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'An Appraisal of GlaxoSmithKline Bangladesh Limited'

Internship Report in
Fulfillment of
Bus -499

Report - 57

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December 29, 2001

Letter of Transmittal

December 29, 2001

Dr. Tanbir Ahmed Chowdhury
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Dear sir:

It gives me immense pleasure in presenting my internship report on GlaxoSmithKline Bangladesh Limited, which has been assigned as a partial requirement to complete BUS - 499 course.

I have the pleasure in forwarding my report in which I have presented an overview of GlaxoSmitKline and revealed about the various areas of functions of the Company. I have also conducted evaluation of financial performance of the Company, identified the prospects and problems of the Company and suggested some remedial methods for the development of GlaxoSmithKline Bangladesh Limited. I have tried to cover all these areas with immense sincerity and best effort. I consider my evaluation, interpretation, opinions and remedial propositions of their problems would lead GSK Bangladesh Ltd. to sustain their growth, be competitive and continue to increase their market share.

I would like to take the opportunity to thank you and extend my appreciation towards you for your valuable guidance and constant attention as and when required in accomplishing this report and providing me the opportunity to familiarize the practical aspect of business. I shall be pleased to answer any query you think necessary when needed.

Sincerely,

Sifat Pervin

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Acknowledgement

I would like to show my sincerest gratitude and appreciation to my academic advisor Dr. Tanbir Ahmed Chowdhury, Associate professor, Department of Business Administration, East West University. His heartiest guidance and assistance helped me a great deal not only to complete this report but also to gain experience from practical field.

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- Md. Moynul Islam Group Product Manager
- Md. Nizam Uddin Manager – HR Services
- Naimul Islam Chowdhury IT System Officer
- Md. Masudur Rahman Manager Accounts
- Md. Mustafizur Rahman National Distribution Manager
- Md. Rokonzaman Internal Audit Manager.

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Executive Summery

GlaxoSmithKline is a world leading research based pharmaceutical Company, committed to improve the quality of human life by enabling people to do more, feel better and live longer.

Pharmaceutical industry is one of the most complex and highly regulated industries in Bangladesh as elsewhere in the world. Although there is a price ceiling on the controlled priced products set by the government, still

GlaxoSmithKline contributes around 100 crore Taka to the national exchequer and the amount is programming in an upward trend.

The company has one of the most diversified marketing networks and efficient financing policies by which it ensures the availability of its products to the ultimate consumer and at the same time ensures good fund management. The Company always sets a selling target each year and tries to attain the goal. The Company also enjoys competitive advantage on its brand name. The Company has established 11 DMOs(District Marketing offices) in 11 districts, medicines are allocated to different demand oriented areas from these DMOs. The Company views Information System as a corporate resource and includes it as part of the strategic planning process. The maintenance of quality is a long-term fundamental aspect of the Company and they achieve it through their commitment to high international standards in every aspect of their business. GlaxoSmithKline is among the few companies in Bangladesh, which conducts their own research on millions of molecules to produce new medicines, for which they have some patent products.

As far as the pharmaceutical industry is concerned, it is a highly competitive market and up to some extent, infact a great extent there is also the presence of a complex monopolistic market. Under these conditions the company has to set different sort of marketing and financing strategies. Over the years, we have observed that the Company's financial performance is likely to improve and currently the Company is in a good financial position.

Chapter - 1

“An Overview of GlaxoSmithKline”



1.1 Introduction

GlaxoSmithKline is a world leading research based pharmaceutical industry, whose people are committed to combat diseases by bringing innovative medicines and healthcare services to patients throughout the world and to the healthcare providers who serve them. The Company is formed through merger of GlaxoWellcome and SmithKline Beecham.

The market share of GSK is around 7.3 percent of the global pharmaceutical industry. Currently, GSK is operating in over 140 countries worldwide. It now has one of the largest sales and marketing operations in the global pharmaceutical industry. More than 100,000 people work for GlaxoSmithKline and over 16,000 research and development employees worldwide.

In Bangladesh, Glaxo started trading business in Dewanhat, Chittagong by importing products from the UK under Open General License. In 1976 Glaxo established its own factory in Fouzderhat, Chittagong and in 1974 Glaxo Bangladesh Limited was incorporated.

Currently, in our country the Company is in the fifth position amongst the 300 pharmaceutical companies with a market share around 6.8 percent. The Company contributes around 100 crore annually to the national exchequer.

The quality of the Company's products, processes and services are of paramount importance to the reputation and success of GSK. The policy of the group is to ensure that customers worldwide receive medicines that are safe, effective and of standard quality consistent with the leadership position in the global healthcare industry.

1.2 Origin of the Report

Internship program is designed to provide students to familiarize the practical aspect of business. It is a graduation requirement in "Bachelors of Business Administration' [BBA] of East West University.

To complete my Internship Program, I have prepared my report on "GlaxoSmithKline Bangladesh Limited"- a well-established multinational pharmaceutical company, which is to be submitted on December 24,2001.

This project has been assigned by Dr. Tanbir Ahmed Chowdhury, Associate Professor of East West University, Department of Business Administration, who has been assigned as an academic advisor for my internship program in East West University [EWU].

1.3 Objectives of the Study

The specific objectives of the study are:

- (i) To present an overview of GlaxoSmithKline.
- (ii) To identify the various areas of functions of the company
- (iii) To appraise the financial performance of GlaxoSmithKline.
- (iv) To identify the prospects of GlaxoSmithKline
- (v) To identify the problems of GlaxoSmithKline
- (vi) To suggest some remedial methods for the development of GlaxoSmithKline.

1.4 Data Collection Method

To collect data from the Company both open-ended and closed-ended questionnaire were formed and personal face to face interviews had been conducted with the different mid-level and senior managers of GSK Bangladesh Limited.

(i) Primary Sources:

The primary sources of data contain information provided by the different mid-level and senior managers of the GSK.

Sample size: Eight mid level and senior managers of GSK were interviewed.

(ii) Secondary Sources:

The secondary sources of data contain information obtained from various published documents like - annual reports, Company brochures, Organizational journals, relevant books and internet.

1.5 Scope and Methodology of the Study

The study has been conducted on various aspects of the Company. The report covers performance evaluation of GSK Bangladesh Limited through analysis of their financial performance over the past ten years [1991 - 2000], description of the Company history and culture, production, promotion, distribution, HR, IT and other related issues. Possible reasons for fluctuations in financial performance are identified.

Tables and graphs have been used to evaluate the performance. Trend analysis and square of correlation coefficient has also been calculated to measure performance.

1.6 Limitations:

I faced the following problems that influenced the report:

- ◆ The shortage of time. As the submission date had a dead line, the preparation was bound in a time frame. As a result, it was not possible to go through every matter in details. Issues of significance concern are only emphasized.
- ◆ For the fear of disclosure, many personnel of the organization were reluctant to provide some information.



1.7 Background of GlaxoSmithKline (A Global Perspective)

1.7.1. Glaxo Group Limited

Glaxo was founded as a general trading company at Wellington in New Zealand by **Joseph Nathan** in 1873.

In the year 1904, Nathan started dried milk powder production in New Zealand and started exporting to London. Glaxo was registered by Joseph Nathan and Co. as a trademark for dried milk in 1906. The Glaxo department of Joseph Nathan and Co. was opened in London in 1908.

In 1924, **Ostelin**, a vitamin D preparation, Glaxo's first pharmaceutical product was manufactured.

In 1935, Glaxo Laboratories was formed and new facilities were created at Greenford, near London. Glaxo Laboratories absorbed the Joseph Nathan Company and became the parent company in 1947. In the same year the company went to public and was listed on the **London Stock Exchange** (LSE), with capital of 700,000 in preference shares and 80,000 in ordinary shares.

Glaxo was the first manufacturer of **Penicillin**. Vitamin B12 was isolated by Glaxo scientists for the treatment of pernicious **anemia**. **Streptomycin** for TB treatment was produced by Glaxo scientists. **Betniveta** became the first of Glaxo's range of steroid skin disease treatments. Glaxo also launched **Ventolin** and **Ceporex**, anti-infective was launched. The broad spectrum injectable antibiotic **Zinacef** was launched by Glaxo and became the world's top selling medicine by 1986. In 1990, Glaxo introduced long-acting steroid for **asthma**, the inhaled corticosteroid Flixotide and **Zofran** anti-emetic for cancer patients. Glaxo

launched its novel treatment for migraine, **imigran**, **Lacipil** for high blood pressure, and **Cutivate** in the US for skin disease.

In 1978, Glaxo's business in the US started through the acquisition of Meyer Laboratories Inc, and became Glaxo Inc. from 1980. In 1983 Glaxo Inc. moved to a new facilities in Research Triangle Park and Zebulon, North Carolina. In 1995 Glaxo and Wellcome merged to form **GlaxoWellcome**.

1.7.2. Burroughs Wellcome

In the year 1880, American Pharmacists Henry Wellcome and Silas Burroughs, four years after Joseph Nathan opened a London office, established Burroughs Wellcome and company in London. In 1884, the word **Tabloid** was registered as a Burroughs Wellcome and Company trademark to describe its compressed tablets. The Wellcome Tropical Research Laboratories opened in 1902. In 1924, the Wellcome Foundation Ltd. Was formed. Sir Henry Wellcome's will left sole ownership of the Wellcome Foundation Ltd. to a UK medical research charity, today called the Wellcome Trust. Sir Henry Dale of Wellcome was awarded the **Nobel Prize** for medicine for his work in the chemical transmission of nerve impulses.

Wellcome launched a range of Actifed antihistamine products for head colds and allergies. Wellcome introduced **Seprin** anti-bacterial. Wellcome launched its **rubella vaccine**. The antiviral **Zovirax** was launched by Wellcome foe herps infections. In 1987, the AIDS treatment **Retrovir** was launched by Wellcome.

Burroughs Wellcome Inc. moved its production facility from New York to Greenville, North Carolina in 1970. They opened their research site at Research Triangle Park, north Carolina. Jhon Vane of the Wellcome Research Laboratories was awarded the **Nobel Prize**, with two other scientists, "for their discoveries concerning prostaglandin and related biologically active substances" in 1982. And in 1988, the **Nobel Prize** for medicine was awarded to George Hichins and

Gertrud Elion, of Burroughs Wellcome Inc. In 1995, Glaxo and Wellcome Merged to form GlaxoWellcome.

1.7.3. Glaxo Wellcome Plc.

In 1995 on January 23, Glaxo launched a takeover bid for Wellcome. On March the integration of these two companies created the world's largest pharmaceutical company.

Glaxo Wellcome achieved a number of regulatory milestones for several of its key projects, such as **Zeffix** for the treatment of **Hepatitis B**, **Ziagen** for **HIV** infections and **Relenza** for the treatment of **influenza**.

1.7.4. SmithKline Beecham

In 1830, Jhon K Smith opened his first drugstore in Philadelphia. Jhon's younger brother, George, joined him in 1841 to form Jhon K Smith and Co. Mahlon Kline joined the company and took additional responsibilities and was rewarded and renamed the company as Smith, Kline and Company.

Smith, Kline and Company acquired French, Richards and Company and provided a greater portfolio of consumer brands. Smith, Kline and French Company was renamed Smith Kline and French Laboratories and became more focused on research.

In 1950s **Thorazine**, an anti-psychotic from Smith Kline and French was introduced. The product revolutionized treatment of mental illness during the 1950s and became the product of reference in the first generation of central nervous system drugs.

In 1952 Smith Kline and French introduced the first time-released medicine, **Dexedrine**. They launched **Contac**, the cold remedy. In the mid – 1960s, they acquired RIT(Recherche et Industrie Therapeutiques), a vaccines business. They entered the clinical laboratories business through the purchase of seven

laboratories in the US and one in Canada. The company was renamed SmithKline Beckman when it merged with Beckman Instruments Inc.

In 1842, Thomas Beecham launched the **Beecham's Pills laxative** business in England. The laxative became widely successful. In 1859 Beecham opened the world's first factory to be built solely for making medicines at St Helens in England. By 1913 production of Beecham's Pills laxative reached **one million** a day.

In 1943 Beecham Group Ltd. was established, replacing Beecham Pills Ltd and Beecham Estates Ltd – later known as Beecham Group Plc – and incorporated Beecham research Laboratories. In 1989, Smithkline Beckman and the Beecham Group Plc merged to form SmithKline Beecham Plc.

In 1994, Smithkline Beecham purchased Diversified Pharmaceutical service, Inc, a pharmaceutical benefits manager. Sterling Health was also acquired, making SmithKline Beecham the third largest over –the- counter medicines company in the world and number one in Europe and the international markets.

1.7.5. GlaxoSmithKline

GlaxoSmithKline was formed on 27 December 2000 and began trading with the symbol GSK on the **London Stock Exchange** (FTSE) and the **New York Stock Exchange** (NYSE). The successful completion of the merger of Glaxo Wellcome and SmithKline Beecham, creates a world-leading, research-based pharmaceutical company.

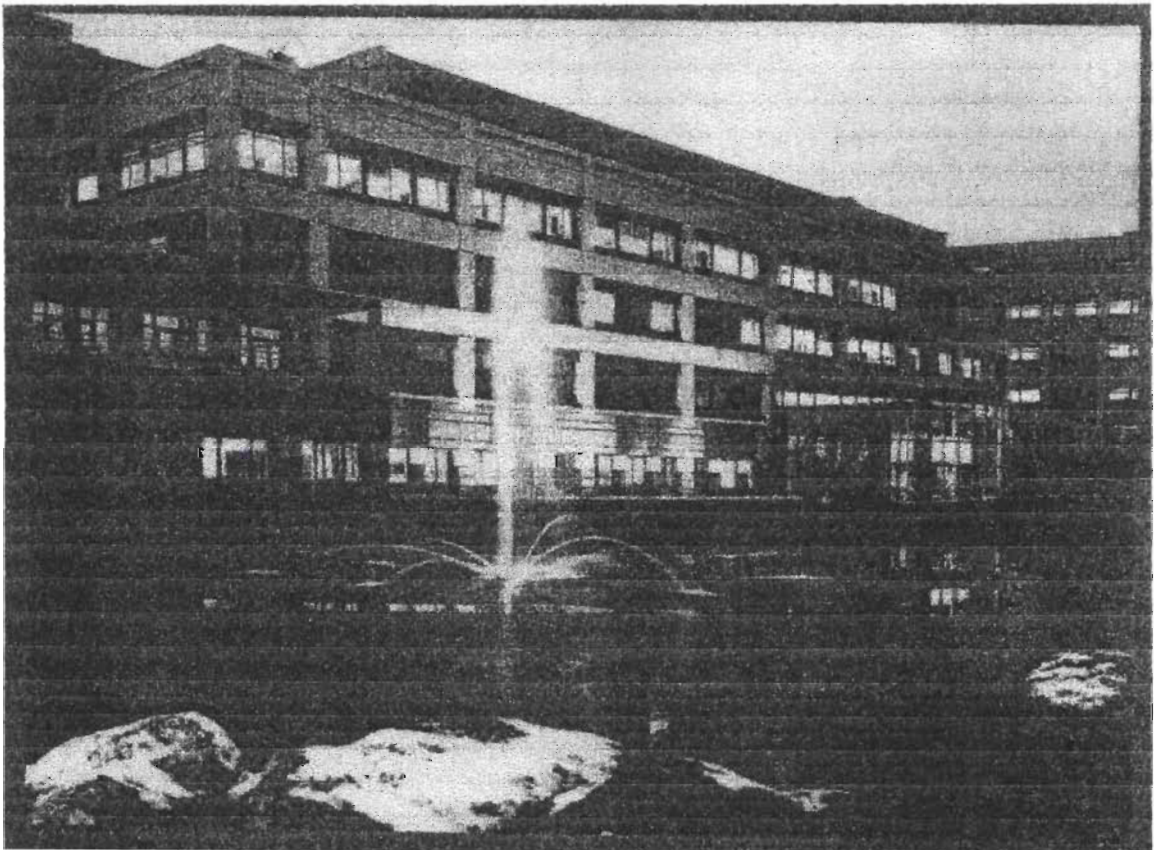
The merger of GlaxoWellcome and SmithKline Beecham to form GlaxoSmithKline has created –

- ➔ A group with combined sales from continuing business of about \$24.9 billion, and an estimated 7.3 per cent share of the global pharmaceutical market.

- ➔ A powerful R and D capability combining both companies' expertise and technology with a current annual R & D budget of approximately 4 billion.
- ➔ An enhanced platform to discover and develop new medicines more effectively and efficiently.
- ➔ One of the most extensive development pipelines in the pharmaceutical industry, with a total of 30 new chemical entities and 19 vaccines in clinical development, of which 13 NECs and ten vaccines are in late stage development.
- ➔ A market leader in four of the five largest therapeutic categories in the pharmaceutical industry: anti-infectives, CNS, respiratory and alimentary and metabolic; a leading position in the vaccines market and a strong position in consumer healthcare and over-the-counter medicines.
- ➔ An industry- leading sales and marketing force of about 40,000 employees globally, including over 7,200 sales representatives in the US, providing GlaxoSmithKline with global marketing strength.
- ➔ A truly global organization with wide geographic spread and strong presence in the important US market.

With this merger two world class organizations with complementary technologies and scientific knowledge are brought together. The new company should secure growth for joint shareholders and will bring benefits to patients worldwide through introduction of new medicines. By combining R&D excellence with marketing strength and financial power, GlaxoSmithKline would lead the industry into the future. This will give a major competitive advantage to succeed in the fast changing healthcare environment. The company will be the leader in four or five largest therapeutic areas and will rank number one in the major markets of North America, Europe and Asia Pacific. GlaxoSmithKline will make enormous contribution to the global healthcare.

GlaxoSmithKline is a research-based company whose people are committed to fighting disease by bringing innovative medicine and services to the patient throughout the world and to health care provider to serve them.



GlaxoSmithKlines' Steveage Research and Development Center, UK.

1.8. Some Specific Features of GlaxoSmithKline

GlaxoSmithKline(GSK) was formed on December 27, 2000, by the merger of Glaxowellcome and SmithKlin Beecham, a 'merger of equals' which brought together two premier pharmaceutical companies both of which had extensive pedigrees in healthcare sector and were pioneers in many areas of science and medicine. The path to today's leading research-based pharmaceutical company started with individual entrepreneurs of the 1800s. Their pioneering efforts laid the groundwork for growth in the different subsidiary companies that, over the years, led to today's GSK.

GlaxoSmithKline (GSK) is a world leading research-based pharmaceutical company with a powerful combination of skills and resources that provides a platform for delivering strong growth in today's rapidly changing healthcare environment.

