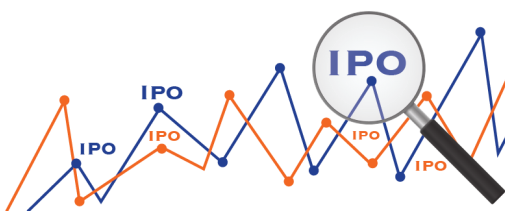




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Issue Opens	Monday, February 15, 2021
Issue Closes	Wednesday, February 17, 2021
Price Band (in Rs)	396/400
Bid Lot	35 shares and multiples thereafter



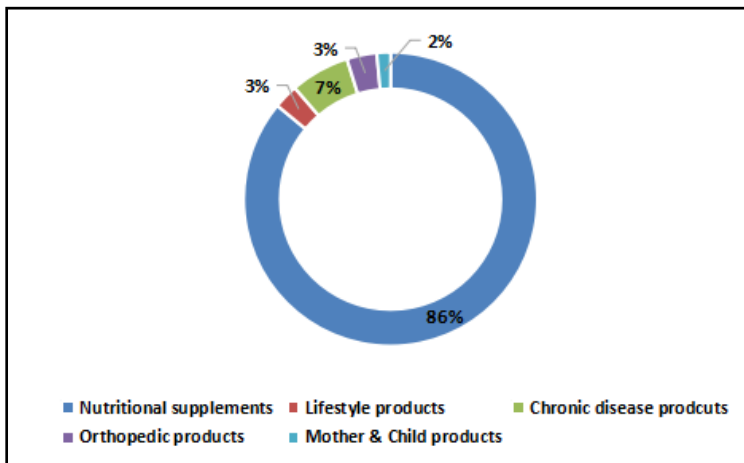
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Home Health Product Market Overview:

The Home Health product market comprises of equipments put to use in order to monitor and diagnose any disease. These products are in addition to the products used to treat any disorder therapeutically. This market is bifurcated into: Chronic disease products, Lifestyle products, Nutritional supplements, Orthopedic products and Mother & Child products. The Home Health market in India and neighbouring countries is estimated at Rs20,757cr in 2019 and is expected to grow to Rs38,920.7cr by 2025; CAGR of 11.0%. Nutritional supplements segment forms ~86% of the total Home Health market followed by Chronic disease products segment at 6.5%. Highest growth is expected in Lifestyle products, especially fitness trackers, at a CAGR 14.5%.

Exhibit 01: Home Health Market, India and Neighbouring Countries, 2019

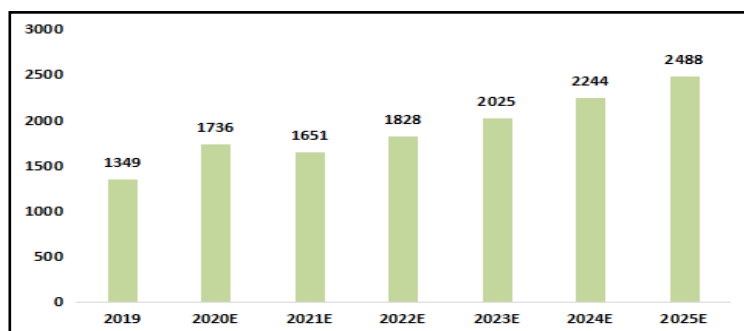


Source: Company RHP, Progressive Research

Classification of Home Health Product Market:

(i) Chronic Disease Products: Self-monitoring devices such as blood pressure, oxygen saturation, blood glucose, temperature, helps patient manage for chronic ailments such as heart disease, hypertension, diabetes and respiratory illnesses. Devices, like oxygen concentrators, nebulizers, humidifiers and steamers, are important tools for treatment of patients in healthcare institutions as well as home. The chronic disease products market in India and neighbouring countries was estimated at Rs1,348.6cr in 2019 and is anticipated to grow at CAGR 10.7%, to reach Rs2488.4cr by 2025.

