies. Square had their highest cash ratio in 2012 but compared to other two it is having the lowest ratio. Beximco improved their liquidity position in recent years and it can be mentioned as quite satisfactory.

#### 4. Gross profit margin:

The relationship of sales and cost of goods sold is assessed through gross profit margin. High ratio indicates a secure position for the company. Low profit margin signals towards less safe position because it means that sales are diminishing, therefore generating low revenues. The gross margin is not an exact estimate of the company's pricing strategy but it does give a good indication of financial health. Without an adequate gross margin, a company will be unable to pay its operating and other expenses and build fund for the future. It helps to cut cost by presenting that cost as relatively low or high than the revenues. So, from the low profit margin a company gets the idea of increasing their revenues or decreasing their direct costs.

**Gross profit margin:**  $\text{Gross Profit/Net Sales}$

	2008	2009	2010	2011	2012
GSK	24.98%	31.23%	34.20%	28.48%	28.61%
Square	42.24%	42.76%	42.81%	42.90%	43.07%
Beximco	50.06%	47.29%	48.89%	47.99%	47.25%



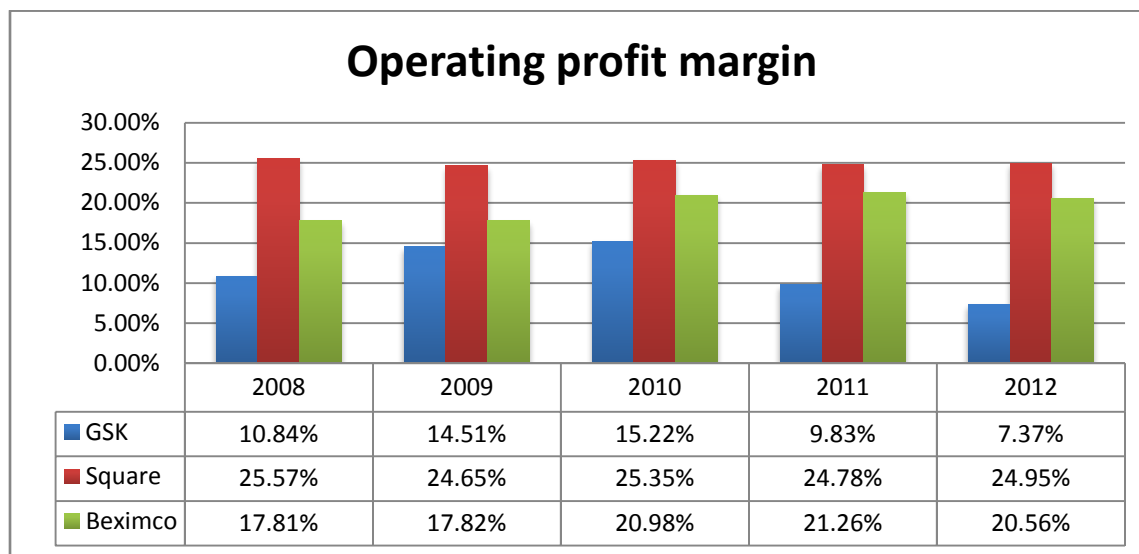
The graph shows that, all the three companies tried to maintain a stable gross profit margin in past years. Though for GSK, a little fluctuation in the margin can be seen, but they are also trying to increase their sales over the cost of sales. For both Square and Beximco, it can be commented that they are satisfactorily maintaining a stable profit margin throughout the past years and here Square's performance is outstanding regarding very less fluctuation in their performance.

## 5. Operating Profit Margin:

This ratio is another important tool to measure a company's profitability and operating efficiency. Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of production such as wages, raw materials, etc. A healthy operating margin is required for a company to be able to pay for its fixed costs, such as interest on debt and taxes..This profit is also known as Earnings before Interest and Tax (EBIT). This operating profit is used to calculate the operating profit margin which clarifies how efficiently and effectively the firm is doing operations and making money. High operating profit margin indicates that the firm is good at merchandising activities, they are low cost producers so capable to offer cheap price to the customers and in this manner they are making high profit than their competitors. The operating profit margin, also clarifies how much operating profit a company makes on each dollar of sales. Higher operating profit margin indicates a healthy business.

### Operating Profit Margin: EBIT/Net Sales

	2008	2009	2010	2011	2012
GSK	10.84%	14.51%	15.22%	9.83%	7.37%
Square	25.57%	24.65%	25.35%	24.78%	24.95%
Beximco	17.81%	17.82%	20.98%	21.26%	20.56%



