



MARTIN AND HARRIS  
LABORATORIES LTD.



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# Martin & Harris Laboratories' Ltd.

Unlisted Share Analysis

## ABOUT COMPANY

### **Martin & Harris Laboratories' Ltd**

incorporated in 1996 at Gurgaon, Haryana is a part of "Apeejay Group", India's oldest and largest business conglomerates.

Martin & Harris Laboratories Ltd is engaged in manufacturing of pharmaceutical, medicinal, chemical & botanical products. It provides - bactericidal antibiotic, parkinson disease, vaginal infections, antispasmodic drugs, fertilization medicines, progestin medication, vitamin medicines, anabolic steroids, hormonal medicines, ovulatory stimulants, etc.

Besides the core pharma business, it also does management of its funds through investment in different avenues fetching good returns i.e mutual funds, equity - quoted & unquoted, etc. For doing this business, they have a subsidiary with the name Delite Infrastructure Limited.

Martin and Harris Laboratory has an alliance with Walter Bushnell for marketing of products manufactured by Martin and Harris Laboratory.

### **Walter and Bushnell**

Walter Bushnell, as a member of the Svrán Group's Pharmaceutical Vertical, has a long and successful presence in India as one of India's most well established pharmaceutical companies with a focus on the marketing of innovative therapies through science led promotion. Walter Bushnell has over the years introduced several unique, innovative and/or first-time-in-India products. As an indication of quality, products marketed by it are manufactured in varied state of the art manufacturing plants with Schedule M, WHO-GMP, USFDA, EU, Japan, ISO 9001 and ISO 14001 accreditations respectively.

Walter Bushnell further works closely with the various Business Units of the Group's Pharma Vertical which include operations in: Manufacturing of Formulations, APIs and Intermediates with Exports to Six Continents Research & Development with numerous Global Patent Filings Pharma Distribution - both Domestic and International.



## Apeejay Group

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Apeejay Group, with an annual turnover of more than INR 2,500 crore, was set up by Pyare Lal, a young patriot, who built a small unit in Jalandhar to manufacture steel goods for the domestic agricultural market in 1910. The Group ventured into hotels, real estate, construction and pharmaceuticals in the year 1960s, acquiring a controlling interest in British companies such as Martin Harris and Walter Bushnell, leading manufacturers of antibiotics, anti-malarial and anti-angina drugs of their time.

By November 1967, the first hotel had opened for business in the fashionable Park Street of Calcutta. The Group established schools taking forward its fresh approach to education that nurtured children to become all-rounders and good citizens.

Later on the legacy of Shri Pyare Lal was carried out by his sons Surrendra and Stya. And, accordingly, the group was divided into two parts i.e. Apeejay Surrendra and Apeejay Stya Group.

Today, Apeejay Stya Group manages Martin and Harris Laboratory i.e. Pharma Business along with Apeejay Education Society and the Apeejay Stya Universities. Dr Stya Paul's legacy of excellence is being carried forward by his daughter and only child, Mrs Sushma Paul Berlia, Chairman of the Apeejay Education Society.

Apeejay Surrendra Group business activities are presently oversee by his son and daughters i.e. Priya, Priti and Karan Paul.

## Manufacturing Units of Martin and Harris Laboratory

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Martin & Harris Laboratories have a couple of manufacturing facilities in Roorkee (Uttarakhand) and Una (Himachal Pradesh) wherein they manufacture some famous medicines like Drotin Plus, Amclox, Venusmin and Tamsin etc which are having high demand in the market.

The company is constantly taking steps to modernise and expand its manufacturing units to meet international standards..

## Famous Medicines of the Martin and Harris

Martin & Harris Laboratories have a couple of manufacturing facilities in Roorkee (Uttarakhand) and Una (Himachal Pradesh) wherein they manufacture some famous medicines like Drotin Plus, Amclox, Venusmin and Tamsin etc. which are having high demand in the market.

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### A) Venusmin

Venusmin 300 Tablet is used in the treatment of acute or chronic hemorrhoids, varicose veins, and lymphedema. It improves blood flow in the veins and restores its function.

### B) Tamsin

Tamsin 0.4mg Tablet PR is an alpha-adrenergic antagonist that is used in the treatment of benign prostatic hyperplasia. It helps to relieve symptoms like difficulty in passing urine. However, it does not decrease the size of the prostate.



### C) Drotin Plus

Drotin Plus Tablet is a combination medicine used in the treatment of abdominal pain. It works effectively to reduce abdominal pain, bloating, discomfort and cramps by relaxing the muscles of the stomach and gut. It also blocks certain chemical messengers that cause pain and fever.



### D) Smartilon 20

TSmartilon 20 Tablet is a combination of two medicines used for contraception (to prevent pregnancy) and in the treatment of irregular periods.



### E) Amclox

Amclox Capsule is a combination medicine that is used to treat various types of bacterial infections. It fights against the microorganisms to prevent their growth and further spread of the infection.

### F) Foligest

Foligest 150I.U Injection is used in the treatment of female infertility. It is used in women who have a problem with ovulation or are undergoing fertility treatments like in-vitro fertilization.



For more details on brands and medicines which Martin and Harris Laboratory manufacture, please check out the link below.

<https://walterbushnell.com/therapy-and-brands/>

## Awards and Recognitions in the Past

Martin & Harris Laboratories limited (Manufacturing Arm of Walter Bushnell), has been bestowed with the prestigious "Pharma Excellence Awards-2018 by apex industry chamber ASSOCHAM. Martin & Harris Laboratories limited has been presented this prestigious honor for "Best Innovation in Process & Formulation Development. The award was given by Dr. Promila Gupta, Director General of Health Services, Ministry of Health & Family Welfare, Govt of India. Mr. Nishant Berlia, Member-Management board, Apeejay Styra & Svrn Group, received the award at a glittering ceremony on May 9, at the Pharma conclave 2018, held at New Delhi. The Conclave aimed at strengthening the Indian Pharmaceutical Industry through R&D and innovation.