GSK's mission is to improve the quality of human life by enabling people to do more, feel better and live longer.

Headquartered in the UK and with operations based in the US, the new company is one of the industry leaders, with an estimated seven per cent of the world's pharmaceutical market.

GSK also has leadership in four major therapeutic areas - anti-infectives, central nervous system (CNS), respiratory and gastro-intestinal/metabolic. In addition, it is a leader in the important area of vaccines and has a growing portfolio of oncology products.

The company also has a Consumer Healthcare portfolio comprising over-the-counter (OTC) medicines, oral care products and nutritional healthcare drinks, all of which are among the market leaders.

Based on 2000 Annual Results, GSK had sales of £18.1 billion (\$27.5 billion) and profit before tax of £5 billion (\$8.1 billion). Pharmaceutical sales accounted for £15.4 billion (\$23.5 billion), 85 per cent of the total.

GSK had four products with sales of over \$1 billion and a total of 16 products with sales in excess of \$500 million.

GSK has over 100,000 employees worldwide. Of these, over 40,000 are in sales and marketing, the largest sales force in the industry. Almost 40,000 employees work at 108 manufacturing sites in 41 countries and over 16,000 are in R&D.

1.8.1. Research and Development (R&D)

GSK R&D has over 16,000 employees based at 24 cities in 7 countries. The GSK R&D budget is about £2.4bn/\$4bn.

The company has a leading position in genomics/genetics and new drug discovery technologies. GSK has a very strong research and development team who continuously generate new products and service ideas.

The technological environment is ever changing. In order to coordinate the change a continuous effort as well as a regular process of improvement plays a vital role to serve human needs.

In different countries production areas are also upgraded and improved. The Company maintains a high international standards of quality and complies with Good Manufacturing Practice policy of GSK Group.

1.8.2.Global Manufacturing And Supply

GSK has 108 manufacturing sites in 41 countries with over 39,000 employees. The sites within the GSK manufacturing network -

- Supply products to 140 global markets for GSK
- Produce over 1,100 different brands
- Manufacture almost 4 billion packs per year
- Produce over 32,000 different finished packs per year
- Supply around 5,900 tonnes of bulk active each year
- Manage about 1,800 new product launches globally each year.

Production of nutritional products is in excess of 300 million Lucozade/Ribena bottles, 350 million Ribena tetra packs and 20 million Lucozade carbonated cans per year. The annual output of Horlicks is 50 million kilogrammes, equivalent to about 1,000 million servings. In oral care, the volume of toothpaste manufactured annually exceeds 600 million.

1.8.3.GSK In Time

- Every second, more than 30 doses of vaccines are distributed by GSK.
- Every minute, more than 1,100 prescriptions are written for GSK products.
- Every hour, GSK spends more than £277,000/\$450,000 to find new medicines.

- Every day, more than 200 million people around the world use a GSK brand toothbrush or toothpaste.
- Every year, GlaxoSmithKline donates more than £55 million/\$90 million in cash and products to communities around the world.



1.9.Support and Guidance from the Center

IMST

The seven geographical areas within GlaxoSmithKline Pharmaceuticals international are supported by three International Headquarters central functions – Commercial Development, Human Resources and Finance – and seven global functions – Legal Operations, Communications, Information Technology, Procurement, Regulatory Affairs, Global Manufacturing and Supply and International Government Affairs.

The International Heads of each function collectively form the International Management Support Team (IMST).

1.9.1.Commercial Development:

The focus of the Commercial Development Group is to work in Partnership with the operations to support building better brands and better business throughout the Pharmaceuticals International region. The group divided its work into four main activity streams:

First, it is responsible for the sales and marketing Academy. The Academy is a unique GSK International training resource that covers product knowledge, sales strategy, sales development and marketing excellence.

Next, it has a co-ordinating role in relation to the region's e-business activity, providing a framework, direction, prioritization process and best practice sharing facility. The aim is to identify areas where e-applications have the greatest business impact.

Thirdly is Commercial Development itself, where the group provides resource and expertise to support a wide range of activities, including product licensing, acquisitions and disposal.

Finally there is a small team within the group that reports to both Commercial Development and the central R&D Clinical Development and Product Strategy (CDPS) group. The remit of this team is to ensure that International's views, needs and priorities are fully represented and taken into account in the R&D decision making process enabling International to optimize its pipeline, portfolio and lifecycle opportunities.

1.9.2.Human Resources:

The size and complexity of GlaxoSmithKline Pharmaceuticals International, plus its important interactions with other parts of the business, such as Consumer Healthcare, GMS, R&D, IT and Biological, presents a number of challenges in the International region.

In order to address these, the HR team must take a leadership role in constantly striving for excellence in the quality of people, leadership and organizational culture of GSK within International. It must achieve this by being "open and challenging.. in a spirit of togetherness, cultural awareness and fun, with the energy to tackle both the nuts and bolts and grand designs that are essential to achieving the organization's business goals".

1.9.3.Finance:

Performance with integrity encapsulates Finance's declaration to the business. Performance is ensuring value is created, by delivering to the business information, which enhances decision-making. Integrity is at the heart of all the finance team does.

One of the key ways is through Project Pinnacle, which deploys standard financial and supply chain systems and process by creating above country data and transaction processing centers. This enables the business to respond more quickly to step change technologies driving greater efficiency through economies of scale and allowing greater focus on the business. By being able to capture more quickly business information, Finance is able to help senior management understand the risks and opportunities within the business and pick winners amongst the many investment decisions.

The aim is to create within International a world-class finance team that is admired and respected by its peers, one that is sought after to support management as it drives the business forward.

1.9.4.Legal Operations:

Pharmaceuticals International is a fascinating mix of highly regulated markets, such as Japan, Canada, India and Australia plus a number of other developing and lesser developed markets where there is often much less regulation.

It is the role of Legal Operations to help area heads and local managers achieve their business goals while complying with all relevant laws and GSK policies. To this end, each area has its own lawyers from the Legal Operations International team assigned to it. They have good local understanding and travel to their area regularly, in order to become an integral part of its management team. They also

work closely with lawyers employed by the local management in different countries.

The function is also help the organization to establish a set of global standards, by introducing a compliance program within International. And it plays an important support role in the company's efforts to increase access to its medicines in the developing world.

1.9.5.Communications:

The Challenges of responding to a fast – moving media environment, while achieving 'one GSK voice, in a region so diverse in geography, healthcare provision and culture, shape the purpose of the central communications team within GSK Pharmaceutical International. It helps HQ and the markets respond quickly and efficiently to the many day-to-day communication needs which face a business that spans the globe, at the same time as aiming to build PR and communication competence across the region.

The team is a vital professional resource to provide direct support to needy markets and help larger markets avoid time wasting and duplication, and act for them in the corporate arena.

The team will also help develop an internal communications program that promotes the GSK community and culture and increase understanding and awareness of International strategies within and outside the region. And it will conduct an audit of existing PR skill and competence in the region, with a view to providing tools, mechanisms and vehicles that will lead to improvement.

1.9.6.Information Technology:

International IT align itself with the business to ensure the implementation of global IT initiatives is influenced by the needs of the area concerned and retaining local flexibility whenever possible.

There are significant differences between the various markets, within International in terms, of technological capabilities. Japan, Canada and Australia are countries that have highly developed IT infrastructure whereas other markets have less developed infrastructures, and fewer resources available.

IT also help markets exploit the use of technology to make the most of sales growth opportunities and, where appropriate, promote the adaptation of common architecture, infrastructure, processes and tools to reduce the complexity and maintenance of systems. Another objective for the function is to harness the skills of IT staff throughout International and use them to identify best practice at regional and global levels. And it aims to position international IT as early adopters of technology and exploit opportunities to add value to global projects.

1.9.7.Procurement:

Procurement can help a business achieve profit growth that exceeds its sales growth; by ensuring it gets the best possible value from its suppliers.

The aim for Procurement within International is to achieve savings of 60 million pounds by the end of 2003, whilst meeting or exceeding the important business requirements such as assurance of supply, quality, service and innovation.

This isn't be easy, due to inflationary pressures in many markets and several key commodity areas, but is achievable through partnership with business customers and following the 'Sourcing Group Management' process that is the cornerstone of GSK Procurement. This involves the establishment of multi-functional teams to work on the high priority sourcing groups.

Using the considerable skills and knowledge of the Procurement teams within the region, the aim is to ensure that International gets the best possible deals through local and are sourcing and also to gain the benefits of leveraging the total GSK spend.

1.9.8. International Regulatory Affairs:

Working across the largest and most diverse of all GSK regions, International Regulatory Affairs (inRA) partners with the business and R&D to obtain and maintain competitive registrations, and create strategic and commercial advantage for GSK.

The international Regulatory function has dedicated and enthusiastic regulatory professionals at operating unit, area and regional levels. The London-based central team works within three core groups. Therapeutic Area Teams are dedicated to maximizing GSK assets by driving quality right-first-time submissions, competitive labeling, tailor-made regulatory strategy and timely approvals. The regulatory Intelligence, Policy and Education Group (RIPE) team drives strategic initiatives that address, influence and shape GSK's International Regulatory environment.

InRA dispatches and submits over 2,500 dossiers annually, and maintains over 10,000 regulatory licenses. But its philosophy is to "add value beyond the dossiers" by partnering with the business and R&D in order to maximize GSK assets and exploit opportunities in International territories. This includes regulatory support for global R&D projects, International-specific products and business development activities; facilitation of parallel drug development; proactive influencing and shaping of the regulatory environment.

1.9.9. International Government Affairs:

The access to medicines debate has demonstrated the importance of managing relationships with politicians and decision-makers who impact upon GSK.

GSK's IGA team is a key interface between the company and the external environment, with representatives in three major international Government centers – Washington, Brussels and London.

The team's primary function is to influence political developments to create commercial opportunities or prevent threats. It does so through above-country political influence on the issues identified by its customers within International. It will also contribute to informed business decision-making by bringing in information about, and analysis of, external trends. It will offer in-market support when requested and will increase GSK's external impact by developing a Government Affairs network to identify issues early and share best practice.

1.10 GlaxoSmithKline Bangladesh Limited ***Company Profile***

- 1948 (March) Glaxo Laboratories (Pakistan) Limited was incorporated having its registered office in Karachi. Initially it was a Wholly owned subsidiary of Glaxo Group Limited.
- 1949 (January) 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.
- 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.
- 1960 and 1961 Permission for establishment of a factory at Chittagong was obtained from the Govt. Land for Fouzderhat factory was purchased.
- 1962 Chittagong divisional commissioner passed plan for factory building at Fauzderhat.

- 1966 Third branch was opened at Khan Jahan Ali road, Khulna. East Pakistan head office was established headed by one Resident Director.
- 1967 (December) Chittagong factory went into production.
- 1967 The Govt granted permission for packing of 1800 tons baby food and 900 tons Glaxose-D.
- 1970 Packing of Glaxose-d was started.
- 1971 All establishments of Glaxo Laboratories (Pakistan) Ltd in the then East Pakistan were vested in the abandoned properties of the Government.
- 1973 Released from abandoned properties and permission was given by the Govt. to form a Company in Bangladesh. Packing of milk food commenced.
- 1974 (February) Glaxo Bangladesh Limited was incorporated.
- 1982 To comply with the requirements of drugs Control Ordinance the Company had to discontinue production of all vitamin preparations (tablet, syrup & injection) and some other products declared as non essential items. Effect on sale was about 25%.

- 1982 The Government imposed excise duty on medicine.
- 1985 The company discontinued packing of baby food.
- 1992 Company properties at Paribag and Gulshan, Dhaka was sold and registered office relocated to Chittagong.
- 1995 Glaxo was renamed as Glaxo Wellcome Bangladesh Limited following acquisition of Burroughs Wellcome.
- 2000 Glaxo Wellcome and SmithKline Beecham merged to form GlaxoSmithKline a world leading research-based pharmaceutical company.

Chapter – 2

***“Identify the Various areas of Functions
of the Company”***

2.1.Industry Analysis (Bangladesh Perspective)

Compared to the market and other industries, pharmaceutical industry is a small issue but a place where there is the scope to exercise production, financing, marketing policies in a new and innovative manner. Under the strict circumstances and regulations the industries output is around 1.5 billion Taka.

In this market of complexities infiltrated by the presence of monopoly, competitiveness oligopoly, and monopolistic businesses there are around 300 listed pharmaceutical firms in the country. Total market share of the pharmaceutical companies is around 10 to 15 percent. From the total number of firms only ten major firms contribute about 75% of the medicine. GSK due to the flaws of government exercises and due to the sophisticated mall practices, in Bangladesh they are fifth position in the pharmaceutical industry.

¹The names of the top ten firms are:

- 1.Square
- 2.Aventis
- 3.Beximco
- 4.Opsonin
- 5.GlaxoSmithKline
- 6.Acmi
- 7.Reneta
- 8.SK+F
- 9.ACI
- 10.Drug International

Apart from these, medicines enters our geographical jurisdiction illegally which also account a portion of the pharmaceuticals markets and also hamper up to a great extend the competitive normal marketing philosophies. At the same time

adulterated medicines have become a nightmare for the reputed firms which also includes GSK. For this reasons GSK has to periodically change the packaging system, labeling format and even change the name of the sub brand, for example PARAPYROL. The medicine of this generic heredity has changed its name many times over the last 30 years.

It is further to be mentioned that the company so far enjoys a clean monopoly for a hormone, which is OROXINE. But as the law exposes dual nature The Company cannot enjoy the benefits of patent because other company directly robs their R&D.

The Company has a very systematic Marketing Information System that contributes to increase their efficiency.

GlaxoSmithKline always sets a selling target each year and tries to attain the goal.

The Company also enjoys competitive advantage on its brand name.

GlaxoSmithkline occupies the number one position in the world pharmaceutical market, thus has a very good reputation in the market.

¹Source: Marketing Department of GlaxoSmithKline Bangladesh Limited.

2.2 Human Resource

The Company recognizes that people are the most important resource for its success. To possess a quality human resource, there is no alternative to training and learning, which helps to turn them into an asset. With the merger of the Company with SmithKline Beecham, development of a new culture is taking place wherein the people of the organization undertake their quest with the enthusiasm of entrepreneurs, excited by the constant search for innovation. The value of performance achieved with integrity has been ranked highest. The Company believes that it will attain success as a market leader with each and every one of its people contributing with passion and an unmatched sense of urgency.

The Company always laid a strong emphasis on appropriate training programs both at home and abroad for its human resource development. Programs cover all management staff and non- management employees. For in-house training program, they have their own facility. Industrial relations in the Company continue to be very sound.

In the nature of employment, the Company has temporary, permanent, contractual and casual employees. In the field of pharmaceutical, they are one of the highest paid Companies in Bangladesh. Their salary structure is much higher than the Government salary structure.

The types of benefits they provide to their employees are:

- Basic salary
- House rent
- Family medical allowance
- Children education allowance
- Utility allowance
- Entertainment allowance

- Lunch allowance (monthly)
- Children educational assistance (Yearly)
- Lease fair assistance (LFA)
- Six bonuses (2 festival, 4 annual bonuses)

Occasionally:

- Fasting allowance
- Shift allowance
- Snacks, tea allowance
- Good attendance bonus

For the permanent employees the Company has

- Gratuity
- Provident fund and
- Pension scheme.

For good performance, the Company provides reward in the form of

- Promotion
- Double increment
- Launch service award to management – if works for 20 years in the organization, they are given medal, gift package, cash, certificate bond.

To maintain the Company culture, they exercise their punishment system when necessary.

The Company is keen in recruiting quality people. They recruit mainly on competitive basis. When they hire in field force, they provide training. In management position they mostly hire experienced personnel in his/her respective area.

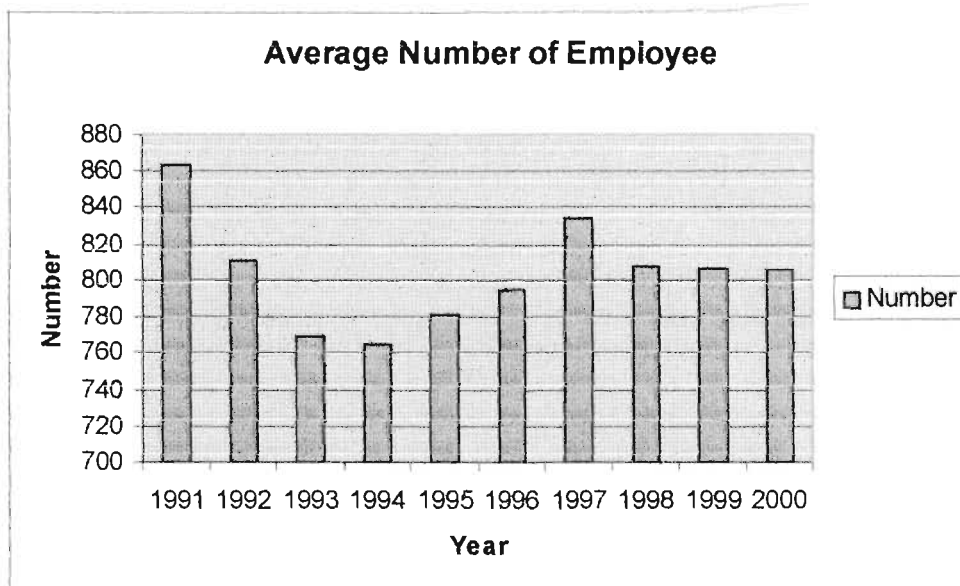
Currently the Company do not have any foreign expert.

Now, we analyze the position of number of employees of the Company over the years in the following table.