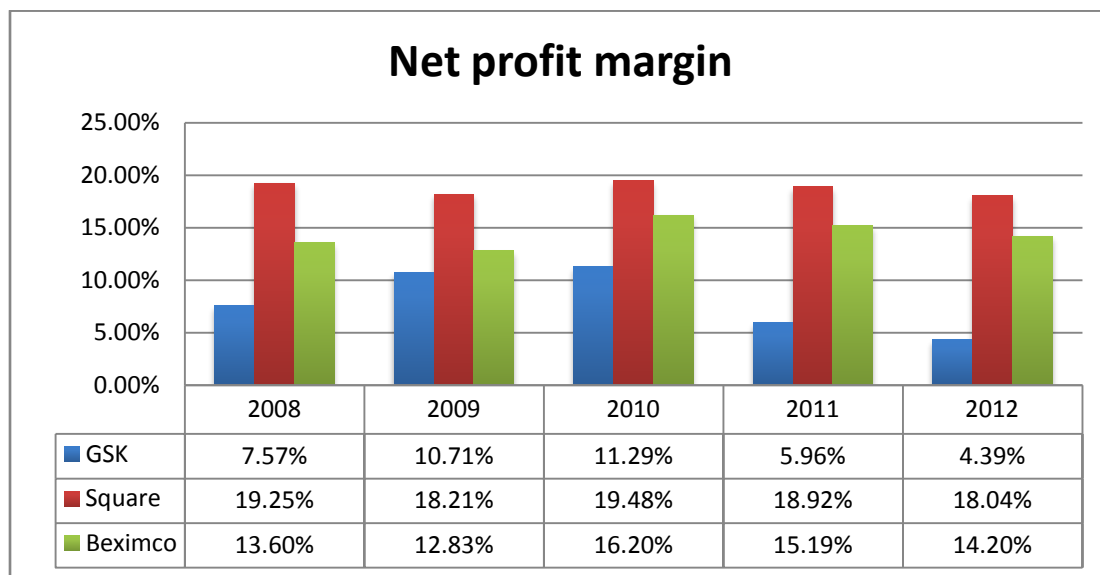
From the trend we can see that, Square is in the best position compared to its competitors. It is maintaining the highest and the most stable level of operating margin for the last few years. The scenario for GSK is not so good. Though in 2008 and 2009, the margin increased, but it again declined in 2011 and 2012. The rate is also very low compared to its competitors indicating poor management and pricing strategy. Beximco has been maintain a stable margin, but less satisfactory than Square.

## 6. Net Profit Margin:

A ratio of profitability calculated as net income divided by revenues, or net profit divided by sales. It measures how much out of every dollar of sales a company actually earns. This is also known as profit margin. Higher the profit margin, better the condition of the firm. Higher profit margin means that higher portion is remaining as profit after the selling activity takes place. So it also indicates towards efficient expense controlling ability. Increased earnings are good, but an increase in sales does not mean that the profit margin of a company is improving. For instance, if a company has costs that have increased at a greater rate than sales, it leads to a lower profit margin. This is an indication that costs need to be under better control.

**Net Profit Margin:** Net Income/Net Sales

	2008	2009	2010	2011	2012
GSK	7.57%	10.71%	11.29%	5.96%	4.39%
Square	19.25%	18.21%	19.48%	18.92%	18.04%
Beximco	13.60%	12.83%	16.20%	15.19%	14.20%



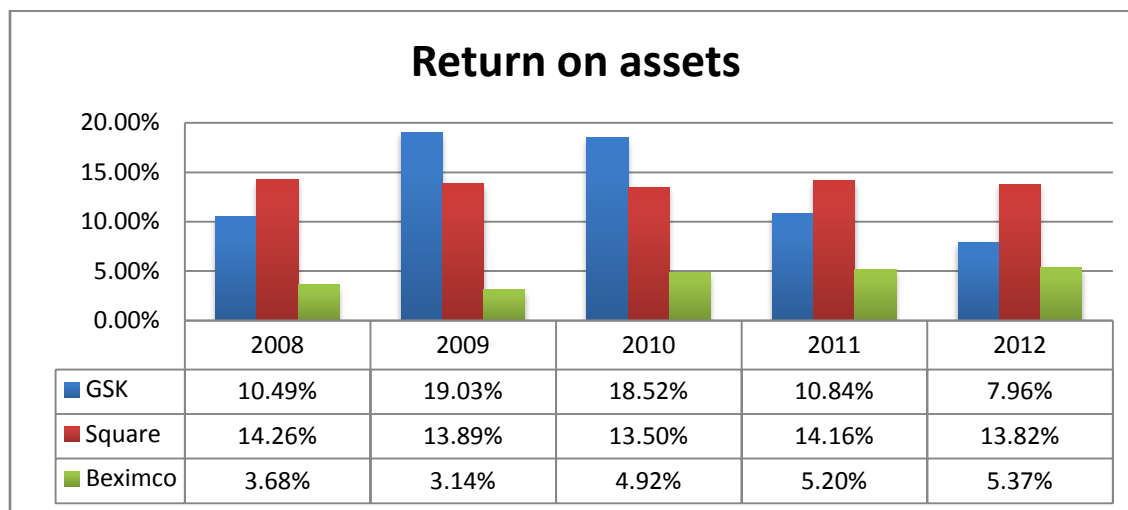
The graph shows that, GSK is having a drastic decline in their net profit margin in recent years (2011-2012). Though the rate was seen to be improving in 2009 and 2010, it again declined afterwards. Square is seen to be in the most satisfactory situation compared to its competitors. It has been maintain the most stable performance and the rate is also higher in every years. In case of Beximco, we can see that the rate has increased than previous years but not so much compared to its one of the big competitors Square. From all these three companies comparison, it is quite clear that GSK needs to pay more attention in increasing their performance to compete and run their operations successfully.

