

Nureca Ltd : Good Issue

IPO Note : Healthcare & wellness products : Good Growth, Margins & Low Debt : T-group

Listing : Concerns are a continuation of high growth in HIFY21 and a family Dispute

Ranking***



Issue details

Price band (Rs)	Rs.396-400
IPO Opening Date	15/02/21
IPO Closing Date	17/02/21
Issue Size	Rs.100 Cr.

Recommendation

On the financial performance front, for the last three fiscals, on a consolidated basis, NURECA has posted total income/net profits of Rs. 20.07 cr. / Rs. 3.11 cr. (FY18), Rs. 61.98 cr. / Rs. 6.27 cr. (FY19) and Rs. 99.49 cr. / Rs. 6.40 cr. (FY20). For the first half ended on September 30, 2020, it has earned a net profit of Rs. 36.18 cr. on a turnover of Rs. 122.97 cr. According to management, the company has reaped benefits from the ongoing pandemic and such performance is likely in the near term with changing lifestyle and rising awareness for hygiene and health related products. If we attribute annualize latest earnings on fully diluted post issue equity, then asking price is at a P/E of around 5.53, which makes it lucratively priced offer. Based on last three fiscals' average EPS the P/E stands at 64.41 and on FY20 earnings, the P/E comes 58.35. **High Growth coupled with High Margins especially in the first half of 2021. Continuation of such high growth is a challenge. To be listed in T Group. One with a high risk appetite may consider this IPO.**

Highlights

- **NURECA Ltd. (NURECA) is a B2C company engaged in the business of home healthcare and wellness products which offers quality, durability, functionality, usability and innovative designs.**
- **the company has received 66 trademarks, 6 copyrights and 92 designs registration and has applied for more 12 trademark registration.**
- **Currently, the company's 95% revenue comes from e-commerce and digital channels. It is now expanding its offline outlets and has a marketing team of 21 employees and overall 74 headcounts as on December 31, 2020**

Company Introduction

Incorporated in 2016, Nureca Limited is a healthcare and wellness products distributor. The company aims to offer the best quality, durable, and innovative tools to customers to monitor chronic diseases to improve their lifestyle. The firm has a well-diversified product portfolio including Chronic Device Products, Orthopedic products, Mother and Child products, Nutrition Supplements, and Lifestyle products to meet the Indian healthcare market requirements. It is the first digital company to sell such products through its website drtrust.in and other online partners i.e. e-commerce players, retailers, and distributors.

According to WHO, markets for such devices is expected to grow at a CAGR of 10% + and India is the major market with around 84%+ market share. NURECA is marketing its products in India on its own website drtrust.in and also using third-party e-commerce platforms, distributors and retailers. According to management, since the onset of the COVID-19

NUREÇA

www.nureca.com

Financial Summary (Rs. In Crore)

Particulars	Six months ended Sept. 30, 2020	FY2020	FY2019	FY2018
Total Income	122.97	99.48	61.98	20.07
Net Profit	36.18	6.39	6.22	3.11
EPS (Rs)	36.18*	6.39	6.22	3.11

*EPS not annualized

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

pandemic in March 2020, the company has responded swiftly by implementing various processes to ensure continuous and seamless operations that have resulted in the boosted top and bottom lines. NURECA is selling its products under the brand names of "Dr.Trust", "Dr. Physio" and "TRUMOM".

Company Promoters:

Saurabh Goyal is the promoter of the company.

Objects of the Issue:

The IPO proceed will be utilized towards following purposes:

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

IPO Issue Proceed

To part finance its plans for incremental working capital (Rs. 75 cr.) and general corpus fund needs, the company is coming out with a maiden IPO worth Rs.100 cr. The company has fixed the price band of Rs. 396 - Rs. 400 per share of Rs. 10 face value. Based on the upper price band, the company will be issuing approx. 2500000 shares. It has reserved shares worth Rs. 1 cr. for eligible employees and will offer a discount of Rs. 20 per share to them. Minimum application is to be made for 35 shares and in multiples thereof, thereafter. The issue opens for subscription on February 15, 2021, and will close on February 17, 2021. Post allotment, shares will be listed on BSE and NSE. Issue constitutes 25% of the post issue paid up capital of the company. NURECA's current paid-up equity capital of Rs. 7.50 cr. will stand enhanced to Rs. 10.00 cr. post issue. Based on the upper band price of the IPO, it is looking for a market cap of Rs. 400 cr.

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