2.2.1. Average Number of employees

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Number	863	811	769	765	781	794	834	808	807	805

Table 2.2.1

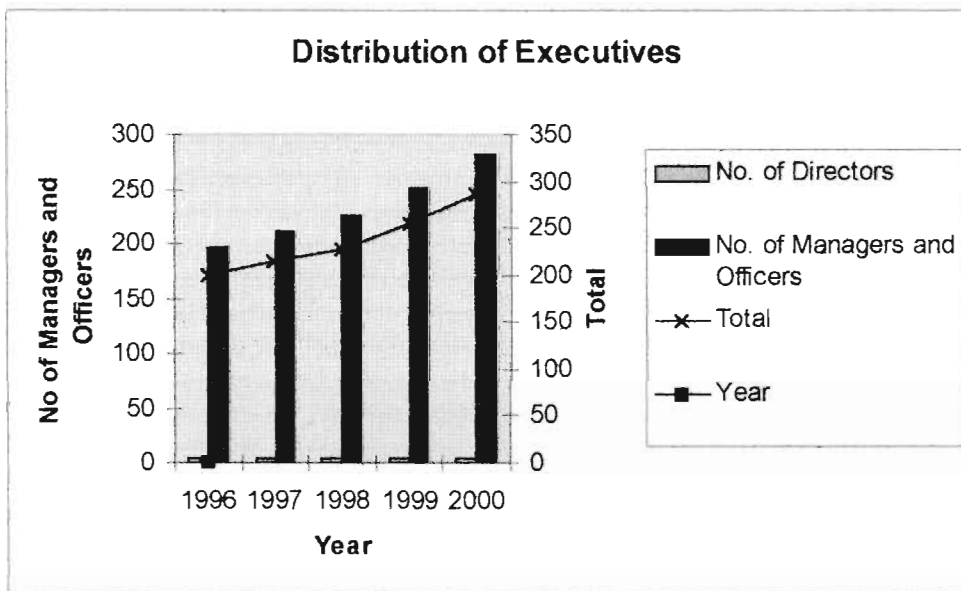


Graph 2.2.1

We observe in the above graph that the average number of employees has decreased from 1991. This is because their manufacturing process has become more automated; this resulted in reduction of their non-management employees. Due to automation less number of labor are now required, as they are less manual. The Company gave early retirement scheme (a handsome amount) to the employees and decreased their number of labors.

Year	1996	1997	1998	1999	2000
No. of Directors	4	4	3	4	4
No. of Managers and Officers	196	211	225	251	282
Total	200	215	228	255	286

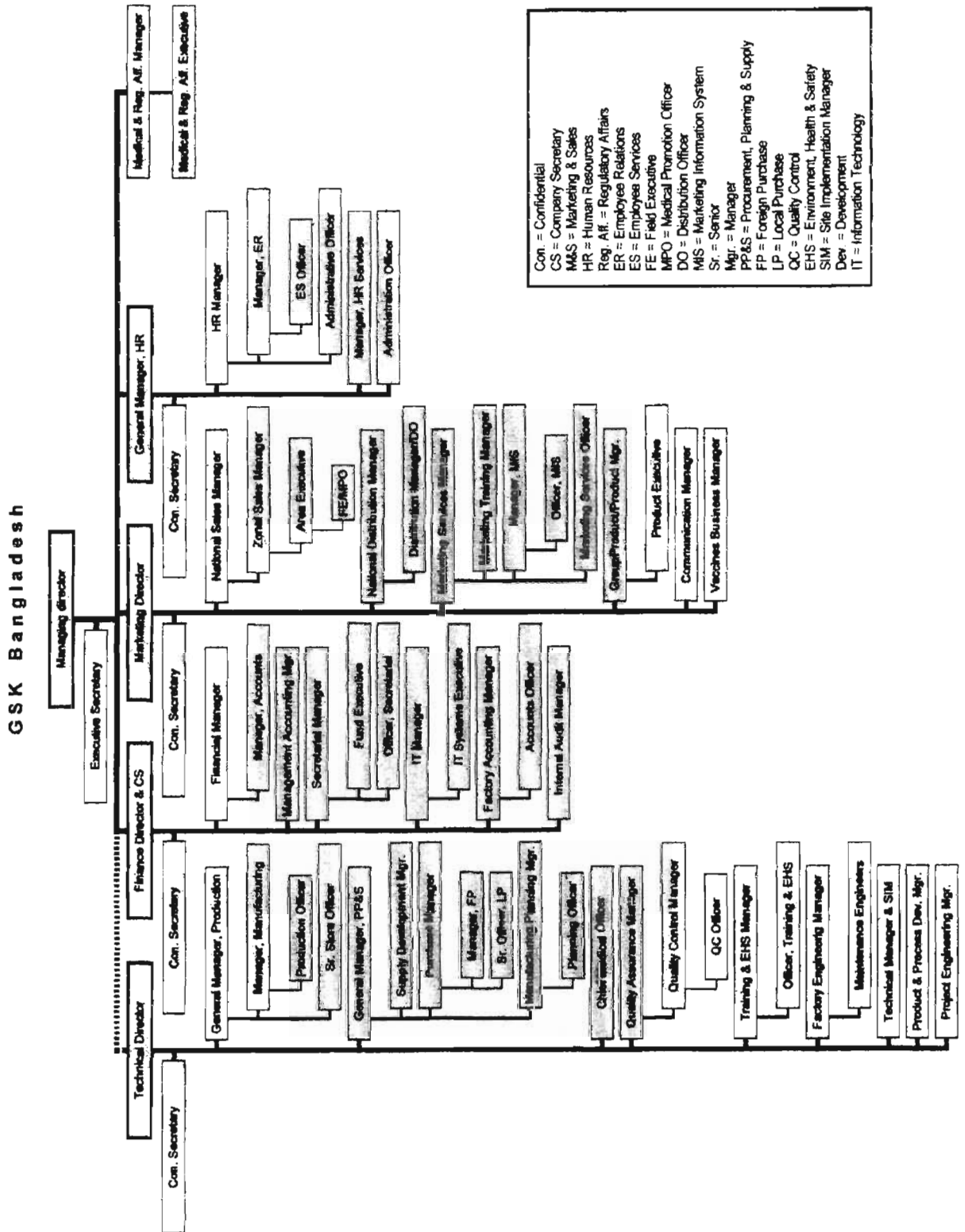
Table 2.2.2



Graph 2.2.2

On the other hand, we observe the number of management people has increased over the years. In order to increase efficiency and sound management, the Company recruited more management personnel over the years.

2.2.2. Organogram of GlaxoSmithKline Bangladesh Limited



2.3 Information Technology

Now a days effective and rapid communication links play a vital role in enhancing business effectiveness. With this in mind, the organization gives their IT department a high profile. The Company views Information system as a corporate resource and includes it as part of the strategic planning process. They treat Information systems as an important part of corporate competitive strategy.

IT is closely integrated with all parts of the company. It is organized to take best advantage of global scale when that is appropriate, while supporting GSK people and businesses locally so they have the IT tools they need to succeed.

Commendable progress has been made in the computerization of the company over the last year. The introduction of e-mail at the corporate office in Dhaka has made significant changes to working practices. The manual circulation of office memos has been largely discontinued and executives work independently without clerical help. Communication has become much faster, easier and available 24 hours a day. The Company has also established a Wide Area Network (WAN) Communication link between Dhaka and rest of the world. In addition, a high speed Wide Area Network (WAN) link between Chittagong, Dhaka and global hubs is being set up. This improves the co-ordination between Manufacturing and Supply and the Commercial functions. Tetra CS/3, integrated software recommended by the group, has been implemented in the finance function of the company. As a result generation of financial information has been accelerated to support and improve the decision making process. They also have a very systematic marketing information system. Other initiatives involving the use of new and sophisticated software are being implemented to ensure a modern information system.

2.4 Product



GlaxoSmithKline has a dynamic manufacturing plant located at Fouzdarhat, industrial area, in Chittagong. In this plant they have their own laboratories for researching, refining medicines and machineries those comply with international standards. The raw materials that are required are usually supplied or can be divided in two broad categories.

a) **GlaxoSmithKline Group:**

From GlaxoSmithKline firm outside Bangladesh mostly Europe. Under these circumstances wherever GlaxoSmithKline Bangladesh limited requires for raw materials it ask the central unit in the U.K. The U.K. unit then carries out the shipment from another GlaxoSmithKline. Unit in Europe and some consistency is maintained in this process.

b) **Local Suppliers:**

The raw materials that are not available are procured from local companies like, Adichma, BASF, Rahman Chemicals, Beximco Pharma, Globe etc.

The raw materials that are imported are brought in by air and the inventory is located in Dhaka City. Where as the inventory for the raw materials GlaxoSmithKline Bangladesh limited and purchased from the local market produces those is in Chittagong.

GlaxoSmithKline produces a total number of 66 medicines and imports 44. In accordance with their characteristics, these 110 medicines fall in 9 different generic groups. Among the total medicine produced, **ceporex** is the most demanded product, which is an antibiotic.



2.5 Packaging

The packaging approach of GSK has some variation from the other company by some category, like GSK follows packaging strategy by the demand of customer. They usually set the packaging policies in term of geographical regions. Like in the metropolitan cities the demand for medicine is large and diverse. Whereas in remote places where habitants are sparse and communication is difficult. GSK uses larger or smaller package by the demand of the customer. The sizes of their medicine packs vary mainly according to price and dosage. Also the color differ by product of the packaging. They use capsule packet, liquid packet and other kind of medicine. After some period they change their packaging style. Also they try to improve their packaging to attract customer. It is only done for the common medicine, which are in the market. Their research and development departments also do some work about improving the packaging system. Their products are all users friendly. GSK have a fixed strategy of periodic changing in the pattern of packaging. But they rarely bring change in their packaging and is applicable for very few products.

2.6 Labeling

Labeling is a very important element of pharmaceutical industry. GlaxoSmithKline Bangladesh Limited gives very good attention about labeling. Their entire product has same kinds of criteria in labeling, like; they notify what ingredients are in the product. How to use it. Some time they show it by picture. Also they have their brand name and the name of the medicine. Expiry date and manufacturing date are also in the labeling process. They also identify where to keep it, how to keep it and at what temperature. Some time they alert the customer to keep the medicine away from the children. Retail prices are also given in the labeling.

Categories of different medicines

- | | |
|------------------|---------------------|
| 1. Antibiotic | 9. Laxative |
| 2. Anti-Fungal | 10. Dermatologicals |
| 3. Anti-Asthma | 11. Anti-HIV |
| 4. Anti-Pyretics | 12. Anti-Depressant |
| 5. Anti-Viral | 13. Eye & Ear |
| 6. Steriod | 14. Cardiovascular |
| 7. Anti-Ulcerant | 15. Anesthetic |
| 8. Anti-Cancer | |

2.7 Promotional Strategies

In the pharmaceuticals industry, the pharmaceuticals products are divided into two broad categories. The product that can be advertised or commercialized, the over the counter (OTC) and those that are strictly regulated in terms of pricing and approaches i.e. the POM (Prescription only medicine).

The fundamental objective of commercials is to explain or draw an impulsive outline on a commodity so that the observer who in terms of the advertiser is a layman shall indeed develop the interest to procure the product. But as far as medicine are concerned it cannot be advertised, as because a small dose or a portion of a certain medicine can create or cause a huge amount of psychological changes. So the main promoting concern of a pharmaceutical producing firm are doctors, the ultimate decision-maker of medicine for patients. Based on the profile of the products they target different doctors.

GSK has a very good brand image among doctors and some consumers. Being a multinational company they use the same name for their medicines worldwide, thus doctors who come from abroad are well acquainted with GSK products. GSK sets up strategies to be the leaders in terms of values and profit in the pharmaceutical industry.

2.7.1 Process of Promotion

As doctors are the main concerns GSK follows the following strategies in addition to having a strong brand name: -

- a. **Marketing Representatives:** - Marketing representatives are sent to different doctors. The marketing representatives explain the merits, demerits of the medicine in fact the new sample that is about to be launched is the main concern of marketing representatives. It even happens that several marketing representatives for the same medicine visit the same doctor. And at times collectively marketing representatives make a visit for the same issue to the same doctor.
- b. **Mail:** - As GSK is among the few companies in Bangladesh which performs or exactly research for the refinement or integrity of medicines, whatever new they develop, they mail it to the doctor throughout the country, in whatever capacities they are working at.
- c. **Medical Journal:** - The results that are obtained from the research done by GSK are extended into different medical journals. Those doctors who are mostly involved in the teaching professions usually study these journals. So these doctors convey the message or information to those students who are about to become doctors.
- d. **Promotional Symposiums:** - Different discussions on medicines of all types and kinds are arranged. The discussions are done in depth and in a cordial manner when discussions of those medicines that are not produced are also done.

- e. **Gifts:** - GSK presents, gifts of the kind, pen, pencil, paperweight, diary (with the respective doctors name printed on the cover), telephone index, clocks etc to the decision makers of their commercializing commodities.

- f. **Discounts:** - Although the government sets a price ceiling on the essential pharmaceutical products still the company offers a discount to the retailers (who are termed to be ultimate customers). This discount is deduced from the firm's profit. They provide quantity discount, reduction to retailers who buy in large volumes.

2.8.Pricing Policies

In Bangladesh the pharmaceutical industry has very narrow opportunity to set their product price as elsewhere in the world.

There are two types of pricing method:

- I) Controlled Pricing
- II) Decontrolled Pricing

The Government almost totally regulates the pricing policy of the controlled products. Most of the essential pharmaceutical products up to a great extent are relatively inelastic. People who up to a certain extent are psychologically weak for the medicine or are prescribed only one particular medicine without any alternative will buy that commodity at any price. So for these kind of commodity, Govt. gives a price ceiling that price cannot go over it. And all the companies must follow the rule. Sometime for a product on which GSK has obtained patents has the flexibility up to a great extent to fix the price. But also, some government regulation must be followed. Nevertheless, the government sets the price by making an intensified study on the cost.

Now come the impacts of the competitor. We know the pharmaceutical industry is regulated by the Govt. So there is very little impact of competitors in the pricing policies for the products that are controlled. But some time in the cases of homogeneous product whose prices are de-controlled competitor has some impact. Like for those products a competitor can position their product by lowering the price. Pricing is largely dependent on the demand of the products. GSK also sets discounts to attain competitive advantage over its competitors and this kind of incident happens often, they provide discount on volume. Maximum time the Govt. are the controller also they have to measure the purchasing power of our country. GSK also consider the economic condition of our country. They consider the purchasing power of the consumers. Despite the fact the

government sets a price ceiling it also levies a 15% VAT². In addition to taxes paid on profit and also taxes on imported raw materials which up to a great extent affects the pricing process and also the percentage of profit.

2.9 TERMS OF TRADE



Through 11 district marketing offices (DMO) all over the country, the Company's selling activity takes place. Their sale mainly takes place in cash or check. They also practice credit sale with well known institutions.

i) Cash Basis or Cheque:

Most of their sales are based on cash or cheque payment. The company collects its money with the supply of product. Most of the time they allow discount of 1 to 1.5% on its goods. Also in special offers they offer discount upto 10 percent or more.

ii) Credit Sales:

The company sells on credit mainly to institutions like Dhaka medical College, or Chittagong medical college. They always check the credit history of the clients, before selling on credit. This credit is allowed for a specific period. They also sell on credit to some reputed clinics.

² Source: The price list manual of GlaxoSmithKline Bangladesh Limited.

2.10 Distribution



Broadly the marketing system of GLAXOSMITHKLINE is divided into two distinctive sections.

- (A) **Imported:** All the imported medicines, which are bought in by air or ship from GSK group units in EUROPE are distributed from the Dhaka unit in the central store and then distributed to the different parts of the country through courier services.
- (B) **Locally Produced:** The medicines, which are manufactured locally, are distributed from Chittagong.

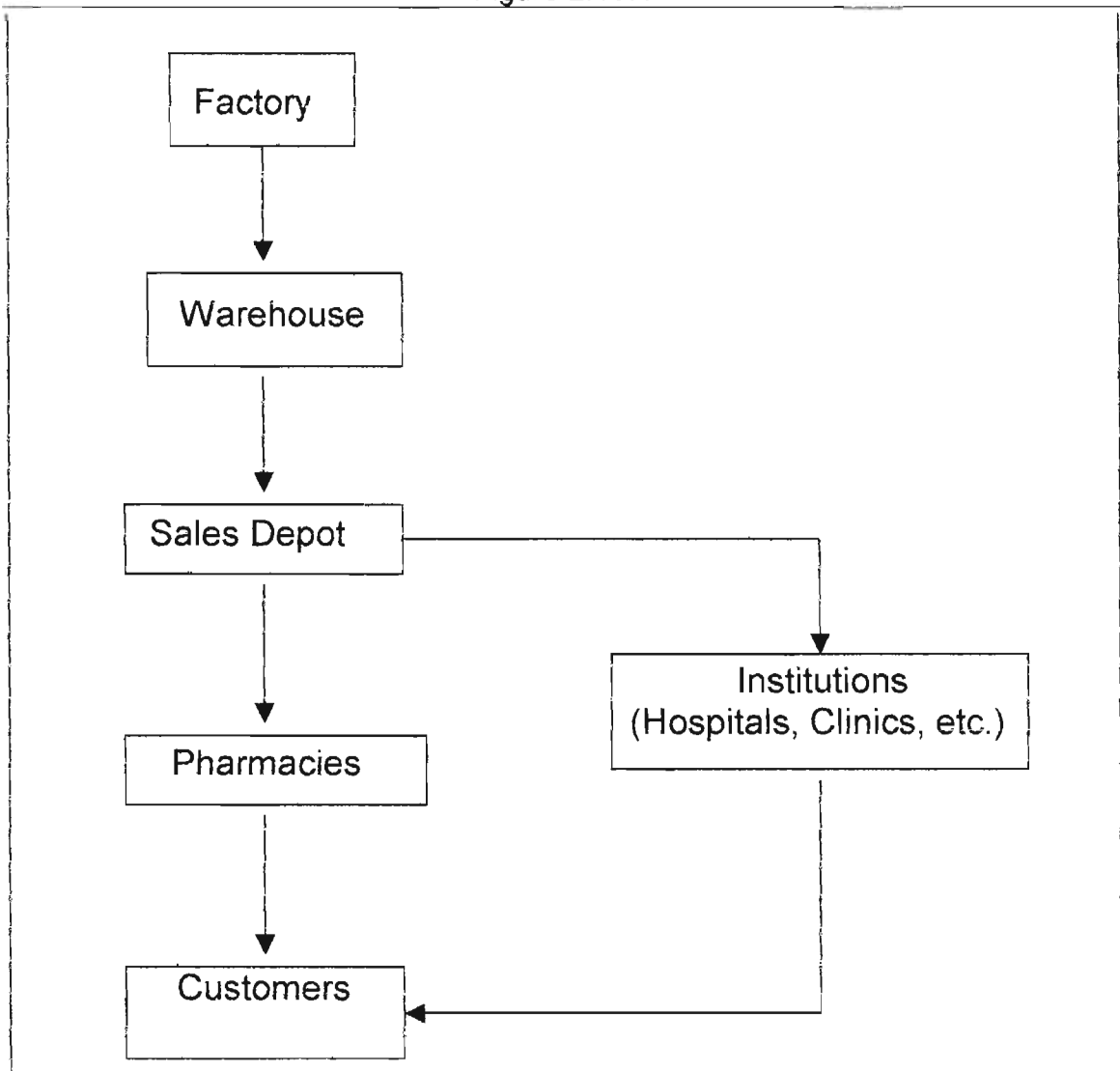
To ensure that medicine reaches to all parts of the country, the Company has established 11 DMO (District Marketing Office) in 11 different places of the country. The 11 DMO's are in ***Dhaka, Mymensingh, Chittagong, Comilla, Sylhet, Jessore, Barisal, Bogra, Rajshahi, Rangpur and Maijdi***. Medicines from the central distribution unit are dispatched to the DMO's. From the DMO's medicines are allocated to different demand oriented retailers. It is to be mentioned that from the central units, medicines are supplied to the adjoining areas.

