

Details of the Issue

Price Band	₹ 396- ₹ 400
Issue Size	₹ 100 Cr
Opening Date	Feb 15, 2021
Closing Date	Feb 17, 2021
Face Value	₹10
Bid Lot	35
Listing on	BSE, NSE

Objects of the Issue

To meet the working capital requirements of the business.
To meet general corporate purposes.

Lead Managers

ITI Capital Ltd

Registrar

Link Intime India Private Ltd

Investment Details

No. of shares at cut-off	490
Max. Amount to be paid	₹ 1,96,000

Minimum Bid

Quantity	35
Amount	₹ 14,000

Company Background

Nureca is a B2C company engaged in the business of home healthcare and wellness products, which offers quality, durability, functionality, usability and innovative designs. They enable customers with tools to help them monitor chronic ailments and other diseases, to improve their lifestyle.

Channels of distribution - online channel partners such as e-commerce players, distributors and retailer as well as own website drtrust.in.

Product categories -

- ✓ **Chronic Device Products** - blood pressure monitors, pulse oximeters, thermometers, nebulizers, self monitoring glucose devices, humidifier and steamers
- ✓ **Orthopedic Products** - which includes rehabilitation products such as wheelchairs, walkers, lumbar and tailbone supports and physiotherapy electric massagers
- ✓ **Mother and Child Products** - which includes products such as breast pumps, bottle sterilizers, bottle warmers, car seats and baby carry cots
- ✓ **Nutrition Supplements** - which includes products such as fish oil, multivitamins, probiotics, botin, apple cider and vinegar
- ✓ **Lifestyle Products** - which includes products such as smart scales, aroma diffusers and fitness tracker

Promoter - Saurabh Goyal has over 10 years of experience in the home healthcare sector

Strengths & Strategies

Asset light business model

The business model relies on the ability to design products that are of good quality, innovative and functional, through optimal sizing from a suitable manufacturer or vendor and long standing relationship with vendors. They enter into agreements with vendors who manufacture the products as per the specifications and this allows Nureca to scale our operations quickly at a pre-determined cost without incurring any capital expenditure on manufacturing facilities.

Penetrating into new geographies

In the market channel, Nureca plans to increase penetration by increasing counters where the brands are present and add sales promoters to high performing stores. It will also focus on expanding distribution in lower tier towns. As part of our strategy, it plans to continue to develop relationships with wholesale distributors by ramping up dealer and distributor networks.

New Product Launches

Nureca has registered and applied for registration of various brands under various classes of trademark, which are not related to their current line of business. The sale from these categories is insignificant. However, the company may invest in these and intend to grow these in the future.

COVID-19 - Risks & Responses

- ✓ COVID has caused disruptions in the business in terms of shortage of manpower, delayed shipments, increased freight, rise in raw material costs, delay in sales realisations etc.
- ✓ Despite this, the business and operations have continued to run effectively due to the general awareness about the healthcare products in which the company operates pursuant to COVID-19.
- ✓ Though the business has been affected during the initial days of lockdown, it has not faced any material impact on the business.

Source: RHP, GEPL Capital Research

Valuation & Recommendation

The revenue from operations has grown from Rs 20 cr in FY18 to ~Rs 100 cr in FY20. PAT margins have also improved significantly to ~31% in Q1FY21 led by improvement in channel mix and cost efficiencies. Owing to the asset light nature of the business, the ROE for FY20 is at ~42%.

The diversified portfolio range, growth in the home healthcare segment and higher online channel mix are estimated to drive profitability in the years to come.

We recommend a SUBSCRIBE rating to the issue.

Financial Snapshot

Particulars (₹ million)	H1FY21	2020	2019	2018
Equity Share capital (A)	70	0.1	0.1	0.1
Other Equity (B)	446.45	149.24	79.35	17.1
Net worth (C=A+B)	516.45	149.34	79.45	17.2
Total Income	1229.73	994.87	619.83	200.69
Net Profit after tax	361.8	63.95	62.25	31.12
Earnings per share (Diluted)	51.69	9.14	8.89	4.45
Net asset value per Equity Share (E=C/D)	73.78	14934	7945	1720
Total Borrowings (H=F+G)	80.17	91.49	-	-

(In ₹ million except per share data)

(half yearly data not annualized)

Source: RHP, GEPL Capital Research

NOTES

GEPL CAPITAL Pvt Ltd (formerly known as Gupta Equities Pvt. Ltd.)
 Head Office: D-21/22 Dhanraj mahal, CSM Marg, Colaba, Mumbai 400001
 Reg. Office : 922-C, P.J. Towers, Dalal Street, Fort, Mumbai 400001

Associate Analyst - Gaurav Hinduja

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