Exhibit 02: Chronic Disease Products Market (in Rs cr) for India and Neighbouring Countries- 2019-2025E



Source: Company RHP, Progressive Research

SNAPSHOT		
Issue Opens	Monday, February 15, 2021	
Issue Closes	Wednesday, February 17, 2021	
Price Band (Rs)	396/400	
Bid Lot	35 shares and multiples thereafter	
Face Value	Rs10	
Listing	BSE & NSE	
Type of Issue	Fresh Issue	
Offer Size (Rs Mn)	Fresh Issue	1,000
	OFS	-
	Total	1,000
*Implied Market Cap (Rs Mn)	4,000	
P/E (based on FY20 Earnings)*	62.5	

*Note: Implied Market Cap & P/E are calculated at upper price band of Rs400

Issue Allocation	
Reservations	% of Net Issue
QIB	75
NIB	15
Retail	10
Total	100
Employee Reservation: Equity shares aggregating to Rs10mn	
Employee Discount: Rs20/- per share	

Object of the Offer	
<ul style="list-style-type: none"> Funding incremental working capital requirement General corporate purposes 	



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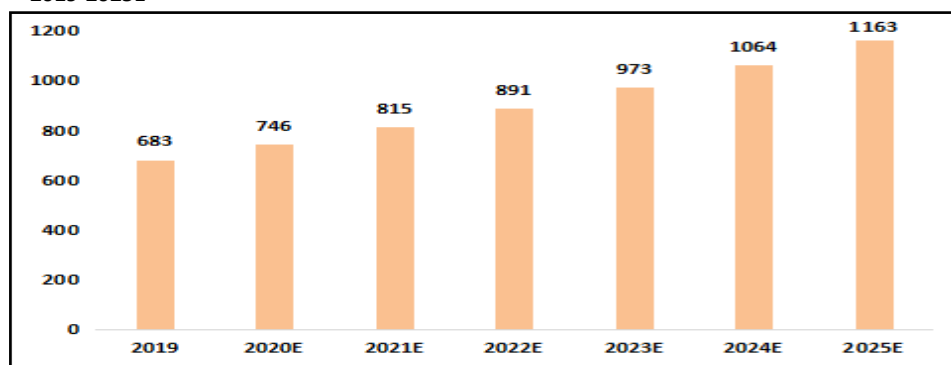
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Classification of Home Health Product Market (contd.):

(i) Chronic Disease Products: The revenue classification based on chronic disease products types stands as: digital blood pressure monitors (23.5%), nebulizers (20.95%), pulse oximeters (2.6%), portable ECG machines (4.4%), oxygen concentrators (10.7%), humidifiers/steamers (4.9%), digital/infrared thermometer (11.3%), self blood glucose monitoring devices (SmBG) devices (21.7%).

(ii) Orthopedic Products: Orthopedic rehabilitation and physiotherapy products are geared towards the rehabilitation process that can be undertaken at home with the aim to bring back appropriate function in patients where there may be loss of function due to a physical or physiological injury. This segment is bifurcated into rehabilitation products (wheelchairs, walkers, lumbar support) and physiotherapy devices (foot, body and neck massagers). The Orthopedic products market in India and neighbouring countries was Rs682.8cr in 2019 and is anticipated to grow at CAGR 9.2% to reach Rs1,162.9cr by 2025.

Exhibit 03: Orthopedic Products Market (in Rs cr) for India and Neighbouring Countries- 2019-2025E



Source: Company RHP, Progressive Research

(iii) Mother and Child Products: Convenience is more important to today's young mothers than to those from previous generations. This industry comprises of breast pump (manual and automatic pumps), mother care (bottle sterilizers and bottle warmers), child care (car seats, baby carriers, baby cots), nursing pillows, liquid baby wash, shampoo and lotion, diaper rash cream, baby monitors and strollers. The Mother and Child market in India and neighbouring countries was at Rs310.3cr in 2019 and is anticipated to grow at CAGR 10.3% to reach Rs557.7cr by 2025.

(iv) Nutritional Supplements: These refer to a broad class of food-derived ingredients that offer health benefits to the consumer in addition to the general nourishing benefits derived from food, thus rightly falling in the intersection between nutrition and pharmaceuticals. It could refer to products that range from isolated nutrients, dietary supplements, herbal medicines, functional foods, medical/specific diets and beverages. India and neighbouring countries has nutritional supplements market of Rs17,840cr in 2019 which is projected to grow to Rs33,368cr by 2025.