The company uses its own transportation service, which includes, Van, Mini truck, Lorry etc. It even uses the plane (only in special case) and water. They sometimes use rented transportation as well.

2.10.1.Distribution Channel: The Company's products are manufactured in the factory in Chittagong, which is then transferred to the warehouse within the factory premises. From the warehouse, the products are then transported to the eleven different sales depot located around the country. Then from the sales depot the consignments are shifted to various pharmacies and institutions (hospitals, clinics, etc.) and from there the products are sold to the final consumers.

Distribution Channel of GlaxoSmithKline Bangladesh Limited:

Figure 2.10.1



2.11 Environmental Impact

Environment has indeed a major impact on the business atmosphere of the firm. The impact can be internal or external. GSK's internal environment has a great impact on their policy and in their selling strategies. The employees are the key elements of GSK. Because they control the total management and the R & D department. The most important elements of internal environment are customer. Pharmaceuticals industries are totally dependent on the customer. If they fail to satisfy their customer they will have to patch their business. So GSK is very much concern about their customer satisfaction. Though the competitor has a little impact on GSK but still in some case closely follow the changes of their competitor.

Now about the external environment, at first we can say about the govt. influences on the pharmaceutical industry. So, with the entire industry GSK is also regulated by the govt. political entity also influences the firm. Like during the Hartal or any kinds of transport strike, the whole supply system of goods of the company cannot be removed from the main manufacturing factory, which is in the Chittagong. Also, other distribution channels are badly affected. Some time our rural people are also influenced by some 'Hature Doctor' to not use the pharmaceutical medicine. Some time our economic condition become act like barriers. Because 80% people of our country are living under poverty. So they can not afford to buy their medicine by their purchasing power. These factors influence GSK's policies and strategies very powerfully. So, GSK is always careful about the changes that are made around them and is always ready to make a fast decision if any required.

2.12 Basis of Accounting

The financial statements are prepared in accordance with Bangladesh Accounting standards and the relevant requirements of the schedule to the securities & exchange commission rules, 1987 and the Companies Act 1994 following the historical cost convention except for certain operating fixed assets which were revalued in 1978.

Chapter – 3

***“An Evaluation of Financial Performance
of GSK Bangladesh Limited”***

3.1 Evaluation of Financial Performance

In this chapter, the financial performance of GSK is analyzed for the past ten years. The areas whose performance are evaluated are as follows:

- Capacity Utilization ³
- Net sales
- Profit after taxation
- Earning per Share
- Dividend
- Dividend per Share
- Dividend Payout
- Net Assets value per Share
- Return on Shareholder's Fund
- Price/Earning (P/E Ratio) ³
- Total Funds Employed or Shareholder's Fund
- Sales Position of the Company (Item wise net sale for 1995 – 2000)

The fluctuations for the above items over the years are observed using tables and graphs and possible reasons of variations are identified.

Further, based on the past years data, trend analysis has been conducted using statistical tool. Trend equations are derived for some of the items by following the ordinary least square method. The trend equations are then used to predict some values for the future years. And to find out the goodness of fit of the trend equations square of co-relation coefficients are calculated.

³ Due to unavailability of data, five years performance evaluation are conducted for these areas.

3.1.1. Capacity Utilization

Installed Capacity and Actual Production

Class of Goods	Units	Annual Installed Capacity					Actual Production				
		1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
a. Pharmaceuticals											
Tablets and Capsules	Million	559	645	645	635	623	621	632	700	709	703
Oral Liquids	Kilo-liter	600	728	750	708	708	548	477	577	574	575
Vials and Drops	Thousand	3840	3324	3108	2280	2280	2353	1912	1564	1842	1839
Tropicals	Tonnes	65	72	72	72	72	48	57	48	58	59
Granules	Tonnes	117	99	99	92	92	66	57	73	54	111
b. Health-care											
Dextrose	Tonnes	500	500	500	500	500	81	418	267	340	424

Table 3.1.1

The above table shows the annual installed capacity of the Company and actual production of the Company for the past five years.

For Tablets and Capsules an increasing trend of installed capacity and actual production is observed over the year. Moreover, the actual production was higher in the year 1996, 1998, 1999 and 2000 than the installed capacity. This might be due to high demand of the product.

Oral liquid production increased from 1996 to 1998, then it decreased in 1999 and 2000. The installed capacity also shows a similar trend.

The annual Installed capacity for Vials and Drops decreased over the years. While actual production decreased from 1996 to 1998, then increased in 1999 and again decreased slightly in 2000 compared to the previous year.

The installed capacity for Tropicals increased in 1997 compared to 1996 and remained same the following years. The actual production are also somewhat remained same. This indicates the product's demand is quite stable.

Over the years the installed capacity for Granules decreased.

But their actual production shows variation from 1996 to 2000.

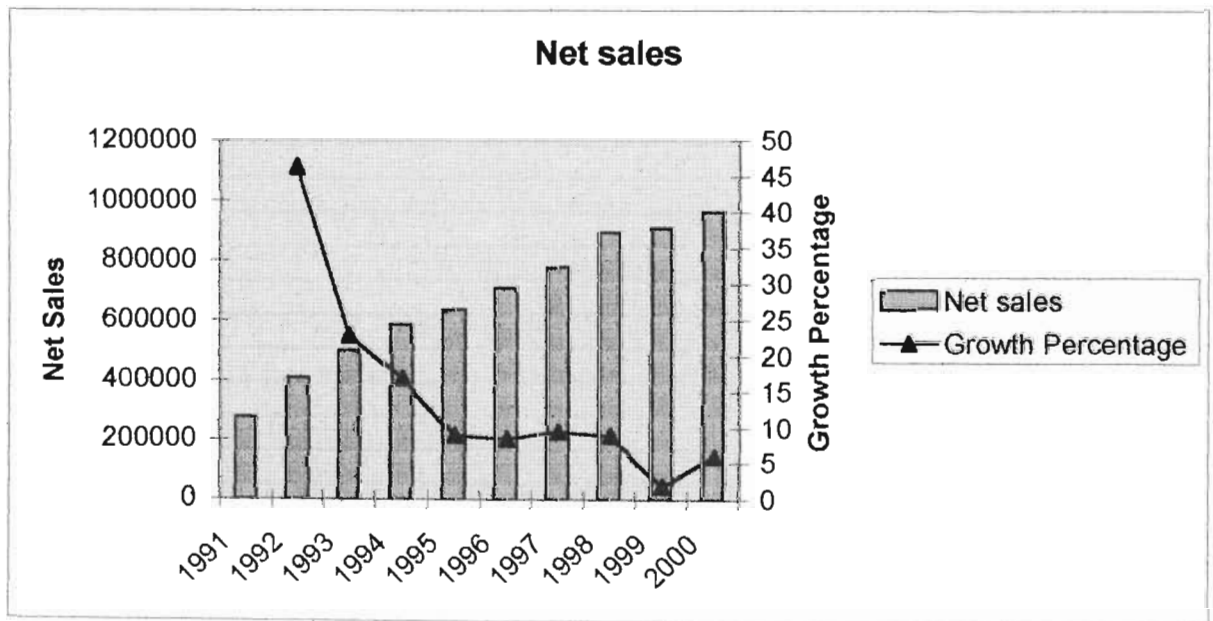
Production was highest in 2000, which exceeded the installed capacity.

Installed capacity for Dextrose remained same over the years. But their actual production shows significant variations. In 1997, production increased to 418 tonnes from 81 tonnes in 1996. Then production decreased in the following two years and again increased to 424 tonnes in the year 2000. Higher demand for the product might have contributed to higher production in 1997 and 2000.

3.1.2 Net Sales

Taka in '000'										
Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Net Sales	278104	407243	500682	585432	638385	710018	777317	892849	909181	963224
Growth Percentage(%)	-	46.44	22.94	16.93	9.05	8.5	9.48	9.0	1.83	5.94

Table 3.1.2



Graph 3.1.2

Year 1991: As we can see from the graph, there was substantial decrease in net sales. The reasons for the decrease in sales is mainly due to the closure of the factory in Chittagong for five months due to labor unrest and the continued increase in direct and indirect costs.

Conditions in the early part of the year were not conducive to the anticipated upturn in trading. Significant real cost of living increased, from the effects of flood and drought added to a rising inflation and a growing lack of confidence, had a noticeable depressive effect on most trade areas. Conditions in the mid year, with the upsurge in violence and general political unrest, dampened further any hope of improvement. The major effects on the Company were further delayed to the introduction of new products and approvals for product changes and import requirements.

Moreover, on that year, country underwent profound and painful changes. The downfall of the Presidential regime was accompanied by upsurge in violence and a further decline in law and order, which persisted over the year.

All these reasons contributed to the low net sales in that year.

1992: Turnover for the year amounted to net sales of Tk. 407.2 million, compared with Tk.278.1 million for the previous year, an increase of 46 percent. The reasons for increased sales is mainly for accomplishment of the action-plan and in reduction of the expenditure, introduction of new products and improved fund management.

On that year after initial ups and downs in the law and order situation during the newly elected government, the conditions were satisfactory through most of the year, which led to increase in net sales. The Company has regained the market share lost in the preceding year and established a satisfactory base for growth in the future.

1993: The Company's sales during the year increased by 22.94 percent. The improved net sales were possible by continued efforts in increased volume of production and sales, reduction in expenditures and improved fund management.

1994 and 1995: In the year 1994, the company has represented a growth of 17% over that of the previous year. And in the year 1995, the company again achieved 9 percent growth over the previous year. New product introduction and effective sales performance resulted the positive contribution to the company's trade.

1996: The country passed through difficult days during the earlier part of the year due to political instability. This has caused serious setbacks in the operation and affected the overall activities of the company. Despite the hazards and natural calamity, the company has made a reasonable progress and achieved a net sale of Tk.710 million, showing a net growth of 8.5 percent in pharmaceutical sales. The low growth in the sales was due to the rejection of Imigin and Zofran by the Regulatory Authority resulting a loss of sales of Tk. 20 million in the year. Dextrose was the only non-pharma product failed to achieve the target due to erratic or no supply of Dextrose Monohydrate, resulting loss in sale of Tk.32.6 million.

1997: The country passed through economic crisis due to acute power shortage as well as natural calamity like tornado, cyclone and flood, which has affected the company performance during the first half of the year. Due to power crisis, the Factory's productivity fell as low as 60 percent of it's capacity resulting in consequential loss of sales. In spite of all these external factors affecting the trade, net sales represented a growth of 9.5 percent over the previous year.

1998: The Company recorded a growth of 9 percent in net sales. This growth was driven entirely by pharmaceutical products. The sale of Dextrose, a non-pharmaceutical product was less than that of 1997, resulting from the longer period of winter and devastating floods later in the year. This longest ever flood put a break on the nation's economic prosperity and also adversely affected the overall business activities of the Company.

Aiding the growth of the company were record number of new products launched during the year. Most of these products have been well received by the medical profession and the initial market response has been favorable. Marketing office of the company was relocated to Dhaka and this has helped in improving efficiency and developing rapport with key health care partners including the Government. The company had also taken steps to expand the sales team to meet the growing competition. This had beneficial impact on demand for their products and enabled to increase their market share.

1999: This year was a very dismal year for the pharmaceutical industry in the country. According to IMS (an independent market research agency), the industry registered a negative growth of 1 percent over 1998. Negative or below single digit growth of major therapeutic groups like anti-infective, anti-ulcerants, dermatological, cardiovascular and vitamins were the main reasons for this decline.

Despite depressed market conditions and import restrictions on the inhaled range of products, the company recorded net sales of Tk.909.2 million in 1999, reflecting a growth of 1.83 percent.

2000: The year 2000 was a turning point for both the pharmaceutical industry in the country as well as the company. After the dismal year of de-growth in 1999, the market bounced back in 2000 and showed strong positive growth.

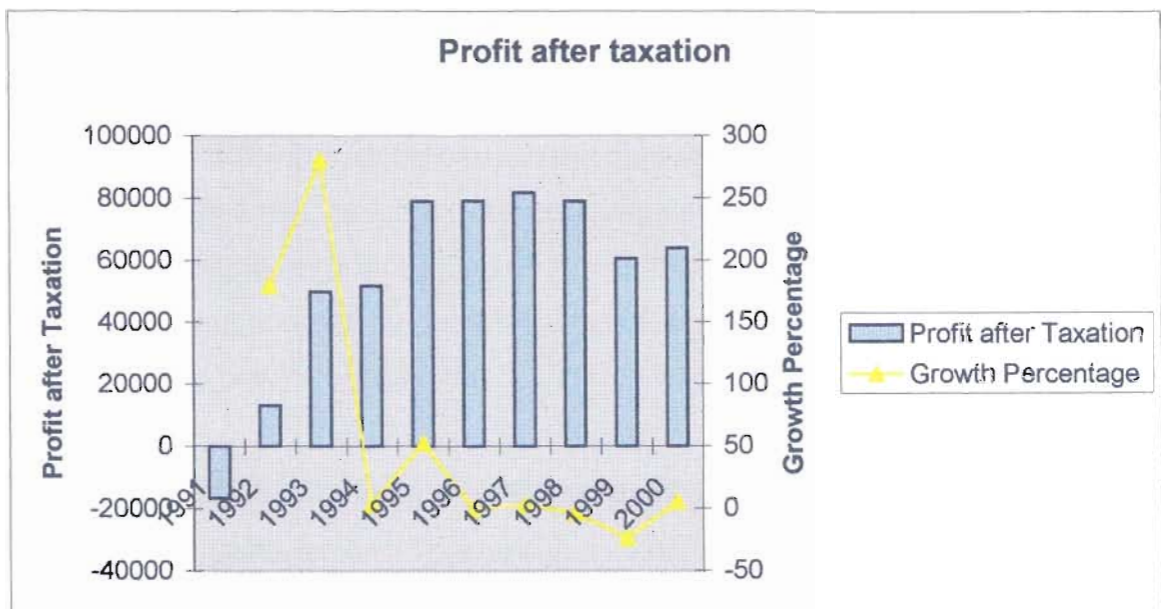
With the continued Government restrictions on import of finished products especially the country's highest selling asthma product, Ventolin inhaler, also affected the sales. But despite all the odds, the company recorded a sales growth of 5.94 percent over 1999.

Moreover, due to some bold decisions by management of the company in improving the sales processes and customer services, contributed to increased net sales.

3.1.3. Profit after taxation

	Taka in '000'									
Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Profit after Taxation	(16506)	13117	49903	51704	78883	79061	81681	79014	60465	63947
Growth Percentage (%)	-	179.5	280.4	3.6	52.6	0.23	3.3	-3.3	-23.5	5.76

Table 3.1.3



Graph 3.1.3

1991: The extended closure of the company's factory in Chittagong to a large extent was responsible for the decreased sales and thus instability to return to profit in that year. Costs increased due to general inflation, rising materials and utility costs, and devaluation. Moreover, the upsurge in violence and general political unrest, dampened further any hope of improvement. The financial result demonstrates clearly harsh effect of spiraling costs against a rigid price control system.

1992: The increased turnover has made it possible for the company to return to profit of Tk.13.1 million after the loss incurred for the past year.

The significantly improved trading performance, improved fund management and the advanced of Tk.20.8 million against the sale of the Dhaka properties has made it possible to reduce the borrowings from Tk.84.0 million in 1991 to 46.8 million in 1992. As a result, financial charges have been greatly reduced. This has greatly strengthened the company's financial position.

1993: Significant improved trading performance and the realization of the entire sale proceeds of the Dhaka properties with improved fund management has made it possible to liquidate the Bank borrowing and as a result the company did not incur financial charge since September 1992.

The company suppressed the record sale on that year, resulting growth in profit than that of the previous year.

1994 & 1995: The Company's profit increased due to good trading with improved fund management. This has also increased the liquidity of the company and made an investment of both long and short-term deposits.

1996: The reduction in growth of profit was mainly for the loss in Dextrose sale and non-introduction of the new products due to the rejection by the Regulatory Authority.

1997: On that year there was trading profit of Tk.110.1 million against Tk.118.3 million of 1996.

The decline in growth of profit was mainly due to low productivity in the first half as well as increased cost due to Levy of 2.5 percent development surcharge on imports and Taka devaluation without corresponding increase in price.

Interest income from long and short-term investment amounted to Tk.15.1 million during the year compared to Tk.11 million of the previous year. The net profit after taxation arrived at tk.81.7 million compared to 79.1 million of the previous year, reflecting an increase compared to the previous year.

1998 & 1999 & 2000: From the graph we observe decrease in profit for the year 1998 and 1999 compared to 1997, while a slight increase in profit for the year 2000 compared to the previous year.

During the year 1998, the country endured the greatest natural apocalypse – the worst flood of the century, which played havoc with the human lives, their settlement and prosperity. This longest ever flood put a brake on the nation's economic prosperity and adversely affected the overall business activity of the Company.

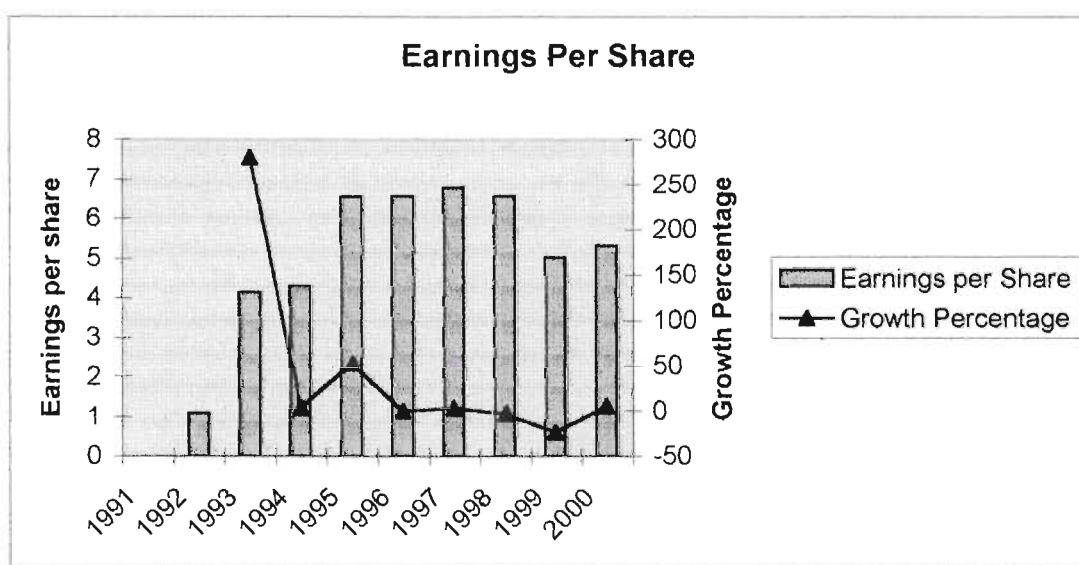
In the year 1999, market condition was very depressed due to some import restrictions and negative or single digit growth of major therapeutic groups.