## 7. Return on Asset:

Return on asset is an indicator of how profitable a company is relative to its total assets. ROA gives an idea of how competent management is at using its assets to generate earnings. It is calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as "return on investment". The assets of the company are comprised of both debt and equity. Both of these types of financing are used to fund the operations of the company. The ROA figure gives investors an idea of how effectively the company is converting the money it has to invest into net income. The higher the ROA number, the better, because the company is earning more money on less investment.

**Return on Asset:**  $\text{Net Income} / \text{Total Assets}$

	2008	2009	2010	2011	2012
GSK	10.49%	19.03%	18.52%	10.84%	7.96%
Square	14.26%	13.89%	13.50%	14.16%	13.82%
Beximco	3.68%	3.14%	4.92%	5.20%	5.37%



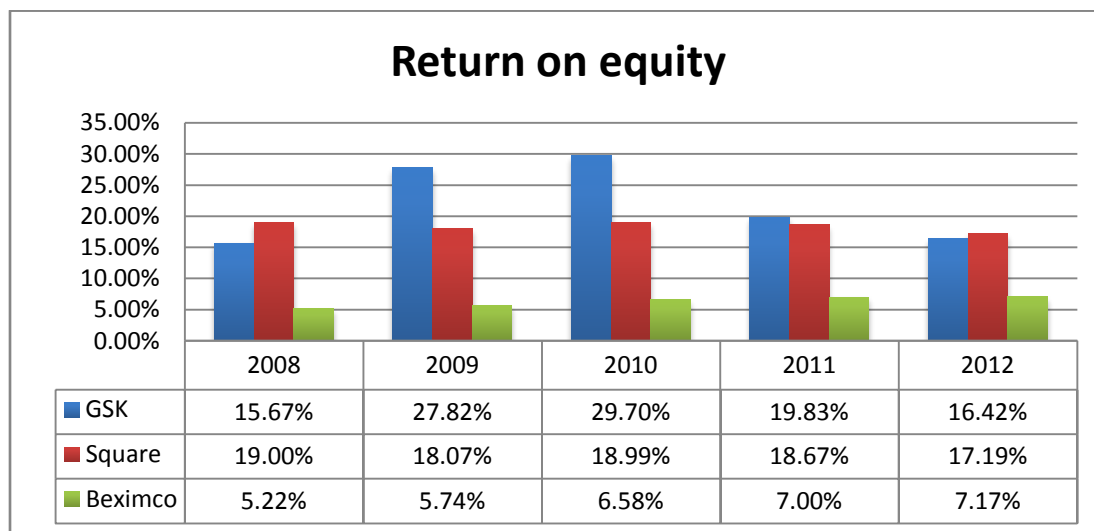
The graph interprets that, GSK had great improvement in early years from 2008-2010. However, in recent years the return on assets rate went down. So, GSK's performance here is not stable and in declining trend which is a matter of much concern. Square's trend shows that its performance is quite good and in a stable position. Beximco is the lowest in all years compared to its competitors. It indicates that they are generating lowest amount of return from their investments in assets. Compared to other companies in the industry, GSK should focus on increasing their performance and try to keep it stable.

## 8. Return on Equity:

Return on Equity or ROE is the ratio of net income to total shareholder's equity. It measures how much a firm earns from the shareholders' equity. It also shows the firm's efficiency at generating profits from every dollar of equity capital. Increasing ROE indicates improved performance. In accounting sense, ROE is the true bottom line of performance measurement.

**Return on Equity:**  $\text{Net Income} / \text{Shareholders' equity}$

	2008	2009	2010	2011	2012
GSK	15.67%	27.82%	29.70%	19.83%	16.42%
Square	19.00%	18.07%	18.99%	18.67%	17.19%
Beximco	5.22%	5.74%	6.58%	7.00%	7.17%



