

Retail Equity Research

Nureca Ltd

E-Commerce

CMP Rs. ₹ 409

Rating: Overweight

NSE CODE: NURECA BSE CODE: BSE: 543264

The company exhibited significant volatility in its quarterly performance. Sales showcased a fluctuating trend, with a remarkable 54% growth in September 2024, indicating a potential recovery from previous dips. However, expenses have consistently outpaced revenue growth, leading to persistent operating losses. The operating profit remained negative, with a minor improvement in the latest quarter, reflecting operational inefficiencies and cost pressures. Despite the challenging operating environment, other income provided a cushion in several quarters, notably spiking in June 2024. However, the depreciation and interest expenses remained stable, indicating manageable financial obligations. The profit before tax and net profit figures underscore the company's struggle to maintain profitability, with notable losses in March and September 2024. The drastic swings in net profit growth, particularly a 350% rise followed by a -446% plunge, highlight the need for strategic realignment to stabilize earnings.

Company Data

Market Cap (cr)	Rs.	389.36	
Enterprise Value (cr)	Rs.	212.52	
Outstanding Shares (cr)		1.00	
52 week high	Rs.	424.00	
52 week low	Rs.	240.00	
1m average volume (lacs)		2.48	
Face value	Rs.	10.00	
	FY22	FY23	FY24
Sales	255.55	111.32	91.93
Growth(%)	20%	-56%	-17%
EBITDA	63.2	-7.9	0.31
EBITDA Margin(%)	24.7%	-7.1%	0.3%
PAT	44.96	-8.25	-1.79
Growth(%)	-3%	-118%	78%
EPS	45.0	-8.3	-1.8
P/E	30.4	-36.3	-142.6
P/B	6.7	1.5	1.3
EV/EBITDA	20.4	-29.4	685.5
ROE(%)	22%	-4.2%	-1%
ROCE(%)	30%	-5.2%	-1.0%
ROIC(%)	26%	-5.7%	-1.4%
D/E	0.02	0.02	0.01

Revenue and Growth Trends: The company experienced a significant decline in sales from FY22 to FY24, with a growth rate dropping from 20% in FY22 to -17% in FY24. This indicates a challenging period in terms of revenue generation.

Profitability and Margins: Nureca's profitability metrics have deteriorated over the years, with EBITDA and PAT turning negative in FY23 and only slightly recovering in FY24. The EBITDA margin plummeted from 24.7% in FY22 to a marginal 0.3% in FY24, highlighting operational struggles.

Returns and Valuation Ratios: The return metrics such as ROE, ROCE, and ROIC have declined, reflecting reduced efficiency in generating returns. Valuation ratios like P/E and EV/EBITDA have turned negative or extremely high, suggesting market concerns about the company's valuation amidst declining performance.

Key Highlights

Business Overview: Incorporated in 2016, Nureca Ltd (NL) is a direct-to-consumer (D2C) healthcare and wellness company. It offers a diverse product range of over 150 Stock Keeping Units (SKUs) certified by USFDA, CE, FSSAI, and ISO 13485. The company's offerings aid in diagnosing, treating, and preventing illnesses by enabling users to monitor and analyze health data effectively.

Product Categories:

Chronic Diseases: Includes products like nebulizers, BP monitors, pulse oximeters, glucose meters, connected devices, and thermometers.

Lifestyle & Fitness: Encompasses humidifiers, steamers, personal scales, massagers, yoga and exercise equipment, fitness trackers, and dental & personal care products.

Ortho Care: Features orthopedic cushions, memory foam pillows, massagers, pain management solutions, and rehabilitation products.

Mother & Baby: Offers baby feeding products, carry cots, organic skincare for babies, bottle warmers, and steamers.

Nutrition: Provides nutritional supplements in various forms such as capsules, tablets, granules, and liquids.

Connected Devices: Includes ECG monitors, fitness trackers, blood pressure monitors, glucometers, and smart weighing scales.