In 2000, the improved sale of the major products resulted an increase in profit.

3.1.4. Earning Per Share

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Earning Per Share (EPS) [Taka]	-	1.09	4.14	4.29	6.55	6.56	6.78	6.56	5.02	5.31
Growth Percentage (%)	-	-	279.8	3.6	52.7	0.2	3.4	-3.2	-23.5	5.8

Table 3.1.4



Graph 3.1.4

The firm's earning per share are generally of interest to present or prospective stockholders and management. They are closely watched by the investing public and are considered an important indicator of corporate success. Higher the value, better the performance of the firm.

The pattern of earning per share reflects the Company's net income over its outstanding share. The total number of share to compute EPS was 12046449(number) for every year.

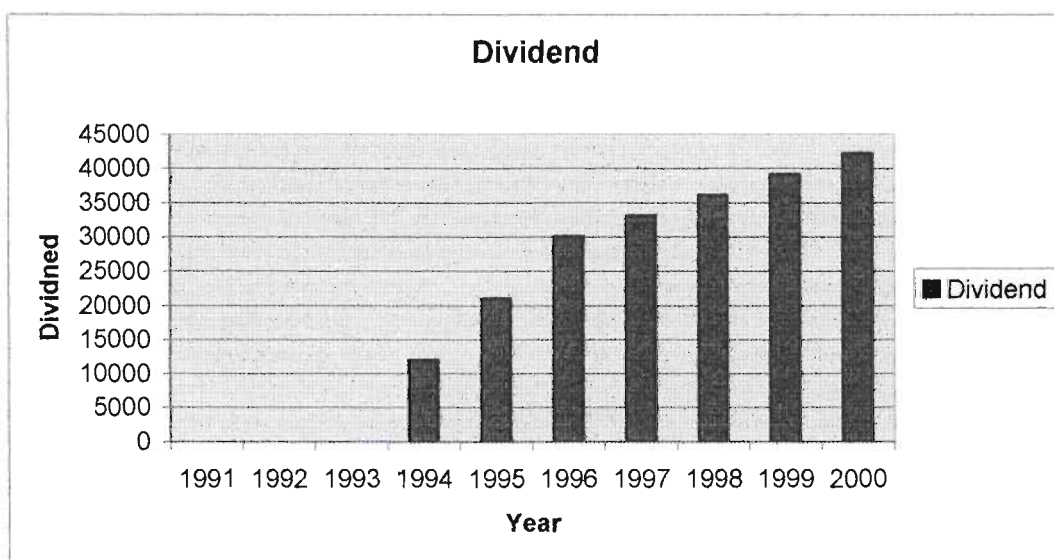
In the year 1991, The Company incurred loss, resulting no value for earning per share. From the year 1992 to 1997, we observe an increasing trend in earning per share, which indicates improve in performance over the years. In the year 1998 and 1999, as their net income were less compared to the previous year, EPS shows a lower value. In the year 2000 the EPS value shows higher value than the previous year, indicating good performance.

Evaluation of Dividend Performance

3.1.5. Dividend

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Dividend	-	-	-	12046	21081	30116	33127	36139	39151	42163

Table 3.1.5



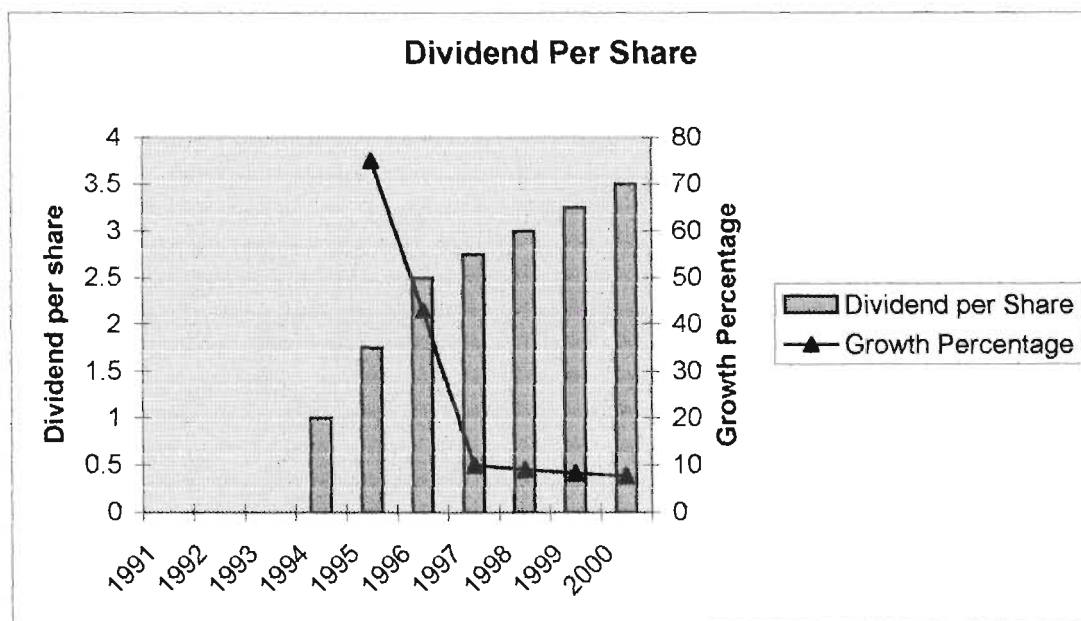
Graph 3.1.5

Dividend is the periodic distributions of earnings to the owners of the stock in a firm. Higher the value greater the dividend amount distributed to the shareholders.

3.1.6. Dividend Per Share

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Dividend Per Share (DPS) [Taka]	-	-	-	1.00	1.75	2.50	2.75	3.00	3.25	3.50
Growth Percentage (%)	-	-	-	-	75	42.9	10	9.1	8.3	7.7

Table 3.1.6



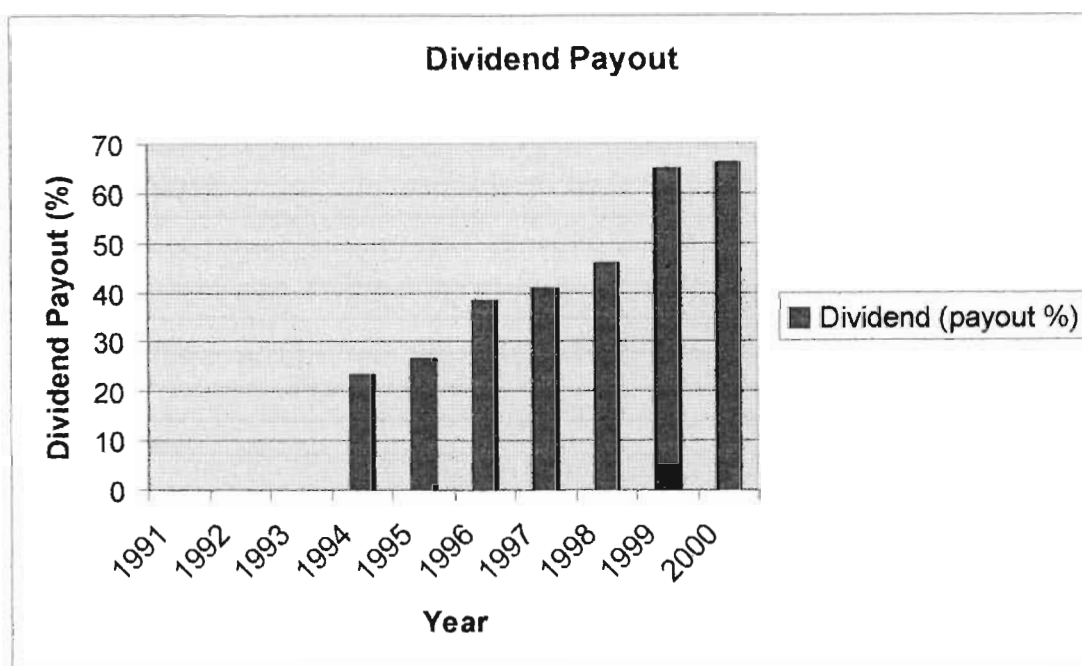
Graph 3.1.6

DPS is the annual cash dividend paid on each share of stock, Higher the value, higher the amount received by the shareholders.

3.1.7. Dividend Payout

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Dividend Payout (%)	-	-	-	23.3	26.72	38.09	40.56	45.74	64.75	65.93

Table 3.1.7



Graph 3.1.7

The dividend payout ratio is calculated by dividing the firm's cash dividend per share by its earning per share. It shows the percentage of earnings distributed to the owners in the form of cash each year. Higher value indicates higher amount is given.

The values of Dividend, Dividend Per Share and Dividend Payout shows an increasing trend. No dividends were paid for the first three years. Then the dividend amount paid increased over the year 1994 to 2000.

1991: The directors recommended no dividend in that year.

1992: In view of the accumulated loss from the previous year, the directors recommended no dividend for the year.

1993: In spite of good performance and improved liquidity position of the Company, the Board recommended no dividend be paid for the year. As the company was carrying out a considerable improvement to upgrade and revamp the Company's production facilities to comply with the International Standard of GMP (Good Manufacturing Practices), it had decided to use the available funds for this purpose.

1994: With the better performance during the year, the Company has made significant improvement and the liquidity of the Company also improved substantially. But the Company still needed fund at its disposal to complete its development activities including the replacement of machineries and equipment to cater the increased market demand, to contribute towards the growth of the Company. Considering all these factors relating to the growth and improvement of the factory machineries in this highly competitive market, the Company Directors have recommended a dividend @ 10% per share i.e. Tk. 1.00 for one ordinary share of Tk.10.

1995: The Company has made significant improvement in its overall performance and the liquidity of the Company had also improved substantially. But the Company needed sufficient fund at its disposal to complete its development activities including the replacement of machineries and equipment to cater the increased market demand which took the company toward its desired objective in the competitive market. Considering all these requirements relating to the growth and improvement of the Factory, the Directors have recommended

a dividend of 17.5% per share only i.e. Tk.1.75 for one ordinary share of Tk.10.00.

1996: The Company has made a reasonable improvement in its performance and liquidity. The Company had paid an interim dividend of 10% based on its six months performance to 30 June 1996 and considering the overall performance for the year, the Board has recommended a final dividend of 15 percent i.e. Tk.1.50 per share of Tk.10 each making a total dividend payable at the rate of 25% i.e. Tk.2.50 per share of Tk.10 each for the year 1996.

1997: The Company paid an interim dividend of 10% based on its performance for six months to 30 June 1997 and considering the overall performance of the year and satisfactory liquidity position of the Company the Board has recommended a final dividend of 17.5 percent i.e. Tk. 1.75 per share of Tk.10.00 each making a total dividend at 27.5% for the year 1997. This compares to 25% dividend paid for the previous year ended on 31 December 1996.

1998: The board of Directors had recommended a final dividend of 30% i.e. Tk.3 per share of Tk.10.00 each for the year 1998 which is 2.5% higher than the last year.
The Company had significant achievement in the year, which resulted in higher dividend to the shareholders.

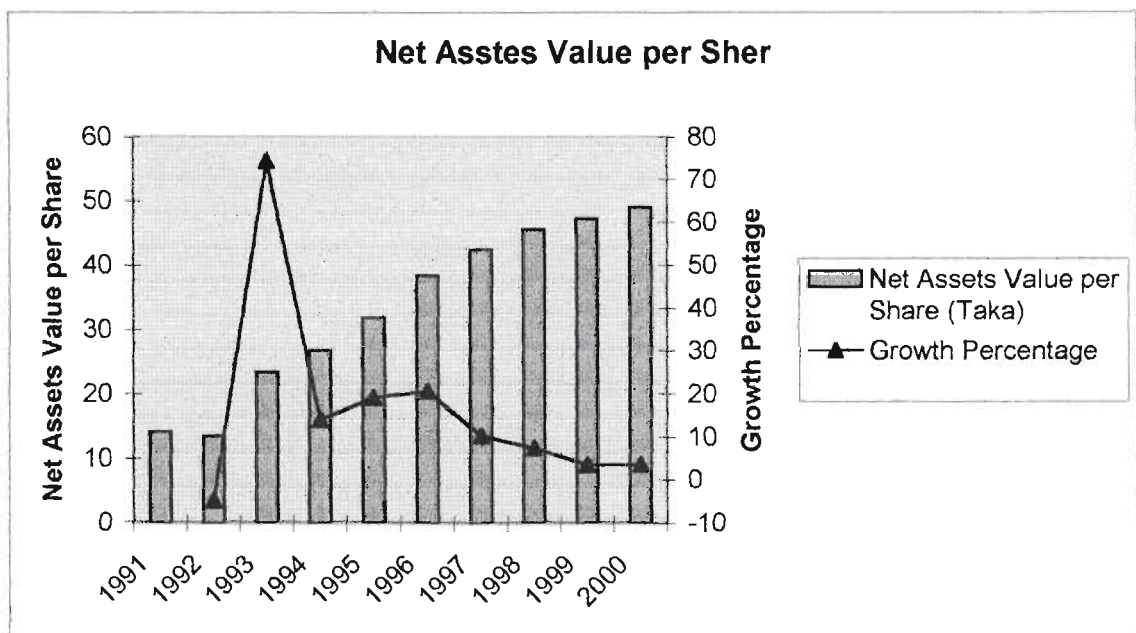
1999: Considering the positive performance of the Company the Board of Directors recommended a final dividend of Tk.3.25 per share of Tk.10.00 i.e. 32.5% as against 30% of last year.

2000: Directors recommended a final dividend of 35.0% i.e. Tk.3.50 per share of Tk.10.00 each for the year 2000, which is 2.5% higher than last year.

3.1.8. Net Assets Value Per Share

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Net Assets Value Per Share (Taka)	14.13	13.47	23.49	26.76	31.87	38.46	42.45	45.60	47.28	49.08
Growth Percentage (%)	-	-4.67	74.39	13.92	19.1	20.68	10.37	7.42	3.68	3.81

Table 3.1.8



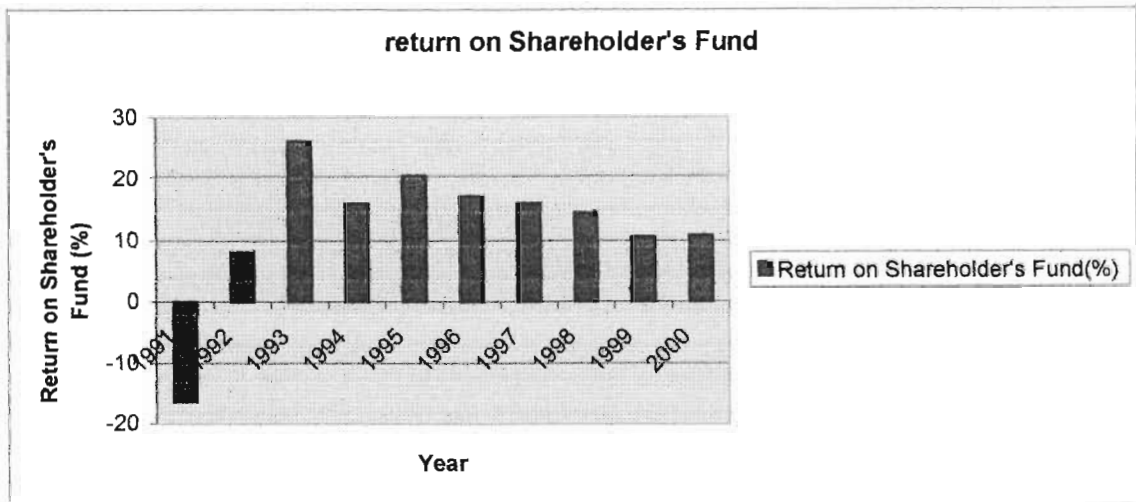
Graph 3.1.8

NAVPS is calculated by dividing the firms net asset by total shares outstanding. Higher value indicates higher wealth maximization of the owners. The value of NAVPS decreased from 1991 to 1992. It then gradually increased from 1993 to 2000. Indicating increased efficiency and wealth maximization of the shareholders.

3.1.9. Return on Shareholder's Fund

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Return on Shareholder's Fund (%)	-16.4	8.1	26.1	16.0	20.5	17.1	16.0	14.4	10.6	10.8

Table 3.1.9



Graph 3.1.9

The return on Shareholder's fund measures the return earned on the owner's investment in the firm. Generally, the higher this return, the better off are the owners.