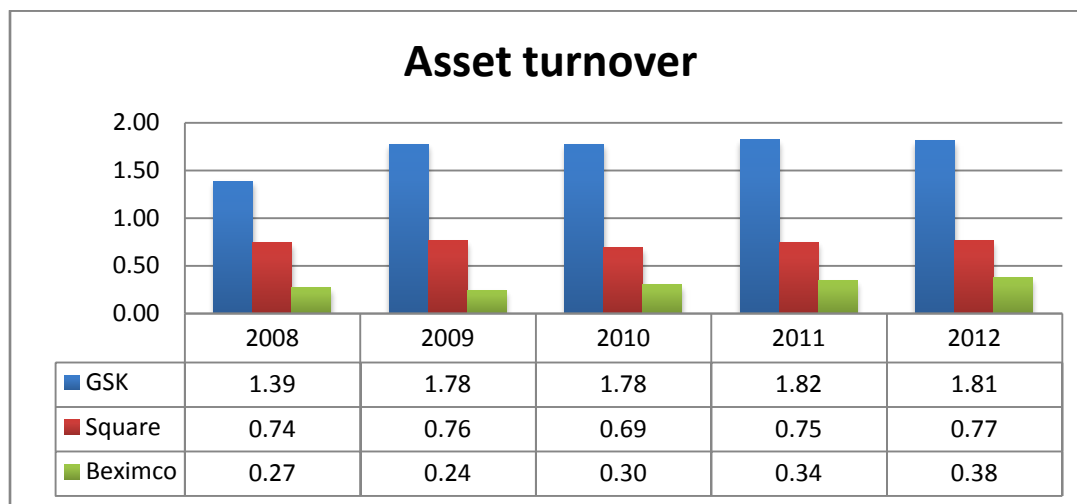
The graph shows, GSK had the highest return on equity from 2008-2010 compared to its competitors. So, it generated the highest return from their shareholders' equity. However, from 2011 it started decreasing which is not a good sign for the management. They need to be concerned about improving their return on equity. On the other hand, though Square didn't have high returns, it can be seen as maintaining a stable rate of return. Beximco is seen to have the lowest percentage of returns consistently. Their performance is very poor throughout the past few years indicating a lower return generated from shareholders' equity.

#### 9. Asset turnover:

Asset Turnover measures how much sales revenue is gathered in against each dollar of assets. It indicates the efficiency of asset management of a firm. Higher the ratio, higher the efficacy of the firm. If a company can generate more sales with fewer assets it has a higher turnover ratio which tells it is a good company because it is using its assets efficiently. A lower turnover ratio tells that the company is not using its assets optimally.

**Asset turnover:** Sales/Total Assets

	2008	2009	2010	2011	2012
GSK	1.39	1.78	1.78	1.82	1.81
Square	0.74	0.76	0.69	0.75	0.77
Beximco	0.27	0.24	0.30	0.34	0.38



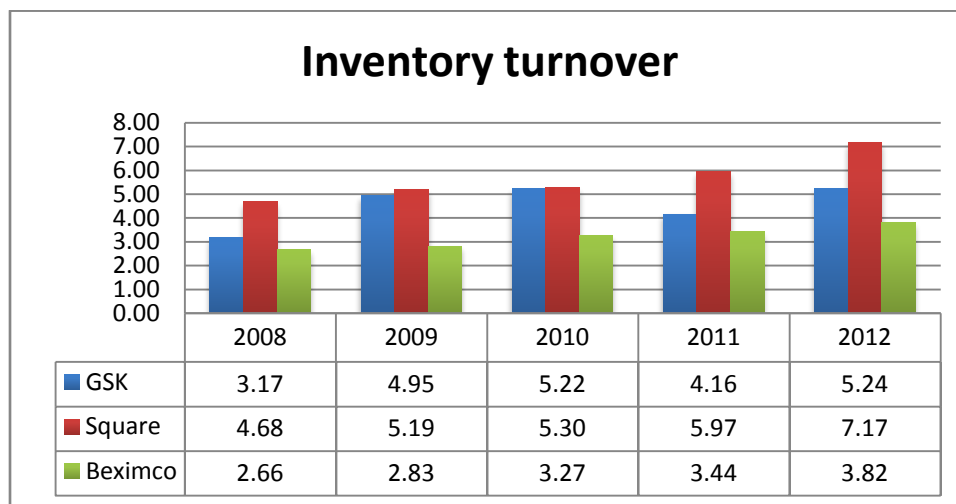
The graph shows that, GSK Bangladesh is in a very good position in case of generating revenues against each dollars of asset. The asset management of this company is outstanding compared to other two big competitors and their performance is quite stable throughout the past few years. With fewer amount of assets, they have been able to generate huge profits utilizing their assets fully. On the other hand, Square and Beximco both had turnovers less than 1 for the past few years which indicates less satisfactory asset management. It indicates that, they are not utilizing their existing assets perfectly to generate enough profits.

#### 10. Inventory turnover:

Sufficient amount of inventory is must to do successful business. This ratio basically shows that over a period, how many times the inventories are sold and renovated. Generally, a company with high inventory turnover ratio is assumed as strong one. When the inventory level is very high, the ratio will be low which means poor sales and the inventories are kept idle in the warehouse. Definitely, it is bad for future growth of the company. The turnover ratio for perishable good is normally very high as these are sold out quickly. Although high inventory turnover ratio is desirable, sometimes it may indicate ineffective buying.

**Inventory turnover:** Sales / Inventory

	2008	2009	2010	2011	2012
GSK	3.17	4.95	5.22	4.16	5.24
Square	4.68	5.19	5.30	5.97	7.17
Beximco	2.66	2.83	3.27	3.44	3.82



Trend from the graph shows that, GSK is maintaining a stable ratio and it's quite good compared to other two companies. However, the cost of goods sold says they have huge unused inventories which increase the cost reducing profit. So, they need to be careful in maintaining sufficient inventories but not excessive to meet up the needs. Square was also maintaining a quite stable performance from 2008-2011. In 2012, the ratio is the highest so their performance improved in this year. Beximco has been having the lowest turnover ratios in all years compared to its competitors. So, they should consider improving their performance now.