Brand Portfolio:

Dr. Trust: A wellness and healthcare app offering medical devices and health-monitoring solutions.

Trumom: Specializes in infant and mother care products.

Dr. Physio: Focuses on orthopedic and pain management products, aiming to alleviate chronic pain and improve mobility.

Distribution Network: Nureca has established a robust trade distribution network across 89+ cities in India, with over 168 distributors and products available at more than 8,500 retail touchpoints, ensuring widespread accessibility.

Overseas Subsidiary: The company has expanded its footprint internationally through its subsidiary, Nureca INC, incorporated in the U.S.A, which supports its global outreach and growth strategies.

Revenue Breakup (FY23): The sale of healthcare products constitutes around 94% of the company's revenue. Additionally, interest income from bank deposits accounts for approximately 4%, while gains from the sale of mutual funds contribute about 2%.

Outsourced Manufacturing: Nureca majorly outsources its product manufacturing to both domestic and international vendors. The company maintains strict control and regular supervision over the manufacturing processes at its partners' facilities to ensure quality and consistency.

Strategic Positioning: With a diversified product portfolio, strong brand presence, and an expansive distribution network, Nureca Ltd is well-positioned to leverage the growing demand for home healthcare and wellness products, ensuring sustained growth and market presence.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Sales	31.35	22.37	16.97	20.27	31.19
Growth(%)	48%	-29%	-24%	19%	54%
Expenses	29.97	26.62	21.40	22.63	33.54
Operating Profit	1.38	-4.25	-4.43	-2.36	-2.35
Growth(%)	148%	-408%	-4%	47%	0%
Other Income	3.20	5.90	-1.26	5.79	3.17
Depreciation	0.59	0.59	0.60	0.66	0.62
Interest	0.08	0.11	0.18	0.15	0.27
Profit before tax	3.91	0.95	-6.47	2.62	-0.07
Tax	1.01	0.78	-2.32	0.96	0.41
Net profit	2.89	0.17	-4.15	1.66	-0.48
Growth(%)	125%	-1600%	-104%	350%	-446%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	99.43	213.45	255.55	111.32	91.93
Growth(%)	61%	115%	20%	-56%	-17%
Expenses	89.74	151.91	200.05	126.33	102.13
Operating Profit	9.69	61.54	55.50	-15.01	-10.20
Growth(%)	7%	535%	-10%	-127%	32%
Other Income	0.06	2.82	7.70	7.11	10.51
Depreciation	0.37	0.42	1.48	2.39	2.36
Interest	0.77	1.60	0.74	0.45	0.49
Profit before tax	8.61	62.34	60.98	-10.74	-2.54
Tax	2.22	15.96	16.02	-2.49	-0.75
Net profit	6.40	46.37	44.96	-8.25	-1.79
Growth(%)	3%	625%	-3%	-118%	78%

Balance Sheet

(Rs Cr)