Return on Shareholder's fund is calculated as:

Return on shareholder's fund = $\frac{\text{Net profit after taxes}}{\text{Shareholder's fund}}$

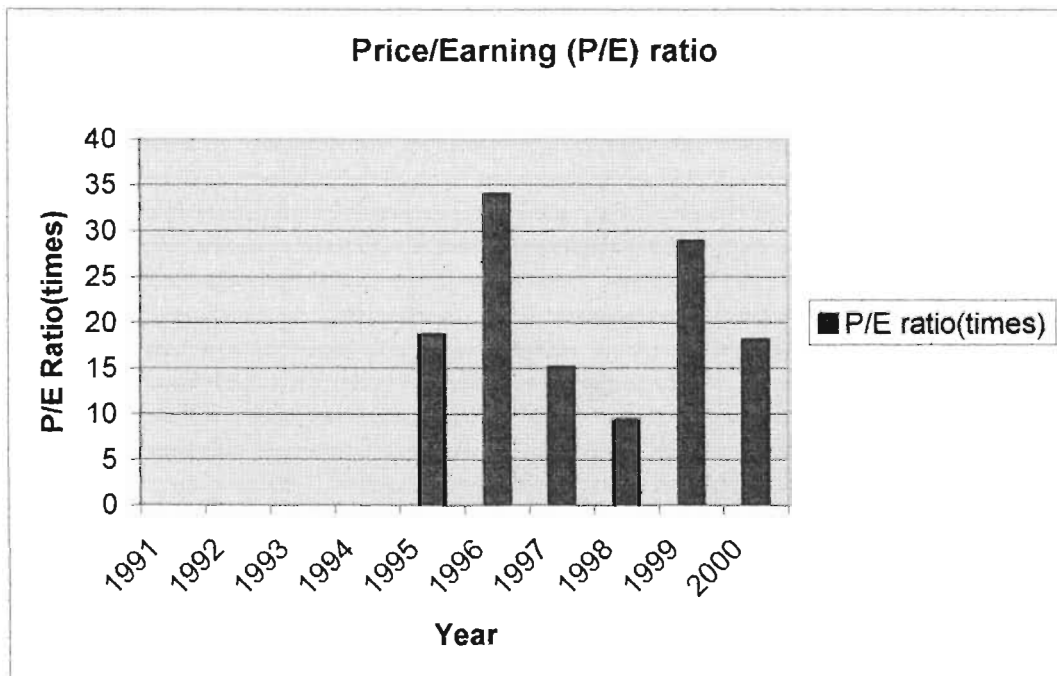
In the above table we observe that in the year 1991, ROSF shows a negative value, indicating poor position of the owners. This has resulted from the loss incurred in that year.

The year 1992 and 1993 shows an increase in the ROSF, reflected from the positive performance of the firm and good profit earning. The year 1994 shows a decrease, and the year 1995 shows an increase again. From the year 1996 to 1999 the value decreased further. And the year 2000 shows a slight increase from the previous year.

3.1.10. Price/Earning (P/E) Ratio

Year	1995	1996	1997	1998	1999	2000
P/E Ratio (Times)	18.7	34.0	15.1	9.3	28.9	18.1

Table 3.1.10



Graph 3.1.10

The P/E ratio is commonly used to assess the owners' appraisal of share value. The P/E ratio measures the amount investors are willing to pay for each dollar of the firm's earnings. The higher the P/E ratio, the greater the investors confidence in the firm's future. The P/E ratio is calculated as:

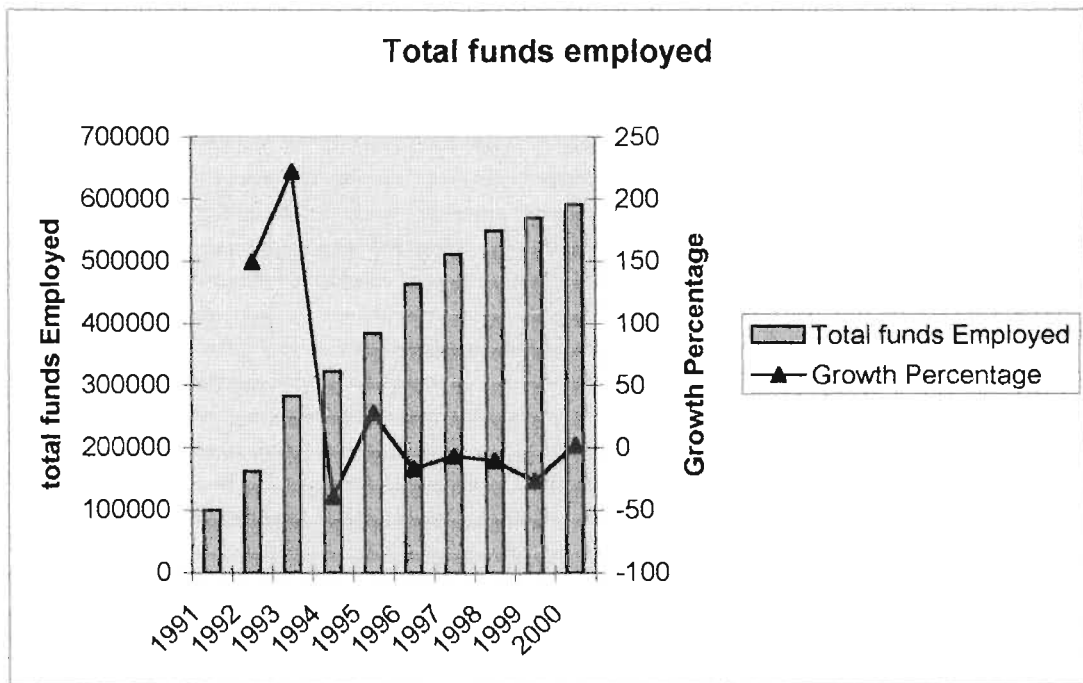
Price / earning ratio = market price per share of common stock / earning per share

From the year 1995 to 1996, there was a substantial increase in P/E ratio. Then the ratio decreased for 1997 and 1998. This then again increased in 1999. The ratio decreased in the year 2000 compared to the previous year.

3.1.11. Total Funds Employed or Shareholders' Fund

Year	Tk. In '000'									
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Share-Holders' Fund	100369	162300	282965	322344	383886	463334	511382	549311	569613	591296
Growth Percentage (%)	-	149.4	222.2	-38.7	28.1	-16.6	-6.4	-10	-26.4	1.9

Table 3.1.11



Graph 3.1.11

Total funds employed is the total amount invested by the investors.

Total funds employed = Issued capital + Reserve and surplus.

It is observed from the graph that the amount shows an increasing trend over the years.

3.1.12. Sales Position of the Company

Item wise net sale for 1995-2000

(Taka in Thousand)

Items	1995	1996	1997	1998	1999	2000
A. Pharmaceuticals:						
Tablets and Capsules	362540	429525	446150	487809	512352	519502
Topicals	82240	87212	91321	113736	129182	134459
Vials and Drops	57178	59650	62887	74641	73815	92236
Oral Liquids	56234	54395	58466	68247	73683	83341
Granules	35742	37768	37627	43026	35596	43109
Inhalers	26385	34078	50874	76828	54389	57353
B. Dextrose	18166	7390	29992	28562	30164	32657
Equal						567
Total:	638385	710018	777317	892849	909181	963224

Table 3.1.12

Source: Annual report.

The table reveals that in the passage of time the sale of Tablets and Capsule increase 14% in 1996, 5% in 1997, 9% in 1998 and 6% in 1999 and 1.2 % in the year 2000.

The progress of Topicals sales is well. It increases 6% in 1996, 4.5% in 1997, 11% in 1998, 14% in 1999 and 4% in the year 2000.

The sale of Vials and drops are advancing with a lower rate on an average 7%.

The highest sales revenue has come in 2000, which is 92236 thousand taka. The highest sale of Oral liquids was 83341 thousand taka also in 2000, which was 13% higher than previous year.

Granules increase 15% in 1998 but decreased next year by 11%, then again increased by 21% in 2000. Sales revenue from inhalers increased 30% in 1996,

45% in 1997 and 52% in 1998, but decreased 28% and 8.62% in 1999. In 2000 respectively.

The sale of dextrose has increased from 1995 to 2000, which contributed to increased sales revenue over the years. In 1995 and 1996 the sale of Dextrose could not achieve the desired level due to the supply problem.

In the year 2000 the sale of Equal of Tk.567 thousand has also contributed in the sales revenue.

3.2 Trend Analysis by Following the Ordinary Least Square Method

Now we are going to calculate Trend Analysis by following the Ordinary Least Square Method and derive a regression line for Net Sales, Profit after Taxation, Earning per Share, Dividend, Total Funds Employed and Return on Shareholder's Fund.

Through trend analysis we are going to evaluate the financial performance of the Company. Trend analysis gives a clue whether the financial situation of the Company is likely to improve or deteriorate.

There are many lines that could possibly be drawn on a given scatter diagram. We should choose a line that can best fit the sample data at hand. For selecting such a line we use the least square method and the resulting line is called the least square line. The term least square is used because, the sum of squares of the vertical deviations of the points from this line is less than the sum of squares of such deviations from any other line.

By following the least square method, we will derive a regression line from observed data.

The equation of the regression line will be in the form: $Y = A + BX$

Where, A and B are constant

Y is a dependent variable

X is an independent variable

B is the slope of the straight line, also called the regression coefficient of Y on X and measures the average increase in Y for a unit increase in X. Both the sign and magnitude of B contain important information. B may be zero, positive or negative depending on the strength of relationship between X and Y. If B is positive, we would expect Y to move with the same direction as X. Thus we would say that for our data, there appears to be a positive association. Whereas a negative B would imply that Y to move in opposite direction with X, thus we

would say there exists a negative relationship with X and Y. The magnitude of B measures the degree of volatility of Y. The larger the magnitude of B, the more volatile is the value of Y. A is the intercept of the unknown regression equation on the Y axis.

Then using the derived regression equation, we would forecast some future values of the company for the year 2005 and 2010.

Although the regression line is a useful summary of the relationship between two variables, the values of the slope and intercept alone do little to indicate how well the line actually fits the data. Thus a goodness of fit index is needed to come to a conclusion, how good the estimated regression line is.

To find out the Goodness of Fit of the regression equation we will calculate the square of correlation coefficient (r^2). To find out r^2 we use the following equation:

$$r^2 = \frac{\sum X^2 B^2}{\sum Y^2 - N \bar{Y}^2}$$

r^2 would take on values between 0 and 1. Values closer to 1 would imply better fitting estimated regression line. The square of correlation coefficient is a summary measure that tells how well the sample regression line fits the observed data. More precisely, it is a measure of the goodness of fit of a regression line. Verbally, r^2 measures the proportion or percentage of the total variation in the dependable variable explained by the regression model.

r^2 is a non-negative quantity and its limits are r^2 is greater or equal to zero, and less or equal to 1. If it moves close to zero, it indicates that prediction of Y is not much improved by knowing X. On the other hand, as it moves away from 0 to 1, knowing X will increasing helpful in the prediction of Y.

The r^2 tells the proportion of variation in the dependent variable explained by the independent variable and therefore provides an overall measure of the extent to which the variation in one variable determines the variation in the other.

3.2.1. Trend Analysis of Net Sales

Year	Net Sales (Y) [Tk. in '000']	Y^2	Total Deviation from 1995	X	XY	X^2
1991	278104	77341834816	-4.5	-5	-1390520	25
1992	407243	1.65847E+11	-3.5	-4	-1628972	16
1993	500682	2.50682E+11	-2.5	-3	-1502046	9
1994	585432	3.42731E+11	-1.5	-2	-1170864	4
1995	638385	4.07535E+11	-0.5	-1	-638385	1
1996	710018	5.04126E+11	0.5	1	710018	1
1997	777317	6.04222E+11	1.5	2	1554634	4
1998	892849	7.97179E+11	2.5	3	2678547	9
1999	909181	8.2661E+11	3.5	4	3636724	16
2000	963224	9.278E+11	4.5	5	4816120	25
	6662435	4.90407E+12		0	7065256	110

Table 3.2.1

Now to derive a regression equation, we first calculate the A (intercept) and B(Slope),

$$Y = A + BX$$

$$A = \frac{\sum Y}{N} = \frac{6662435}{10} = 666243.5$$

$$B = \frac{\sum XY}{\sum X^2} = \frac{7065256}{110} = 64229.6$$

So, the derived equation is as follows:

$$Y = 666243.5 + 64229.6X$$

From the equation we can see that B is positive, which implies net sales (Y) moves in the same direction with time (X). So, there appears to be a positive association between X and Y.

Now, we are going to forecast the value of net sales for the year 2005 and 2010.

Projected net sale for 2005

For the year 2005, (X=10)

$$\begin{aligned} Y &= 666243.5 + 64229.6(10) \\ &= 1308539.5 \text{ (Tk. in '000')} \end{aligned}$$

∴ The net sale for the year 2005 is expected to be Tk.1308539500

Projected net sale for 2010

For the Year 2010, (X=15)

$$Y = 666243.5 + 64229.6(15)$$

$$= 1629687.5 \text{ (Tk. in '000')}$$

∴ The Net Sales is expected to be Tk.1629687500

Now to find out the goodness of fit of the equation and to see the appropriateness of our calculation, we calculate the square of co-relation coefficient (r^2).

$$r^2 = \frac{\sum X^2 B^2}{\sum Y^2 - N Y^2}$$

$$B^2 = \frac{\sum X Y^2}{\sum (X)^4}$$

$$B^2 = \frac{(7065256)^2}{(110)^2} = 4125441516$$

$$r^2 = \frac{4125441516 * 110}{4.907 \times 10^{12} - 10(666243.5)^2} = 0.969$$

The value of r^2 implies that about 96.9% of the variations in net sale values are explained by the variations in the time. Since r^2 is at most be 1, the observed r^2 suggests that the sample regression line fits the data reasonably good. And our calculations for forecasted net sales are also appropriate.

3.2.2. Trend Analysis of Earning Per Share (EPS)

Year	Y= EPS	Y^2	Total Deviation From 1995	X	XY	X^2
1991	0	0	-4.5	-5	0	25
1992	1.09	1.1881	-3.5	-4	-4.36	16
1993	4.14	17.1396	-2.5	-3	-12.42	9
1994	4.29	18.4041	-1.5	-2	-8.58	4
1995	6.55	42.9025	-0.5	-1	-6.55	1
1996	6.56	43.0336	0.5	1	6.56	1
1997	6.78	45.9684	1.5	2	13.56	4
1998	6.56	43.0336	2.5	3	19.68	9
1999	5.02	25.2004	3.5	4	20.08	16
2000	5.31	28.1961	4.5	5	26.55	25
	46.3	265.0664		0	54.52	110

Table 3.2.2

To derive the regression equation, we first calculate the A (intercept) and B(Slope),

$$A = \frac{46.3}{10} = 4.63$$

$$B = \frac{54.52}{110} = 0.496$$

So, the linear equation is

$$Y = A + B X$$

$$Y = 4.63 + 0.496X$$

From the equation we observe EPS(Y) would move in the same direction with time(X) as B is positive. Thus as the time (X) increases, so does EPS(Y). There exists a positive relationship between time(X) and EPS(Y).

Projected earning per share for 2005

For the year 2005, Earning per Share would be, (X = 10)

$$\begin{aligned} Y &= 4.63 + 0.496 (10) \\ &= 9.59 \end{aligned}$$

So, earning per share would be Tk. 9.59

Projected earning per share for 2010

For the year 2010, Earning per Share would be, (X= 15)

$$\begin{aligned} Y &= 4.63 + 0.469(15) \\ &= 12.07 \end{aligned}$$

So, earning per share would be Tk. 12.07

To find out the Goodness of Fit of the equation, we calculate the square of co-relation co-efficient,

$$r^2 = \frac{0.246016 * 110}{265.0664 - 10(4.63)^2} = 0.53$$

The value of r^2 implies that about 53% of the variations in Earning Per Share values are explained by the variations in the time. Since r^2 is at most be 1, the observed r^2 suggests that the sample regression line fits the data quite good as the value is more than 0.5. So, our calculations for forecasted EPS are quite appropriate.

3.2.3. Trend Analysis of Dividend

Year	Dividend (Y) [Tk. in'000']	Y^2	Total deviation from 1995	X	XY	X^2
1991	0	0	-4.5	-5	0	25
1992	0	0	-3.5	-4	0	16
1993	0	0	-2.5	-3	0	9
1994	12046	1.45E+08	-1.5	-2	-24092	4
1995	21081	4.44E+08	-0.5	-1	-21081	1
1996	30116	9.07E+08	0.5	1	30116	1
1997	33127	1.1E+09	1.5	2	66254	4
1998	36139	1.31E+09	2.5	3	108417	9
1999	39151	1.53E+09	3.5	4	156604	16
2000	42163	1.78E+09	4.5	5	210815	25
	213823	7.21E+09		0	527033	110

Table 3.2.3

To derive the regression equation, we first calculate the A (intercept) and B(Slope),

$$A = \frac{213823}{10} = 21382.3$$

$$B = \frac{527033}{110} = 4791.2$$

The linear equation for Dividend

$$Y = A + BX$$

$$Y = 21382.3 + 4791.2X$$

From the equation we observe Dividend (Y) to move in the same direction with Time (X) as slope(B) is positive. There exists a positive relationship between Dividend and Time for our data.

Projected dividend for 2005

In the year 2005, the dividend might be, (X=10)

$$Y = 21382.3 + 4791.2(10)$$

$$= 69294.3 \text{ (Tk. in '000')}$$

So, the amount of dividend might be Tk.69294300

Projected dividend for 2010

In the year 2010, the dividend might be, (X=15)

$$Y = 21382.3 + 4791.2(15)$$

$$= 93250.3 \text{ (Tk. in '000')}$$

So, the amount of dividend might be Tk. 93250300

Now, to find out the Goodness of Fit of the equation, we calculate the square of co-relation co-efficient,

$$r^2 = \frac{(4791.2)^2 * (110)}{7.21 \times 10^9 - 10 (21382.3)^2} = 0.96$$

The value of r^2 implies that about 96% of the variations in dividend values are explained by the variations in the time. Since r^2 is at most be 1, the observed r^2 suggests that the sample regression line fits the data reasonably good. And our calculations for forecasted dividends are also appropriate.

3.2.4. Trend Analysis of Profit After Taxation

Year	Profit After Taxation (Y) [Tk. in'000']	Y ²	Total Deviation from 1995	X	XY	X ²
1991	-16506	272448036	-4.5	-5	82530	25
1992	13117	172055689	-3.5	-4	-52468	16
1993	49903	2.49E+09	-2.5	-3	-149709	9
1994	51704	2.673E+09	-1.5	-2	-103408	4
1995	78883	6.223E+09	-0.5	-1	-78883	1
1996	79061	6.251E+09	0.5	1	79061	1
1997	81681	6.672E+09	1.5	2	163362	4
1998	79014	6.243E+09	2.5	3	237042	9
1999	60465	3.656E+09	3.5	4	241860	16
2000	63947	4.089E+09	4.5	5	319735	25
	541269	3.874E+10		0	739122	110

Table 3.2.4

To derive the regression equation, we first calculate the A (intercept) and B(Slope),

$$A = \frac{541269}{10} = 54126.9$$

$$B = \frac{739122}{110} = 6719.3$$

So, the linear equation for profit after taxation is as follows:

$$Y = A + BX$$

$$Y = 54126.9 + 6719.3 X$$

As B(Slope) of the equation is positive, Profit after taxation(Y) would move in the same direction with time (X). There appears to be a positive association between X and Y, as Time increases, so does Profit after Taxation.