# Industry Overview of Pharmaceuticals

## Introduction

India is the largest provider of generic drugs globally. The Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. Globally, India ranks 3rd in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units.

India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

## Market Size

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market is estimated at US\$ 42 billion in 2021 and likely to reach US\$ 65 billion by 2024 and further expand to reach ~US\$ 120-130 billion by 2030.

India's biotechnology industry comprises biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics. The Indian biotechnology industry was valued at US\$ 64 billion in 2019 and is expected to reach US\$ 150 billion by 2025.

India's medical devices market stood at US\$ 10.36 billion in FY20. The market is expected to increase at a CAGR of 37% from 2020 to 2025 to reach US\$ 50 billion.

As of August 2021, CARE Ratings expect India's pharmaceutical business to develop at an annual rate of ~11% over the next two years to reach more than US\$ 60 billion in value.

In the global pharmaceuticals sector, India is a significant and rising player. India is the world's largest supplier of generic medications, accounting for 20% of the worldwide supply by volume and supplying about 60% of the global vaccination demand.

The Indian pharmaceutical sector is worth US\$ 42 billion and ranks 3rd in terms of volume and 13th in terms of value worldwide.

In August 2021, the Indian pharmaceutical market increased at 17.7% annually, up from 13.7% in July 2020. According to India Ratings & Research, the Indian pharmaceutical market revenue is expected to be over 12% Y-o-Y in FY22.

## Exports

India's drugs and pharmaceuticals exports stood at US\$ 24.44 billion in FY21. India is the 12th largest exporter of medical goods in the world. The country's pharmaceutical sector contributes 6.6% to the total merchandise exports. As of May 2021, India supplied a total of 586.4 lakh COVID-19 vaccines, comprising grants (81.3 lakh), commercial exports (339.7 lakh) and exports under the COVAX platform (165.5 lakh), to 71 countries. Indian drugs are exported to more than 200 countries in the world, with the US being the key market.

Generic drugs account for 20% of the global export in terms of volume, making the country the largest provider of generic medicines globally. India's drugs and pharmaceuticals exports stood at US\$ 3.76 billion between April 2021 and May 2021. The foreign direct investment (FDI) inflow in the Indian drugs and pharmaceuticals sector stood at US\$ 18.12 billion between April 2000 and June 2021.

The foreign direct investment (FDI) inflows in the Indian drugs and pharmaceuticals sector reached US\$130 million between April 2021 and June 2021. In FY21, North America was the largest market for India's pharma exports with a 34% share and exports to the U.S., Canada and Mexico recorded a growth of 12.6%, 30% and 21.4%, respectively.

Source : <https://www.ibef.org/>

## Management Team of Martin and Harris Laboratory

- |                        |   |          |
|------------------------|---|----------|
| A) Harnam Thakur Singh | - | Director |
| B) Shanker Laad Laxman | - | Director |
| C) Ajay Grover         | - | Director |
| D) Gopal Krishna Nigam | - | Director |

## Shareholding Pattern of Martin and Harris Laboratory



## Revenue Profile

As we have already mentioned above that company has two lines of businesses, i.e. Pharma and Investment in Listed and Unlisted stocks. In FY21, they have clocked a revenue of Rs. ~336 Crores. And, out of which ~138 Crores was from Pharma Business and ~196 Crores came from investment business.

Following is the financial information of Martin and Harris and its subsidiary Delite Infrastructure for FY20-21. Delite Infrastructure is the investment arm of Martin and Harris Laboratory. (All figures in Cr)

### Martin and Harris laboratories

#### Revenue (Cr)

Sales of FnO Instruments	138
Other Income (Sale of Investment)	0
<b>Total Revenue</b>	<b>138</b>

EBIT	62
Capital Employed	350
ROCE	17.71%

### Delite Infrastructure

#### Revenue (Cr)

Sales of FnO Instruments	29
Other Income (Sale of Investment)	167

EBIT	160
Capital Employed	400
ROCE	40.00%



## Consolidated financials of Martin and Harris

(fig. in Crores)

Year	Total Income	EBITDA	PAT	EPS	F.V.
2014	67	13	10	24	10
2015	73	18	20	50	10
2016	108	35	26	65	10
2017	137	42	28	72	10
2018	177	81	60	148	10
2019	289	93	72	181	10
2020	296	94	70	180	10
2021	336	224	177	443	10

- A) In the last 7 years, the revenue has grown from 67 Cr to 336 Crores. Excellent CAGR of 30% in the last 7 years.
- B) EBITDA has grown from 13 Crores to 224 Crores at a staggering 60% CAGR growth rate in the last 7 years.
- C) PAT has grown from 10 Crores to 177 Crores at a ~61% CAGR growth.
- D) Company is completely debt free.
- E) Pharma Business has generated ROCE of 17% and Investment business has generated ROCE of 40%.

## Valuations of Martin and Harris Laboratory

As on 27.01.2022, it is trading at Rs.2850-2950 in the unlisted market. The average P/E of the last 3 years is ~270 per share. So, on that basis, it is trading at P/E of 10x-11x per share.

Even if you take only the pharma business, it has earned a PAT of 40 Crores in FY21. And, with ~39 Lakh shares outstanding, the EPS of pharma business would be ~102 per share.

On that basis, it is trading at P/E of 28 per share. If you take Nifty Pharma, which on 27.01.2022 trading at P/E of 33x, Martin and Harris Looks undervalued even on Pharma business alone. If we take the whole business, it is a highly under-valued stock.



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