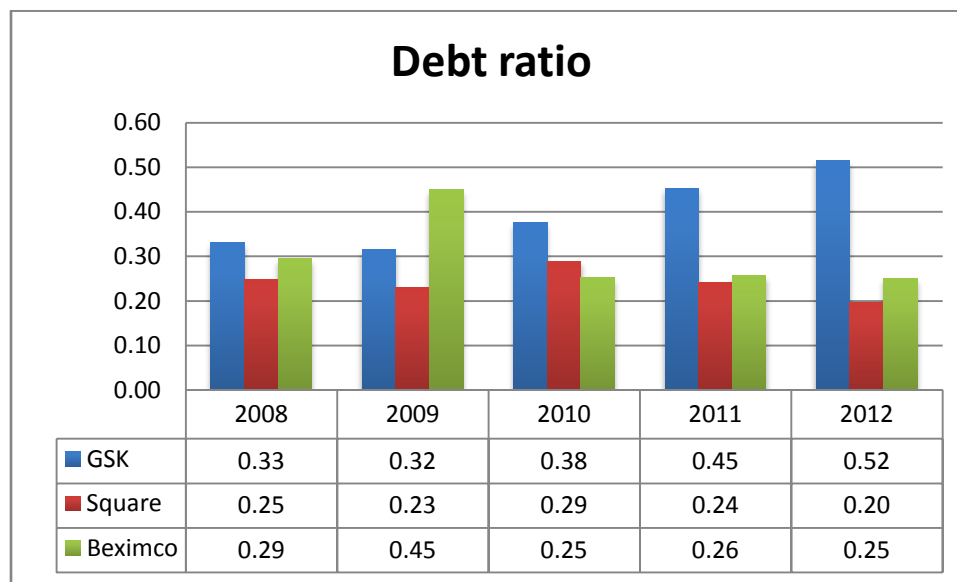
#### 11. Debt ratio:

This ratio finds out how much of the total asset is funded through debt. A debt ratio greater than 1 indicates that a company has more debt than assets and it is more dependent to its creditors for necessary financing. Meanwhile, a debt ratio of less than 1 indicates that a company has more assets than debt. The higher this ratio, the more leveraged the company and the greater its financial risk. Although higher debt is not a problem if interest payments are made on time, but if it is not then definitely a great risk for the firm.

**Debt ratio:** Total debt/Total assets

	2008	2009	2010	2011	2012
GSK	0.33	0.32	0.38	0.45	0.52
Square	0.25	0.23	0.29	0.24	0.20
Beximco	0.29	0.45	0.25	0.26	0.25





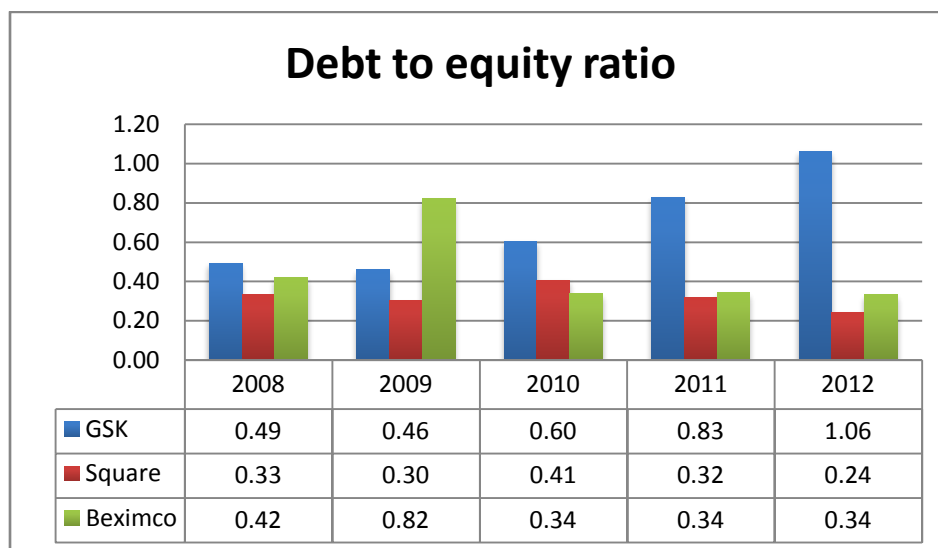
The trend shows that, GSK had an increase in debt financing for the past few years. In 2012, they had the highest rate 0.52 of debt financing. From Square's trend we can see that, in 2010 it had the highest rate and now gradually they are focusing on decreasing their debt ratio which is a good sign in a sense that they are now relying less on their creditors for financing. On the other hand, Beximco had their highest rate in 2009, but they tactfully handled that situation to decrease their debt financing in past few years. However, GSK should be concerned about this scenario as their ratio is higher than their competitor which is not a very good sign.