Projected Profit After Taxation for 2005

In the year 2005, profit after taxation might be, (X = 10)

$$\begin{aligned} Y &= 54126.9 + 6719.3 (10) \\ &= 121319.9 \text{ (Tk. in '000')} \end{aligned}$$

So, the profit after taxation might be Tk.121319900

Projected Profit After Taxation for 2010

In the year 2010, profit after taxation might be, (X =15)

$$\begin{aligned} Y &= 54126.9 + 6719.3 (15) \\ &= 154916.4 \text{ (Tk. in '000')} \end{aligned}$$

So, the profit after taxation might be Tk.154916400

Now, to find out the Goodness of Fit of the equation, we calculate the square of co-relation co-efficient,

$$r^2 = \frac{(6719.3)^2 * 110}{3.874 \times 10^{10} - 10(54126.9)^2} = 0.53$$

The value of r^2 implies that about 53% of the variations in Profit After Taxation values are explained by the variations in the time. Since r^2 is at most be 1, the observed r^2 suggests that the sample regression line fits the data quite good as the value is more than 0.5. So, our calculations for forecasted profit after taxation are quite appropriate.

3.2.5. Trend Analysis of Total Funds Employed or Shareholder's Fund

Year	TFE = Y [Tk. in '000']	Y^2	Total Deviation from 1995	X	XY	X^2
1991	100369	10073936161	-4.5	-5	-501845	25
1992	162300	26341290000	-3.5	-4	-649200	16
1993	282965	80069191225	-2.5	-3	-848895	9
1994	322344	1.03906E+11	-1.5	-2	-644688	4
1995	383886	1.47368E+11	-0.5	-1	-383886	1
1996	463334	2.14678E+11	0.5	1	463334	1
1997	511382	2.61512E+11	1.5	2	1022764	4
1998	549311	3.01743E+11	2.5	3	1647933	9
1999	569613	3.24459E+11	3.5	4	2278452	16
2000	591296	3.49631E+11	4.5	5	2956480	25
	3936800	1.81978E+12			5340449	110

Table 3.2.5

To derive the regression equation, we first calculate the A (intercept) and B(Slope)

$$Y = A + BX$$

$$A = \frac{\sum Y}{N} = \frac{3936800}{10} = 393680$$

$$B = \frac{\sum XY}{\sum X^2} = \frac{5340449}{110} = 48549.5$$

$$Y = 393680 + 48549.5X$$

The equation shows B is positive, thus Total fund employed (Y) would move in the same direction with time (X). There exists a positive relationship.

Projected Total Funds Employed for 2005

For the year 2005, (X= 10)

$$\begin{aligned} Y &= 393680 + 48549.5(10) \\ &= 879175 \text{ (Tk. in '000')} \end{aligned}$$

So, for the year 2005, predicted total funds employed will be Tk.879175000.

Projected Total Funds Employed for 2010

For the year 2010, (X=15)

$$\begin{aligned} Y &= 393680 + 48549.5(15) \\ &= 1121922.5 \text{ (Tk. in '000')} \end{aligned}$$

So, for the year 2010, predicted funds employed will be Tk.1121922500.

Now, to find out the Goodness of Fit, we calculate the square of co-relation coefficient,

$$r^2 = \frac{2.59 * 10^{11}}{2.7 * 10^{11}}$$
$$= 0.96$$

The value of r^2 implies that about 96% of the variations in Total Funds Employed values are explained by the variations in the time. Since r^2 is at most be 1, the observed r^2 suggests that the sample regression line fits the data reasonably good. And our calculations for forecasted Total Funds Employed are also appropriate.

3.2.6. Trend Analysis of Return on Shareholder's Fund[ROSF](%)

Year	Y=ROSF (%)	Y ²	Total Deviation from 1995	X	XY	X ²
1991	-16.4	268.96	-4.5	-5	82	25
1992	8.1	65.61	-3.5	-4	-32.4	16
1993	26.1	681.21	-2.5	-3	-78.3	9
1994	16	256	-1.5	-2	-32	4
1995	20.5	420.25	-0.5	-1	-20.5	1
1996	17.1	292.41	0.5	1	17.1	1
1997	16	256	1.5	2	32	4
1998	14.4	207.36	2.5	3	43.2	9
1999	10.6	112.36	3.5	4	42.4	16
2000	10.8	116.64	4.5	5	54	25
	123.2	2676.8		0	107.5	110

Table 3.2.6

To derive the regression equation, we first calculate the A (intercept) and B(Slope),

$$Y = A + BX$$

$$A = \frac{123.2}{10} = 12.32$$

$$B = \frac{107.5}{110} = 0.98$$

$$Y = 12.32 + 0.98X$$

The equation shows B is positive, thus ROSF (Y) would move in the same direction with time (X). There exists a positive relationship.

Projected ROSF for 2005

Projected ROSF for 2005 (X = 10)

$$Y = 12.32 + 0.98(10) \\ = 22.12\%$$

Projected ROSF for 2010

Projected ROSF for 2010 (X = 15)

$$Y = 12.32 + 0.98(15) \\ = 27.02\%$$

$$r^2 = \frac{(0.98)^2 * 110}{2676.8 - 10(12.32)^2} = 0.09$$

The value of r^2 implies that about 9% of the variations in ROSF values are explained by the variations in the time. Since r^2 is at most be 1, the observed r^2 suggests that the sample regression line does not fits the data quite good as the value is less than 0.5. So, our calculations for forecasted ROSF are not quite appropriate.

Calculated Results of Trend Equations and Square of Correlation Coefficients:

Items Analyzed	r^2 (Square of Correlation Coefficient)	Regression Equation
Net Sales	0.97	$Y = 666243.5 + 64229.6X$
Earning Per Share	0.53	$Y = 4.63 + 0.496 X$
Dividends	0.96	$Y = 21382.3 + 4791.2X$
Profit after Taxation	0.53	$Y = 54126.9 + 6719.3X$
Total Funds Employed	0.96	$Y = 393680 + 48549.5X$
Return on Shareholder's Fund (%)	0.09	$Y = 12.32 + 0.98X$

Table 3.2 (I)

Year wise Comparison:

Tk. In '000'

Items Analyzed	1995	2000	2005	2010
Net Sales	638385	963224	1308539.5	1629687.5
Earning Per Share	6.55	5.31	9.59	12.07
Dividends	21081	42163	69294.3	93250.3
Profit After Taxation	78883	63947	121319.9	154916.4
Total Funds Employed	383886	591296	879175	1121922.5
ROSF(%)	20.5	10.8	22.12	27.02

Table 3.2 (II)

From the Table 3.2(I), we observe that all the six linear regression equations has positive slope, which indicates increasing trend for all the equations. There

appears to be a positive relationship between X and Y. As X (time) increases, Y also increases. The increasing trend can also be observed in the Table 3.2 (II), from this table we can see that values are increasing with time.

We also observe that the value of r^2 (square of correlation coefficient), to indicate the goodness of fit of the equations for net sales, dividends and total funds employed are very close to 1, while for profit after taxation and Earning per share values are more than 0.5, indicating the five regression equations fits the data reasonable good. While only the value of r^2 for return on shareholders fund implies that its derived equation does not fit the data well.

So, from our calculations and observation we can conclude that the as the Time increases the Company's Net sales, EPS, Profit after taxation, Dividends, Total funds employed and ROSF are expected to increase. This implies the financial situation of the Company is likely to improve. Thus, the Company's financial performance is satisfactory and the Company is in a good financial position.

3.3 Share Capital Position

Taka in '000'
At 31 December
2000

Authorized

20,000,000 Shares of Tk.10 each 200,000

Issued, Subscribed and fully paid-up

Issued for cash

350	Shares of Tk10 each in 1974	4
4,943,949	Shares of Tk10 each as rights issue	49,440

Issued for consideration other than cash

3,787,650	Shares of Tk10 each in 1974	37,876
3,314,500	Shares of Tk10 each as rights issue	33,145
7,102,150		71,021
<hr/>		<hr/>
12,046,449		120,465
		<hr/> <hr/>

The amount of Company's Authorized capital is 20,000,000 and issued and subscribed capital is of amount 120,465,000. The price of each share is 10 Taka.

3.4 Position of Shares holding

The Composition of Share holders at 31 December, were:

	2000	
	% of Holdings	No. of Shares
a. GlaxoWellcome Investments B.V. – The Netherlands	81.98	9,875,144
b. Investment Corporation of Bangladesh (ICB)	15.54	1,872,630
c. General public	0.91	109,143
d. Shadharan Bima Corporation	0.63	76,437
e. Other Local Financial/ Securities Companies	0.94	113,095
f. Foreign Institutions	-	-
	100.00	12,046,449

From the above data, we observe that the GlaxoSmithKline (England) holds the major share, which is 81.98 % of the Bangladesh subsidiary. Next, Investment Corporation of Bangladesh holds 15.54 % and Shadharan Bima Corporation holds the least amount of share, which is 0.63%. While foreign institutions do not hold any share.

Chapter – 4

“Prospects and Problems of GSK Bangladesh Limited”

4.1 Prospects

Brand Image:

Being in the number one position in the world market, GSK has a strong brand image, which is a valuable asset. This provides the company with many competitive advantages, like:

- The company enjoy a high level of consumer brand awareness and loyalty. This results the Company to incur lower marketing costs.
- As the brand name carries high credibility, the Company can more easily launch product extensions, that is they launches new and modified products. The well-regarded brand name helps the Company to enter new product categories more easily and gives the new products instant recognition and faster acceptance.
- The powerful brand image offers the Company some defense against fierce price competition for decontrolled priced products.

Company going into subcontract to reduce cost:

In order to reduce cost the Company underwent different contract agreements in different areas. For example, in transportation system, in maintenance and beatification of their factory site, service area like- canteen etc. The company now incurs much less cost than maintaining these areas on their own.

Moreover, consequent to the imposition of restrictions by the local regulatory authority on import of Ventolin Inhaler, the Company has entered into a contract manufacturing agreement with a local partner, Beximco pharmaceuticals limited for the manufacture of Ventolin Inhaler at the contractor's facility. Accordingly, Technical Terms of Supply have been agreed to ensure that GSK quality standards are met.

Good Asset management:

The company has strong strategy in asset management. It has been noticed that the Company gained by selling some of its old assets. Like by selling their own office building in Dhaka and bungalow, the company gained. Because they have reduced the maintenance cost and the interest amount they receive from sale of those properties are much higher than the rent they pay.

Distribution Channel:

The Organization has created efficient distribution channel. They have established 11 DMO in eleven different districts around the country and from there medicines are allocated to different demand oriented retailers. The Company has its own retailers and distributors. The Company follows Vertical Marketing System (VMS). They have common ownership at different levels of channel. They don't have greater number of levels to reach to the final consumers. This provides more control, less channel complexity, and less conflict.

Implementation of GATT would provide patent protection:

Implementation of GATT from the year 2005 around the globe would toughen international protection of copyrights, patents, trademarks and other international property. So, from 2005 the Company would be able to exercise their patent.

Standards of Quality:

The Company maintains a high international standards of quality and policy and complies with good manufacturing practice policy of GSK group. They make sure that the quality they offer is the quality that customers want. The Company do not compromise with high quality control. They use raw material that are approved by the GSK group. In the manufacturing plant they have quite large number of qualified, highly paid, Chemists and Pharmacists to monitor quality control of their products. This quality, in turn, results in improved sales and profits. Higher

economic change. This will give a major competitive advantage to succeed in the fast-changing healthcare environment. By combining R&D excellence with marketing strength and financial power, GlaxoSmithKline will lead the industry into the future.

Strong R & D:

The Company has a leading position in genomics/genetics and new drug discovery technologies. GSK has a very powerful research and development team who continuously generate new products and service ideas. Moreover, being a research based Company they always have the opportunity to introduce new products.

In order to coordinate the change in technological environment a continuous effort as well as a regular process of improvement plays a vital role.

Effective use of Information Technology:

The Company views Information system as a corporate resource and includes it as part of the strategic planning process. They treat Information systems as an important part of corporate competitive strategy. Commendable progress has been made in the computerization of the company over the last year. The introduction of e-mail at the corporate office in Dhaka has made significant changes to working practices. The Company has also established a Wide Area Network (WAN) Communication link between Dhaka and rest of the world. In addition, a high speed Wide Area Network (WAN) link between Chittagong, Dhaka and global hubs is being set up. Generation of financial information has been accelerated to support and improve the decision making process by implementation of Tetra CS/3, integrated software. They also have a very systematic marketing information system.

level of quality result in greater customer satisfaction, while at the same time supporting higher prices and offer lower costs. This is a strong defense against the competitors, and a major path to sustain growth and earning.

Ethics and Integrity:

The Company works with high ethics and integrity. They have developed a '*Corporate Ethic Policy*' - broad guidelines that everyone in the organization follows. These policies cover distributor relations, promotional standards, customer service, pricing, product development, and general ethical standards. Company and managers apply high standards of ethics and morality when making corporate decisions. GSK has developed standards based on personal integrity, corporate consciousness, and long run consumer welfare.

Quality of Human resources:

The Company recognizes that people are the most important resource for its success. The Company is keen in recruiting quality people. The Company always laid a strong emphasis on appropriate training programs both at home and abroad for its human resource development. With the merger of the Company with SmithKline Beecham, development of a new culture is taking place wherein the people of the organization undertake their quest with the enthusiasm of entrepreneurs, excited by the constant search for innovation. The Company believes that it will attain success as a market leader with each and every one of its people contributing with passion and an unmatched sense of urgency.

Merger of Equals:

With the merger of GlaxoWellcome and SmithKline Beecham to form GlaxoSmithKline, two world-class organizations are brought together with complementary technologies and scientific knowledge. The new organization led by one of the sector's most talented and experienced management teams, will be at the forefront of an industry which will continue to undergo rapid scientific and

Efficient sales management:

The Company's management is efficient in its sales operation and sales receivable systems. They are also efficient in debtor management. Without supervising the clients credit history, they do not extend credit sales. This way the Company minimizes the risk of bad debt and over the years, they have incurred negligible amount of bad debt.

Global Network:

GlaxoSmithKline is operating worldwide; as a result, they have smooth access in global network. If the Company can't manufacture a product locally, which has demand in the market, they can easily import the product, while other local companies might not enjoy this benefit.

Specialization:

In Bangladesh, the Company so far enjoys a clean monopoly for a hormone, which is OROXINE. Also, they hold around 31% share in a respiratory drug, which is SERETIDE and enjoys monopoly globally. Moreover, globally they are already a market leader in four of the five largest therapeutic categories in the pharmaceutical industry, it also holds a leading position in the vaccine market.

Societal Consideration:

The Company make free drugs available to people who can't afford and sometimes sell at reduced price to them. They give free sample to doctors to distribute their products to the poor people. They recognize that in setting prices, their short-term sales, market share, and profit goals must be tempered by broader societal consideration. They know that in the long run, social concern will benefit both the society and the Company.

Increased Sales Leading to Good Financial Position:

In our country due to increase in the market share of the pharmaceutical market, sale is increasing every year. And as the Company follows good marketing strategy, their growth in sales is also increasing. The Company is having double-digit market growth. This in turn leads to increased profit, dividends, earning per share, return on shareholders fund and other related areas. Thus, these are contributing to good financial position of the Company as we have seen in our evaluation in previous chapter.

4.2 Problems

1. Problem of adulteration of GSK products in the local market. Due to adulteration of GSK's product in the market not only damages the reputation of the firm, it also hampers the public health to a great extent.
2. Being a Research based Company; the firm has patent for some its products. But in Bangladesh, they cannot exercise their patent right and charge higher prices. In addition, many local companies violate the patents law. Thus, GSK cannot enjoy the benefit of patent as these local companies directly rob their research and development.
3. Have to pay high tax on imported products, resulting increase in price of their products. The Company imports many products from outside that have market demand, which cannot be produced locally. As a result, they have to pay high taxes to the government on those imported items.
4. Government regulations biased toward local companies. Govt. prohibits the company from manufacturing various products. Sometimes they face difficulty in launching new products due to difficulty in getting approval from regulatory authority. Moreover, they also face many embargo in manufacturing, like they have embargo, if two local companies produce a certain product, GSK is not allowed to produce that product.
They also face problem of import restrictions by the Government.
5. Relatively high manufacturing cost due to maintenance of standard quality. The Company maintains a high international standard of quality and policy and complies with good manufacturing practice policy of GSK group. In order to maintain this high quality in manufacturing, they have to incur high cost in production.

6. High production cost results in relatively high prices of their products, resulting decrease in customer, as many can not afford, so they switch to lower priced products produced by the local companies. As 80% people of our country are living under poverty, many cannot afford to buy medicine that are high priced.

7. Increased domestic competition and intense industry rivalry. There are around 300 pharmaceutical Companies in our country and there is intense competition among the top ten firms in the industry. Also in our country unethical practices by the local companies places them in a better position in the market and helps them to enjoy some benefits.

8. Labor cost of GSK in Bangladesh is very high, infact it is highest among the other Companies in Bangladesh. In a recent study it has been observed that manpower cost of GSK is 10%, while Beximco (a local pharmaceutical Company) is only ⁴1.4% . This also contributes in decreased profit.

9. We have observed that although the Company's sales is increasing, their profit is not increasing in the same manner. Profit decreased in some years. This is due to the fact that the Company's cost of production and distribution and administrative costs are quite high.

10. The Company's production capacity are not fully utilized for some of the products. Because production depends on the market demand and sale of the products. If they produce more than demand, they would lose more. As we observe the actual production of Tablet and Capsule are more than the installed capacity, while production of Oral liquids, Vials and Drops, Topicals and Granules are less than the installed capacities. So, production capacities are not fully utilized.

11. The Company frequently faces the problem of unavailability of raw materials. Due to restrictions of the regulatory authority, most of the time of the year the Company cannot import certain raw materials for production. These restrictions are mainly on those products that the regulatory authority considers to have potential hazards during transportation. As a result, inadequate supply of raw materials hampers adequate production.

⁴ Source : Human resource Department of GSK.

Chapter – 5

“Recommendations and Conclusion”

5.1 Recommendations

1. Manufacturing competence and good reputation should be enhanced to counter the domestic competition. As GSK has a very strong brand image and high reputation in the market, they can use this effectively to increase their market share.

2. Should concentrate on lowering the manufacturing costs by improved technology and prices in order to better fight the competition. GSK's manufacturing cost is quite high, that results in higher prices of their products. In order to be competitive, they should use improved technology to reduce production costs.

3. Govt. should help the company to protect its patent right. The concerned regulatory authority should impose restrictions that will prohibit other local companies to rob GSK's research and development.

