



IPO Snapshot – Nureca Limited

12-February-2021

Issue Snapshot:

Issue Open: Feb 15 – Feb 17, 2021

Price Band: Rs. 396 – 400 (Discount of Rs 20 for Eligible Employee)

*Issue Size: 2,500,000 eq shares

*Issue Size: Rs. 100.0 cr

Reservation for:

QIB at least 75% eq sh
 Non Institutional upto 15% eq sh
 Retail upto 10% eq sh

Face Value: Rs 10

Book value: Rs 73.78 (Sep 30, 2020)

Bid size: - 35 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity: Rs. 7.5 cr

Post issue Equity: Rs. 10.0 cr

Listing: BSE & NSE

Book Running Lead Manager: ITI Capital Limited

Registrar to issue: Link Intime India Private Limited

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	93.3	70.0
Public & Employee	6.7	30.0
Total	100.0	100.0

Source for this Note: RHP

* = assuming pricing at higher end of band

Background & Operations:

Nureca Limited (NL) is a B2C company engaged in the business of home healthcare and wellness products, which offers quality, durability, functionality, usability and innovative designs. It enables its customers with tools to help them monitor chronic ailments and other diseases, to improve their lifestyle. It is a digital first company wherein it sells its products through online channel partners such as e-commerce players, distributors and retailer. Further, it also sells its products through its own website drtrust.in. NL has most of the product lines supporting home health market in India, making it a one-stop solution provider. Dr Trust is a known for its innovative products in the market, and, with the segment showing significant potential for growth, The Company is positioned to show significant growth.

NL has a diversified product portfolio, which primarily caters to home healthcare sector. It provides an improved product mix to its customers and their preferences thereby targeting a wider customer base. Its growth is further driven by its ability to make available an assortment of quality products under trusted brands built by the Company.

Currently, products of NL is classified as portfolio under the following five categories such as:

Chronic Device Products - which includes products such as 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.

NL continue to engage in various marketing initiatives to build brand awareness and recall value for its products and to grow its market share. In addition to leveraging and engaging its distribution network for marketing initiatives, it also undertake direct promotional initiatives like advertising its products through digital marketing.

NL's revenue from operations on a consolidated basis was Rs.994.26 million, Rs 618.97 million and Rs 200.51 million for Fiscal 2020, 2019 and 2018, respectively and Rs 1,221.45 million for the six months period ended September 30, 2020. Its revenue from operations has grown at a CAGR of 122.68% during Fiscal 2018 to 2020. Restated profit after tax on a consolidated basis was Rs 63.95 million, Rs 62.26 million and Rs 31.12 million for Fiscal 2020, 2019 and 2018, respectively and Rs 361.80 million for the six months period ended September 30, 2020. Its net profit has grown at a CAGR of 43.35% during Fiscal 2018 to 2020.

Objects of Issue:

NL proposes to utilise the Net Proceeds towards funding the following objects

- Funding incremental working capital requirements of the Company; and
- General corporate purposes.

Further, the Company expects to receive the benefits of listing of the Equity Shares, including to enhance its visibility and its brand image among its existing and potential customers and creation of a public market for its Equity Shares in India.

Competitive Strengths

- Strong portfolio of products and consistent focus on quality and innovation
- Asset light business model and competitive products

- Combination of technical expertise and understanding of Indian consumer preference
- Experienced Promoter with strong senior management team having domain knowledge

Business Strategy:

- Diversifying and strengthening NL's market by enabling it to cater to a wide range of geographies and customer Segments.
- Strengthening business through product innovation and new product launches.
- Strengthening up business through effective branding, promotional and digital activities.
- Retain and attract the best talent and develop a performance focused culture

Key Concerns:

- Depends on third parties to manufacture its products
- Depends heavily on channel partners such as third party e-commerce players, distributors and retailers and failure to manage the distribution network efficiently will adversely affect its performance.
- Dependent on the maintenance of existing product lines and service relationships, market acceptance of new product and service introductions and innovations for revenue and earnings growth.
- Experienced negative cash flows, and may continue to do so in the future, which could have a material adverse effect on NL's business, prospects, financial condition, cash flows and results of operations.
- Certain unsecured loans have been availed by the Company which may be recalled by lenders at any time.
- If NL is unable to implement its marketing strategy in a cost-effective timely manner or at all, then its business, results of operations and financial condition would be adversely affected.
- NL may not be able to correctly assess the demand for its products, which may adversely affect the business, financial condition and results of operations.
- NL have significant working capital requirements for a continuing growth. Its inability to meet working capital requirements may adversely affect the results of operations.
- NL has a limited operating and financial history, which makes it difficult to accurately assess future growth prospects
- Products and services are highly sophisticated and specialized, and a major product failure or similar event could adversely affect the business, reputation, financial position and results of operations.
- If NL is unable to maintain and enhance brand or fail to cost-effectively develop widespread brand awareness and maintain its reputation, or if it fails to achieve and maintain market acceptance for its healthcare services or any negative publicity, its business could suffer.
- The availability of look-alikes, counterfeit healthcare devices, primarily in domestic market, manufactured by other companies and passed off as NL's products, could adversely affect the goodwill and results of operations
- Faces intense competition and may not be able to keep pace with the rapid technological changes in the health product devices industry.
- Relies on third-party transportation providers for procurement of healthcare devices and for supply of its products and failure by any of its transportation providers could result in loss in sales.
- Business has been affected by the COVID-19 pandemic and may continue to affect its business, results of operations and financial condition.
- Significant challenges or delays in Company's innovation and development of new products, technologies and indications could have an adverse impact on the Company's long-term success.
- If NL is unable to collect its dues and receivables from its clients, its results of operations and cash flows could be adversely affected.

- Faces foreign exchange risks that could adversely affect the results of operations and cash flows.
- Inability to obtain, renew or maintain statutory and regulatory permits and approvals required to operate business may have a material adverse effect on the business, financial condition and results of operations.
- Relies extensively on operational support systems, including information technology systems in managing supply chain, procurement process, logistics and other integral parts of the business, failure of which could adversely affect the business, financial conditions and results of operations.
- The COVID-19 pandemic, or any future pandemic or widespread public health emergency, could materially and adversely impact NL's business, financial condition, cash flows and results of operations.
- Fluctuations in the exchange rate between the Rupee and foreign currencies could have an adverse effect on the value of the Equity Shares in those currencies, independent of its operating results.

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