## 12. Debt to equity ratio:

The debt-to-equity ratio is a measure of the relationship between the capital invested by creditors and the capital contributed by shareholders. Lower values of debt-to-equity ratio are favorable indicating less risk. Higher debt-to-equity ratio is unfavorable because it means that the business relies more on external lenders thus it is at higher risk, especially at higher interest rates. A debt-to-equity ratio of 1 means that half of the assets of that business is financed by debt and half by shareholders' equity. A value higher than 1 means more assets are financed by debt than those financed by money of shareholders' and vice versa. An increasing trend in of debt-to-equity ratio is also alarming because it means that the percentage of assets of a business which are financed by the debts is increasing. Higher debt can lead to both higher gain and risk, so firms should be very careful while taking financial leverage.

**Debt to equity ratio:** Total debt/Total equity

	2008	2009	2010	2011	2012
GSK	0.49	0.46	0.60	0.83	1.06
Square	0.33	0.30	0.41	0.32	0.24
Beximco	0.42	0.82	0.34	0.34	0.34



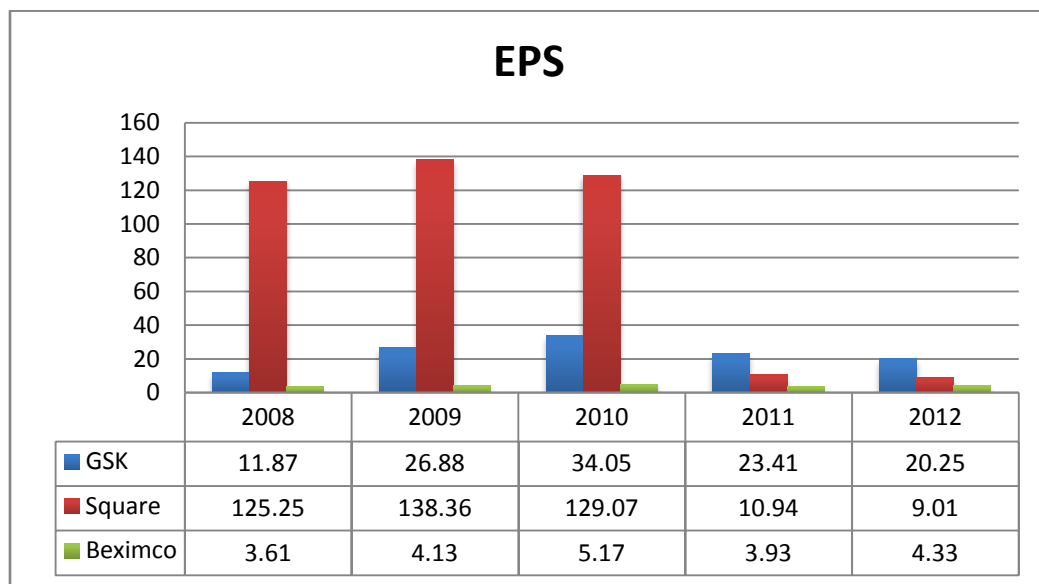
The trend from graph shows that, GSK is gradually having an increase in its debt financing. In 2012, it is even higher than 1 which is a matter of concern as they are relying more on external lenders and it can be a threat if interest rate increases. They should be careful about their financing now. The performance trend of Square is lower than both of its big competitors. So, it can be said to have a good position in the industry regarding its low debt financing as it is facing lower risk. On the other hand, Beximco is maintaining their debt financing position quite constantly for the past few years and it has also reduced than previous years.

### 13. EPS (Earning Per Share):

Earning per share or EPS expresses the earned profit against each share. It is considered as an important tool while measuring a company's stock performance. Investors often judge firms with the EPS and always prefer a high EPS. However, always high EPS does not mean that the firm is doing well because the net income can be manipulative which makes the EPS overestimated. Often firms do these in order to attract more public investments. So, relying only on EPS is never a wise decision. Another important point is, same EPS of two firms do not indicate that the firms are equally strong; here we need to judge which firm has earned same EPS by less investment. The firm which has done so is in better position and more efficient than the other.

**EPS (Earning Per Share):**  $\text{Net Income} / \text{No. of shares outstanding}$

	2008	2009	2010	2011	2012
GSK	11.87	26.88	34.05	23.41	20.25
Square	125.25	138.36	129.07	10.94	9.01
Beximco	3.61	4.13	5.17	3.93	4.33