(v) Lifestyle Products: The lifestyle products market in India and neighbouring countries is expected to witness a robust growth owing to increasing household spending, rapid urbanization and growing awareness on fitness and well-being. The market was an estimated Rs566.6cr in 2019 and anticipated to grow at CAGR 14.5% to reach Rs1,277.4cr by 2025. The lifestyle products segment is served by Nureca through its brand line Dr. Trust, with Aroma diffusers and smart scales and weight scales, with the current addressable market at Rs82.8cr in 2019.

Home Healthcare Market- Growth Drivers:

- ⇒ Increase in geriatric population and chronic diseases and rising healthcare costs for the patients
- ⇒ Rising awareness and healthcare consumerism
- ⇒ Increasing income levels have contributed to a middle class bulge
- ⇒ Covid-19 pandemic and focus of reducing hospital induced infections
- ⇒ Advances in home health technology and evolution of e-commerce has led to adoption of health products



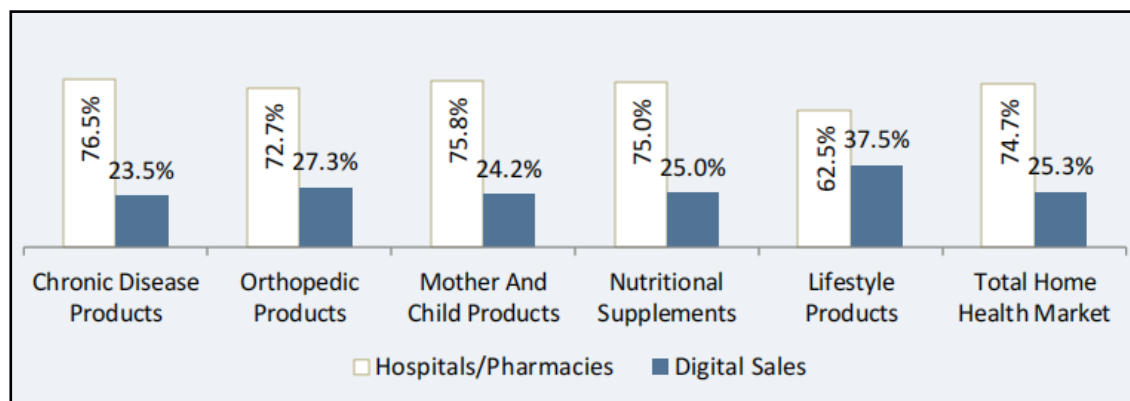
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Industry: (contd.)

Adoption of E-commerce Platform:

E-commerce has evolved from simple search portals for buying products to digital marketplace that would provide personalized experience for informed purchase decision-making. The overall e-commerce adoption in India Home Health market was 25.3% in 2019. Despite the overall adoption on an uptrend over the years, the Covid-19 pandemic has further encouraged the consumers more towards online purchases and thus pushed growth in this channel during the lockdown restriction period.

Exhibit 04: E-commerce Trend



Source: Company RHP

About the Company:

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. Nureca enables its customers to monitor chronic ailments and other diseases, to improve their lifestyle. The company believes in innovation and catering new products to the ever-growing needs of the home health care sector. Nureca is a digital first company wherein they sell their products through online channel partners such as e-commerce players, distributors and retailers. Further, they also sell the products through their own website drtrust.in.

Product Portfolio: Nureca’s product portfolio is classified under the following five categories:

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

Existing Brands:

- **Dr. Trust:** This is the flagship brand. The products catered under the Dr. Trust brand enables the users to effectively monitor chronic ailments and improve their lifestyle.
- **Dr. Physio:** This brand is used for products under Orthopedic category such as electric massagers, wheelchairs and walkers. It offers the most imaginative, unwinding, restorative, wellbeing and individual care products.
- **Trumom:** This brand is used for products under Mother and Child Care category which offers mother care and child care products to enhance the parenthood experience.



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About the Company (contd.):

Competitive Strengths:

(i) Strong product portfolio and consistent focus on quality and innovation: In order to offer new and varied products to the customers, Nureca focuses on creating innovative products, emphasizing on quality and efficiency.