4. The Company as well as the concerned authority of the Govt. should take necessary steps to prevent adulteration of the products. As this not only damages Company's reputation, but hampers public health as well.

5. Now the Company has 11 DMO in all over the country. In order to increase their sale and to reach to the demand oriented areas the company could increase the number of DMOs. Also it is seen that in some places that includes the urban areas that medicines do not reach in time. And in rural areas it even takes 7-10 days. So, the Company should give more emphasis to improve their distribution network.

6. In order to increase their market share, the Company should increase the number of sales representatives. If they have a large number of sales

representatives, they would be able to reach to greater number of potential target customers, which in turn would increase sale of the Company.

7. As we have noticed, although the net sale of the Company increased, net profit didn't increase by the same proportion. The Company needs to effectively manage the production and operating costs (selling, distribution and administration expenses) to contribute more to their net profit.

8. The Company has no long term loan. They can use long term loan to finance potential investments.

9. The Company does credit sale to a very limited number of customers. They can improve their sales position by extending credit sale to a large number of potential customers.

10. The Company has substantial amount in reserve and surplus fund. They can use the fund for long and short term investments to maximize the wealth of the Company.

11. In payment procedure, the company makes immediate payment to the receiver. The Company can take the advantage where possible to delay the payment and use the fund for short term investment.

12. All the departments of the Company production, manufacturing, supply, marketing, finance should be well coordinated for efficient performance.

13. To sustain comfortably in the competitive market, the Company might consider to diversify their product line.

14. It is known that many medicines have to be kept in controlled temperature or temperatures below 20-18°C. But it is seen that in the majority of the retail stores it seen that there is no refrigerator. GSK can supply refrigerators to big stores. By this they can make an agenda that they provide even freezers to maintain the quality of the medicine.

15. The bulk of our populations are concentrated in the rural areas. It is seen that in some places there are no doctors and people are deprived of medical attention. People have to depend on local quacks. In these case GSK can employ qualified doctors, send them to these places along with medicine of their own. The doctors shall be offering free treatment. Also, areas in which an epidemic has broken or hit by natural calamity GSK can offer the same service.

5.2 Conclusion

GlaxoSmithKline's aim is to be the leading global Company in fighting disease and improving health. Their business is to meet the needs and expectations of their customers and patients by providing medicines, services and healthcare solutions that are of world class quality, innovative and cost – effective.

The sequence of our analysis suggests that, GlaxoSmithKline Bangladesh Ltd. is performing in more or less in an efficient manner. We have discussed various aspects of the Company like Human resources, information technology, product, marketing, distribution etc and observed that they are performing well to achieve the corporate goal. The financial performance evaluation depicts that the Company is in a good financial position and the financial condition is expected to improve in future. In the study, it is observed that, the activities of the company are expanding over the years. The Company's prospects provide them competitive advantage over others.

However, we have identified different problems of the organization and recommended different remedial methods.

We hope the evaluation, interpretation, opinions and remedial propositions of the problems that are suggested in the report would lead GSK Bangladesh Ltd. to sustain their growth, be competitive and continue to increase their market share. And further hope that the company will sustain its current trend of performance to maintain its success in the future.

Appendix - A
“Products Price List”

LOCALLY MANUFACTURED PRODUCT (PRICE) LIST

PRODUCTS & PACKS	TRADE PRICE Per pack	VAT 15%	TRADE PRICE Incl. VAT	MRP Incl. VAT Per Pack	MRP+ VAT/ TAB/CAP/INJ. BOTTLE/TUBE
1. Amitriptyline Tabs 25mg 500's	301.50	45.22	346.72	395.00	0.79
2. Actified (Exp.)Cough Syrup 100 ml	22.90	3.44	26.34	30.00	30.00
3. Beconase Aq. Nasal Spray 22mg	177.10	26.56	203.66	232.00	232.00
4. Berin Inj 10 ml	14.41	2.16	16.57	18.88	18.88
5. Berin Tablets 100 mg 100's	56.50	8.50	65.00	74.00	0.74
6. Betnelan Tablets 500's	267.50	40.12	307.62	350.00	0.70
7. Betnesol Drops 5 ml	26.33	3.95	30.28	34.50	34.50
8. Betnesol-N Drops 5 ml	26.72	4.00	30.72	35.00	35.00
9. Betnovate CL Oint 10 gm	19.08	2.86	21.94	25.00	25.00
10. Betnovate Cream 15 gm	20.47	3.07	23.54	26.82	26.82
11. Betnovate Oint 15 gm	22.72	3.41	26.13	29.77	29.77
12. Betnovate Rectal Oint 15 gm	21.87	3.28	25.15	28.65	28.65
13. Betnovate-N Cream 5 gm	11.78	1.76	13.54	15.43	15.43
14. Betnovate-N Oint 5 gm	11.55	1.73	13.28	15.13	15.13
15. Celin Tablets 250 mg 200's	122.14	18.32	140.46	160.00	0.80
16. Ceporex Caps 250 mg 100's	517.60	77.64	595.24	678.00	6.78
17. Ceporex Caps 500 mg 50's	477.10	71.57	548.67	625.00	12.50
18. Ceporex Syrup 100ml	63.36	9.50	72.86	83.00	83.00
19. Complavit Syrap 100 ml	15.73	2.36	18.09	20.60	20.60
20. Complavit Syrup 200 ml	28.70	4.31	33.01	37.60	37.60
21. Crystapen V syrap 50 ml	13.85	2.07	15.92	18.14	18.14
22. Crystapen V Tabs 250mg 500's	584.00	87.60	671.60	765.00	1.53
23. Cultivate Ointment 0.005% 10gm	57.25	8.59	65.84	75.00	75.00
24. Cultivate Cream .05% 10gm	72.52	10.88	83.40	95.00	95.00
25. Cytamen 1000 mcg 10 ml	19.08	2.86	21.94	25.00	25.00
26. Dermovate Cream 10 gm	38.00	5.70	43.70	49.78	49.78
27. Dermovate Oint 10 gm	42.00	6.30	48.30	55.02	55.02
28. Flixonase Aq. Nasal Spray 20 ml	229.00	34.35	263.35	300.00	300.00

IMPORTED PRODUCTS PRICE LIST

PRODUCTS & PACKS	TRADE PRICE Per Pack	INDICATIVE PRICE/ MRP(in RC)	Tab/Cap/Inj/ Bottle/Tube
1. Alkeren Tab 2 mg 25's	336.15	376.50	15.06
2. Angised Tab 0.5 mg 100's	152.68	171.00	1.71
3. Augmentin Tablets 375 mg 20's	583.00	656.00	32.80
4. Augmentin Syrup	183.10	206.00	206.00
5. Augmentin IV 1.2 gm	634.00		-
6. Augmentin IV 600 mg 10 Vials	750.00	840.00	84.00
7. Bactroban Ointment 15 gm	113.50	127.12	127.12
8. Becloforte Inhaler 250 mcg 200 doses	243.05	272.22	272.22
9. Becotide Inhaler 50 mcg 200 doses	193.00	216.15	216.15
10. Becotide Inhaler 100 mcg 200 doses	205.53	230.19	230.19
11. Eumovate Cream 25g	107.50	120.41	120.41
12. Eumovate Ointment 25 g	106.55	119.35	119.35
13. Epivir Tablet 150 mg 60's	7,189.82	8,052.60	134.21
14. Fortum inj 1 gm	272.20	304.86	304.86
15. Fortum inj 500 mg	180.72	202.41	202.41
16. Imuran Tab 50 mg 100's	706.25	791.00	7.91
17. Kemadrin Inj 2ml x 5	646.95	724.60	144.92
18. Kemadrin Tab 5 mg 100's	319.65	358.00	3.58
19. Lacipil Tab 2 mg 14's	70.80	79.30	5.66
20. Lacipil Tab 4 mg 14's	129.25	144.76	10.34
21. Lamictal Tab 50 mg 30's	853.90	956.40	31.88
22. Lanoxin Tab 0.25 mg 100's	111.60	125.00	1.25
23. Leukeran Tab 2 mg 25's	224.80	251.75	10.07
24. Lotrix Cream 30 gm	52.58	58.89	58.89
25. Myleran Tab 2 mg 100's	528.55	592.00	5.92
26. Oroxine Tab 50 mcg 200's	182.14	204.00	1.02
27. Polyfax Eye Oint 4 mg	111.60	124.98	124.98
28. Purinethol Tab 50 mg 25's	290.18	325.00	13.00
29. Retrovir Capsules 100mg 100's	2,549.10	2,855.00	28.55
30. Semprex Cap 8 mg 24's	163.93	183.60	7.65
31. Seretide Accuhaler 100mcg 60 dose	843.77	945.03	945.03

29. Fluvin-OD Tablet 150 mg X 10's	114.50	17.17	131.67	150.00	15.00
30. Fluvin-OD Tablet 50 mg X 30's	160.32	24.05	184.37	210.00	7.00
31. Grisovin FP 500 mg 100's	419.80	62.97	482.77	550.00	5.50
32. Kefdrin Capsule 250 mg 20's	107.00	16.05	123.05	140.20	7.01
33. Kefdrin Capsule 500 mg 20's	204.60	30.69	235.29	268.00	13.40
34. Kefdrin Granules 100 ml	64.89	9.73	74.62	85.00	85.00
35. Kemadrin Tablet 5 mg 100's	140.00	21.00	161.00	183.00	1.83
36. Laxenna Tabs 12 mg 100's	50.40	7.56	57.96	66.00	0.66
37. Laxenna Tabs 12mg 500's	252.00	37.80	289.80	330.00	0.66
38. Lonac Tab. 50mg 100's	72.00	11.00	83.00	95.00	0.95
39. Lonac SR Tabs 100mg 50's	152.50	22.88	175.38	200.00	4.00
40. Lorten Tabs 50 mg 250's	145.00	21.75	166.75	190.00	0.76
41. Lysiclox Caps 500 mg 100's	449.00	67.35	516.35	588.00	5.88
42. Lysiclox syrup 100 ml	33.72	5.05	38.77	44.17	44.17
43. Monoben Tablet 400 mg 25's	63.00	9.45	72.45	82.50	3.30
44. Neobacrin Oint 20 gm	18.04	2.70	20.74	23.64	23.64
45. Neosporin Eye Drops 5 ml	30.00	4.50	34.50	39.30	39.30
46. Noflam Tabs 200 mg 500's	336.00	50.40	386.40	440.00	0.88
47. Noflam Tabs 400 mg 100's	107.60	16.14	123.74	141.00	1.41
48. Otosporin Ear Drops 5 ml	34.35	5.15	39.50	45.00	45.00
49. Parapyrol Suspension 60 ml	9.72	1.45	11.17	12.73	12.73
50. Parapyrol Tablets 500's	213.50	32.02	245.52	280.00	0.56
51. Peflon Tablet 400 mg 50's	324.45	48.67	373.12	425.00	8.50
52. Pentamox Caps 250 mg 100's	257.10	38.57	295.67	337.00	3.37
53. Pentamox syrup 100ml	33.76	5.06	38.82	44.22	44.22
54. Piriton Syrup 100ml	10.68	1.60	12.28	13.99	13.99
55. Piriton Tab 4 mg 500's	76.50	11.47	87.97	100.00	0.20
56. Prednisolone Tabs 500's	286.00	42.90	328.90	375.00	0.75
57. Septrin-DS Tab 960 mg 100's	152.70	22.90	175.60	200.00	2.00
58. Stibatin inj 10 ml	83.8	12.54	96.12	109.49	109.49
59. Sudafed Tab. 60 mg 100's	152.00	23.00	175.00	200.00	2.00
60. Tinatrim Cream 10 gm	26.39	3.96	30.35	34.57	34.57
61. Ventolin Liquid 100 ml	12.16	1.82	13.98	15.93	15.93
62. Ventolin SR Tabs 8 mg 250's	146.50	21.98	168.48	191.98	0.77
63. Ventolin Tabs 2 mg 500's	99.00	14.85	113.85	130.00	0.26
64. Ventolin Tab 4 mg 500's	129.50	19.42	148.92	170.00	0.34
65. Ventollin Resp Solution 20 ml	130.00	19.50	149.50	170.30	170.30
66. Zantac Tab 150mg 60's	183.00	27.45	210.45	240.00	4.00
Dextrose					
1. Dextrose 100gm	11.91	1.79	13.70	14.70	14.70
2. Dextrose 200gm	20.48	3.07	23.55	25.20	25.20
3. Dextrose 400 gm	36.58	5.49	42.07	45.00	45.00

Appendix - B
“Questionnaire”

32. Seretide Accuhaler 250mcg 60 dose	1,014.31	1,136.03	1,136.03
33. Tracrium Inj 2.5ml x 5	347.77	389.50	77.90
34. Ultiva Inj 1 mg 3 ml x 5	1,100.20	1,232.20	246.44
35. Ultiva Inj 2 mg 3 ml x 5	1,856.60	2,079.40	415.88
36. Ventolin Inhaler 200 Doses	150.32	168.36	168.36
37. Ventolin Inj 0.5 mg/ml 1 ml x 5	169.90	190.30	38.06
38. Ventolin Nebules 2.5 mg 30's	402.60	450.90	15.03
39. Ventolin Solution IV inf. 5ml x 10	1628.70	1824.15	182.42
40. Zantac Inj 2 ml x 5	213.84	239.50	47.90
41. Zeffix Tablets 100 mcg 28's	2,565.08	2,872.80	102.60
42. Zinacef Inj 750 mg	139.58	156.33	156.33
43. Zinnat Tabs 125 mg 10's	169.82	190.20	19.02
44. Zinnat Tabs 250 mg 10's	322.14	360.80	36.08
45. Zinnat Suspension 125mg/5ml 70ml	314.05	351.75	351.75
46. Zovirax Eye Oint 4.5 gm	203.10	227.50	227.50
47. Zovirax Tab 200 mg 25's	557.14	624.00	24.96
48. Zovirax Cream 5 gm	208.50	233.00	233.00
49. Zyloric Tablets 300 mg 30's	175.20	196.20	6.54
<u>VACCINE</u>	Trade Price Per Pack	Indicative Price/ MRP(including Retailers commission)	
1. Engerix-B 0.5 ml	247.00	278.00	
2. Engerix-B 1ml	395.00	445.00	
3. Engerix-B 10 ml	3,280.00	3,545.00	
4. Varilrix 0.5 ml	1,155.00	1,324.00	
5. Hiberix 0.5 ml	700.00	787.00	
6. Priorix 0.5 ml	385.00	433.00	
7. Typherix 0.5 ml	282.00	317.00	
<u>EQUAL</u>			
1. Equal Sachets 1 gm x 25's	48.00	55.00	2.20
2. Equal Dispenser 100's	55.00	63.00	0.63
3. Equal Spoonful 45 gm Jar	175.00	200.00	200.00

21. If there any provision of promotional pricing, geographical pricing, value pricing?
22. Who are your main competitors?
23. Do you set any kind of selling target?
24. Which is your most demanded product?
25. Do you have any marketing information system?
26. Is the change that you bring to your packaging chronological?
27. How does the size of medicine packs vary?
28. Does the Company follow the packaging strategy according to the demand of the customers?
29. Does the Company sets the packaging policies in terms of geographical regions?
30. Does your packaging size differ (like large or small) to satisfy the demand of the customers?
31. Does the Company have any fixed strategy of periodic changes in the pattern of packaging?
32. Do you change your packaging to attract customers (like color, style etc.)
33. Do you give attention on labeling?
34. As a promotional strategy, does the marketing representatives goes to the doctors to explain the merits and demerits of the products?
35. To let the doctors know about its products, does the company use mail?
36. Does the company publish the results that are obtained from the research done by GSK are into different medical journals?
37. Does the Company arrange different discussions on medicines of all types and kinds?
38. Does the Company form medical teams doctors along with GSK medicine and send them to areas which are deprived of medical attention or areas in which an epidemic has broken or hit by natural calamity.

Questionnaire

Marketing Department

1. What types of marketing approach do you follow?
2. In the pharmaceutical industry where do you place your self?
3. Please discuss about your distribution process and what are the different modes of transport that you use.
4. How are the imported medicines distributed?
5. How are their locally produced medicines distributed?
6. Are the medicines supplied to the adjoining areas from the central units?
7. How are the required raw materials supplied? (from outside the country and within the country)
8. How many medicine do they produce and their generic types.
9. Which medicine is the most demanded in the market?
10. On what basis do you set a price for a particular product?
11. As a multinational company how much appeal does the brand name have on the promotional concerns along with the ultimate consumers.
12. What are different models of consumer behavior that you consider for pricing a product?
14. What are different types buying decision behavior that you have to consider?
15. Do you offer any kind of discounts to your customers and retailers?
16. Do you enjoy any kind of competitive advantage?
17. Who is your target market?
18. What types of promotional strategies do you take to promote your target market?
19. As a promotional executive how do you feel being bared from using mass media?
20. Do you have any recycling process in your factory?

Human Resource Department

1. Does the Company have adequate number of employees?
2. What is the nature of employment?
3. Why the number of employees decreased from the year 1991 to 1996?
4. How is their salary package? Kinds of benefits they provide to their employees.
5. Do the Company have motivating systems – like reward, Incentive, punishment etc?
6. Do the HRD provide training to its employees?
7. Do the Company have any foreign expert at present as it's a multinational Company?
8. What are the prospects and problems of the Company and suggested recommendations?

39. Does GSK presents, gifts of the kind, pen, pencil, paperweight, diary (with the respective doctors name printed on the cover), telephone index, clocks etc to the decision makers of their commercializing commodities.
40. Explain what kind of impacts does the government have on your business?
41. Does the Company face the problem of adulteration? In order to avoid this problem, what steps does the company follow?
42. Does the Company enjoy Monopoly for any of its medicine?
43. Does the Company enjoy the benefit of patent for any of its medicine?
44. Does the company use any intermediaries, for transmission of their products to the final users.
45. Does the Govt. give a price ceiling?
46. Does the Company have the flexibility up to a great extent to fix the price for a product on which GSK has obtained patents?
47. Does the Company make free drugs available to people who can't afford?
48. What are the prospects and problems of the Company and suggested recommendations?

Accounts and Finance Department

1. How much GSK contributes to the national exchequer?
2. Does the company practice cash sale mainly?
3. Do they also practice credit sale and sale on contract? If yes, to whom mainly?
4. Does the Company has any substantial long term loan?
5. Does the Company incur bad debt?
6. Are all the departments well coordinated?
7. In payment to others, does the Company pay promptly or take advantage of delay to invest in short term?
8. What are the prospects and problems of the Company and suggested recommendations?

Appendix - C
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