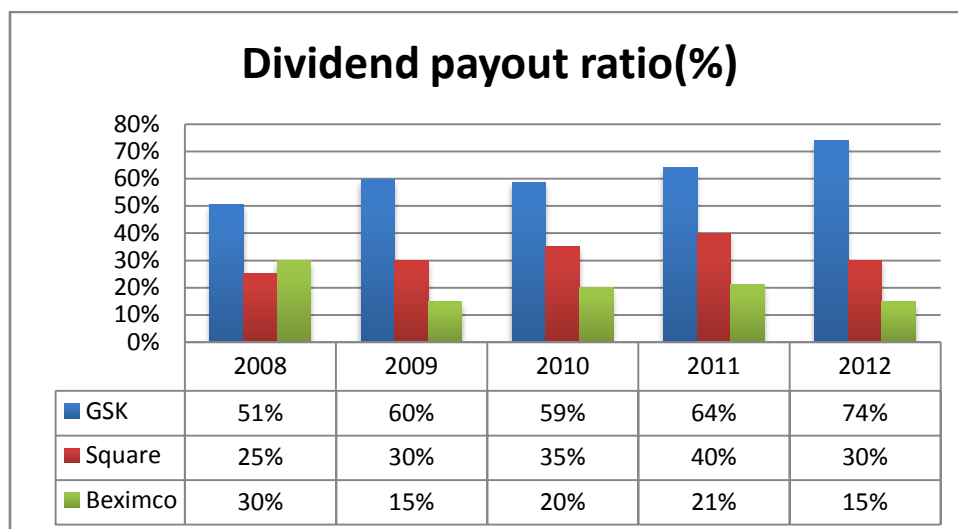
Graph shows, from 2008-2011, Square had the highest earning per share indicating their huge earnings on less investment. Their net income was high compared to their number of shares outstanding. During this five year period, their net income and number of shares both increased and in 2011 and 2012 EPS felt down drastically due to issue of huge number of new shares by the company. GSK had the highest EPS in 2010 and the lowest in 2008, 11.87. Beximco is consistently having very low EPS compared to Square and GSK.

#### 14. Dividend payout ratio:

The dividend payout ratio is actually the percentage of earnings that is given to the investors of the firm. High payout ratio always attracts the investors because it means that the firm is in good position and generating huge profit. So, investors always seek for high stock dividends and often switch to another stock in order to have their desired dividend. It is not always true that firms in good condition can only afford dividend payment, it may also happen that a firm with a future growth prospect currently giving low or zero dividends will provide the investors high capital gain in future. So, investors should not only seek high dividends, they should be more aware about high capital gain. Sometimes, excess amount dividend payment is a bad sign, it indicates that organization is giving away money to attract more investors rather than reinvesting again in operational activities.

**Dividend payout ratio:** Total Dividend/ Net Income

	2008	2009	2010	2011	2012
GSK	51%	60%	59%	64%	74%
Square	25%	30%	35%	40%	30%
Beximco	30%	15%	20%	21%	15%



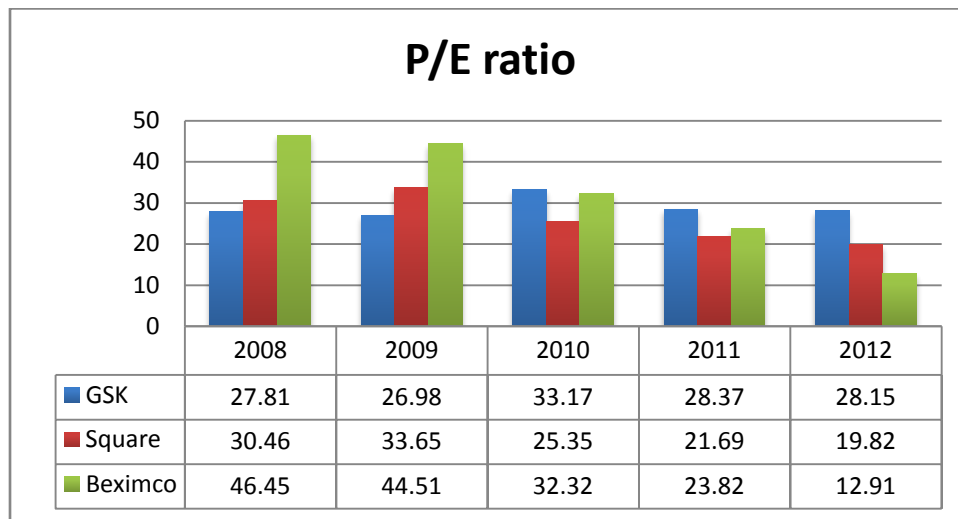
The graph shows that, GSK Bangladesh has the highest dividend payout ratios which are helping to attract investors to invest in stocks. In 2012, the ratio was the highest. Square has dividend payout ratios between GSK and Beximco. However, Beximco has the lowest payout ratio throughout the past few years.

#### 15. Price Earnings ratio (P/E):

A valuation ratio of a company's current share price compared to its per-share earnings. The P/E ratio actually represents the expectation of investors about the firm. Higher P/E means that investors have high expectations about the firm's future growth and that's why they are interested to invest. P/E ratio also sometimes indicates how much the investors are willing to pay for each dollar of earnings. So, in this case it is referred as multiple. The average P/E ratio is 20-25 times. Comparing P/E ratio within firms of same industry gives the idea of which firm is performing well.