(ii) Asset light business model and competitive products: The company enters into agreements with vendors who manufacture products as per the company's specifications and thus avails them to scale the operations quickly at a pre-determined cost and as per quality standards without incurring any capital expenditure on manufacturing facilities. Nureca operates on an asset light business model, without the need to invest heavily on physical assets such as plant and machinery, land and property; thereby allowing the business model be capital efficient.

(iii) Combination of technical expertise and understanding of Indian consumer preference: Brands such as Dr. Trust, Dr. Physio and Trumom have built a reputation of introducing innovative products that appeal to Indian customers.

Strategies:

- Diversification and strengthening the market in order to cater to a wide range of geographies and customer segments
- Strengthening business through product innovation and new product launches
- Increase brand awareness and build differential brand equity
- In order to expand the business footprint, Nureca, in October 2019, joined hands with Croma: electronics retailer from the Tata Group, to emerge as the very first company to sell healthcare and wellness products through Croma stores. As part of this tie-up, Nureca will sell products from its Dr Trust and Dr Physio brands at 30 Croma stores across the country, and this would grow with the increasing adoption of the products.

Financials:

Since the onset of the Covid-19 pandemic in March 2020, the company was able to respond in a swift manner by implementing various processes to ensure continuity in its operations. Being engaged in marketing of home healthcare products, which helps the user to monitor one's health from home, the company's products such as oximeter, gluco meter, nebulizer and BP monitor were categorized under the essential goods' and thus there was no impact of operational shutdown during the pandemic. Infact these products refrained hospital visits during the lockdown. However, due to limited availability of logistics and supply chain constraints, slight impact was witnessed during the initial period of the lockdown.

The company reported consolidated revenues at Rs994mn in FY20 as against Rs619mn in FY19; growth of 61%. The profits came in at Rs64mn in FY20 v/s Rs62mn in FY19. The margins however took a hit in FY20 reported at 9.7% as against 14.6% in FY19. For H1FY21, the revenues came in at Rs1221mn with a PAT of Rs362mn and Ebitda margins at 40.3%.

Exhibit 5: Financials Snapshot

Revenues (Rs mn)	FY18	FY19	FY20	6M ending Sept,2020
Sales	201	619	994	1,221
EBITDA	44	91	97	492
EBITDA Margin %	21.8	14.6	9.7	40.3
Net Profit After Tax	31	62	64	362
Net Profit Margin %	15.5	10.1	6.4	29.6
Earning Per Share	4.5	8.9	9.1	51.7
RoNW (%)	180.8	78.37	42.82	70.06

Source: Company RHP, Progressive Research



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Risks & Concerns:

- Dependency on third parties to manufacture products. If these organizations are unable or unwilling to manufacture the products, or if they fail to comply with FDA, this can pose a risk to the business operations
- Heavy dependence on channel partners, distributors and retailers. Any failure to manage the distribution network will adversely affect the company's performance
- Inability to implement marketing strategy in a cost-effective timely manner, can adversely affect the operations and financial condition

Outlook and Recommendations:

Nureca has a diversified portfolio range at its disposal catering to the essential healthcare sector. With the technical expertise in place, the existing brands has gained reputation amongst customers that enables the company to try and introduce innovative products that attract the customers. Currently, 95% of revenues for Nureca comes through digital channels (e-commerce). This poses an opportunity for Nureca to expand into the offline channel that would assist in increasing the presence in areas where the brands are already known. Based on the FY20 earnings, the P/E stands at 62.55x and at annualised 3.87x for H1FY21. Even though, Nureca operates in highly fragmented market in the essential home health care segment, business sustainability appears to be a cause of concern considering the situations slowly and gradually getting back on track. **The document is for information purpose. We do not have any rating on the IPO and keep it at the discretion of the investors with regard to investment in the IPO.**



IPO UPDATE

Nureca Limited

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Registered Office Address:
Progressive Share Brokers Pvt. Ltd,
122-124, Laxmi Plaza, Laxmi Indl Estate,
New Link Rd, Andheri West,
Mumbai-400053;
www.progressiveshares.com | research@progressiveshares.com

Compliance Officer:
Mr. Shyam Agrawal,
Email Id: compliance@progressiveshares.com,
Contact No.:022-4077500.