**Price Earnings ratio (P/E):** Market price per share/EPS

	2008	2009	2010	2011	2012
GSK	27.81	26.98	33.17	28.37	28.15
Square	30.46	33.65	25.35	21.69	19.82
Beximco	46.45	44.51	32.32	23.82	12.91



Trend shows that, over the last five years, the P/E ratio of GSK has been quite high which means that investors have great interest on GSK's stock. This is because GSK is a well reputed multinational firm and has a unique brand image. The ratio was highest in 2010 and lowest but well above from the standard in 2009. Square is seen to have the highest rate in 2009 and the trend shows that the rate is decreasing which is not a very good sign for the company's stock. However, Beximco here is seen to have the highest rates in past few years. Compared to GSK and Square, it can be seen that people prefer to invest in Beximco's stock but it is alarming that they are also having a severe decrease in their rate in the last year.

## Recommendation

- As a multinational company, GSK is now earning revenue both for selling medicinal products and consumer goods. However, compared to its sales of medicinal products, consumer products like- Horlicks, Sensodyne etc. products have much demand. Thus, the revenue earned from consumer products are more compared to pharmaceutical products. This has diluted the position of GSK in the pharmaceutical industry. So, they should try more to give the same effort to promote their pharmaceutical products for earning greater revenues from this industry and compete successfully with their competitors, grabbing a strong market share and market position.
- GSK maintains a very huge amount of idle inventories to reduce risk. Due to having risk of sudden imposition of new rules from the government, they try to maintain excess inventories so that they can fulfill market demand if any adverse situation arises. This maintenance of huge inventory is causing them increasing their cost of sales decreasing their profit. So, they should consider this matter seriously and maintain not excessive but necessary amount of inventory.
- Due to maintaining good quality products and acquiring raw materials from specific sources only, their raw material purchase price remains more than their local competitors. This is obviously one of the biggest problems. Bangladesh is a developing country so every people here cannot afford expensive medicines made by the best quality raw materials. So, they go for buying the substitute medicines made by the local companies with less expensive products. Thus, GSK pharmaceutical products are losing their market, sales and profit. To reduce cost of purchase they can think about cheaper sources to purchase raw materials without compromising the quality. Moreover, they can also focus on differentiation and focus strategy to come up with unique products to serve their customers and increase demand for their unique medicines.
- The promotional activity carried out by GSK to sell their pharmaceutical products is not sufficient enough to let people know about the medicines and increase their demands. As a multinational company, they have some restrictions from the headquarter to not persuade the doctors to prescribe their medicines to their patients. On December 17, 2013, GSK announced that it would cease compensating doctors for prescribing the company's products, would stop paying professionals for speaking at medical conferences, and would remove prescription-related sales targets for its reps. On the other hand; other local companies use those strategies to increase the demands of their medicines. Moreover, they are also seen to use some illegal means like- bribing doctors to prescribe their medicines and thus increase sales of those medicines. This scenario obviously possesses some challenge to the multinational companies in increasing the demand for their products. Obviously, it is appreciable that they are not using any illegal means to sell their products, but to survive in the market successfully they must come up with some new legal promotional

strategies to increase awareness of their product and and thus increase their profit.

- Although GSK is maintaining a fair current ratio, but from 2008 to 2012 it is gradually decreasing which is an indication that current liabilities are increasing. So, GSK must concentrate on this issue and should be careful to control their debts. Compared to GSK, Beximco is seen to have an increasing current ratio trends but Square is having the lowest ratios in all years which says that Square has less liquid assets to pay off their debts than the other two companies. However, this also indicates that Square does not allow any idle capacity to increase cost. GSK can also follow this strategy to decrease their idle capacity and thus utilize necessary capacity to fulfill demand and decrease extra cost.
- Most of the profitability ratios like- gross profit margin, operating profit margin and net profit margin, GSK is seen to have a very low percentage compared to its competitors. So, it means that the growth in profit of GSK is lowering day by day. Earning profit is the main objective of doing any business. So, in this case GSK must think how more profit can be achieved and find ways to capture the significant portion of the market by increasing their market share.
- The debt ratio of GSK is not so high but it is increasing gradually and in 2012 it was .52. Although the figure is not so big but a value below .5 is more secured. So, from now, GSK should see if their dependencies on their trade creditors are increasing or not. If it is increasing, then they must take effective steps to reduce it.
- There is an upward trend in debt to equity ratio, again pointing out that debts are increasing. Although higher debts can give financial leverage but there is also a risk of meeting up the debt obligations. So, they should realize that higher debts can lead to higher risk. From now it should be little conservative in case of taking debts.
- Market coverage can be expanded through reaching every corner of the country. GSK needs to adopt more aggressive strategy in order to beat the competitors.

# Conclusion

### Conclusion:

Financial ratios analysis is a part of financial statement analysis through which the performance of a company's past and present position is measured. Most importantly, it gives an idea about the company's performance in the future. Ratio analysis involves the calculation of statistical relationship between data and it is a very popular technique of financial statement analysis. Throughout my analysis, I came to know about the financial strength, operational efficacy and management efficacy of GSK, Square and Beximco. I have realized GSK's position compared to its competitors and I have seen that they are performing well. It is financially solvent but still there are some threats which need to be handled properly to survive and have more successful position in the industry.



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