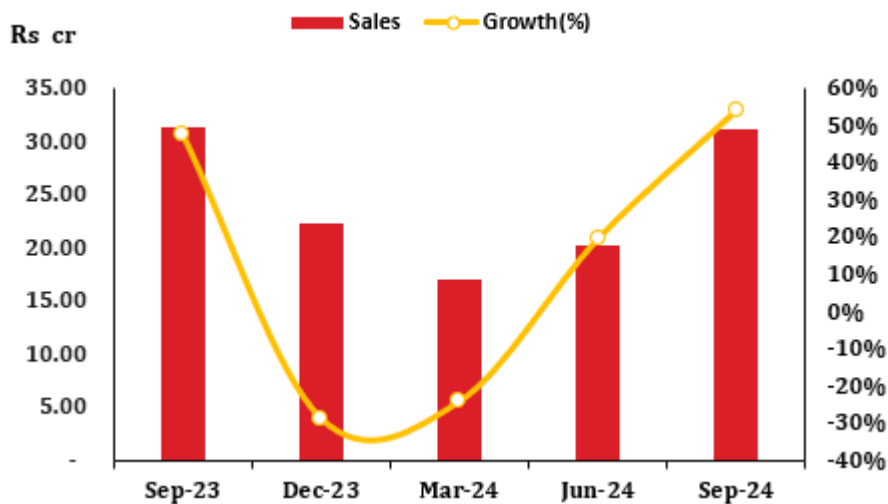
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	0.01	10.00	10.00	10.00	10.00
Reserves	14.92	153.10	193.20	184.88	183.11
Borrowings	9.78	3.89	4.41	3.33	2.52
Other Liabilities	9.17	18.76	11.52	8.38	9.53
Total	33.88	185.75	219.13	206.59	205.16
Net Block	1.06	3.68	10.19	8.65	7.11
Capital Work in Progress	-	0.30	0.42	-	0.27
Investments	-	-	33.19	59.09	93.63
Other Assets	32.82	181.77	175.33	138.85	104.15
Total	33.88	185.75	219.13	206.59	205.16

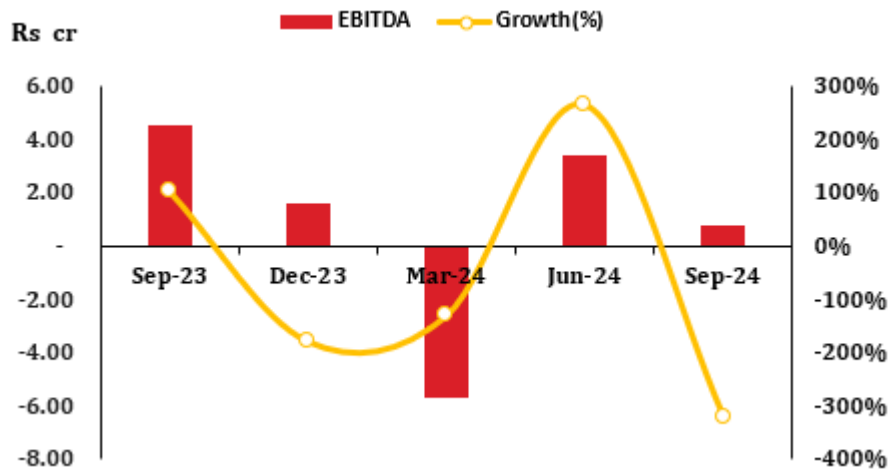
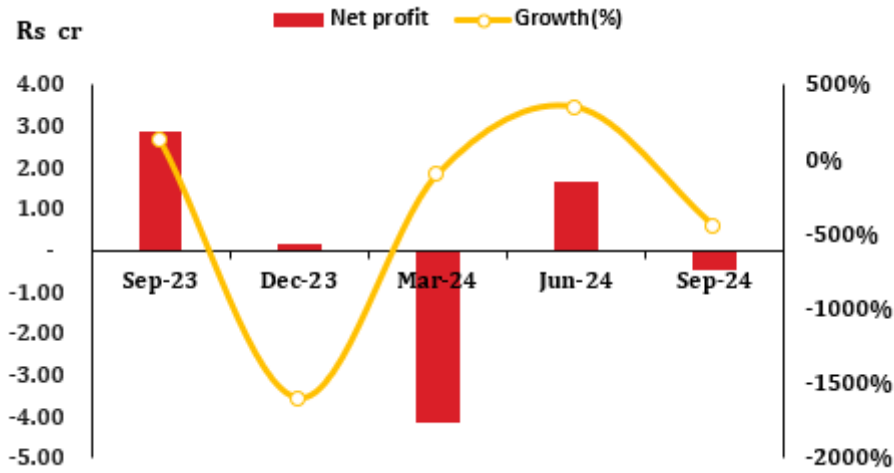
Cash Flow

(Rs Cr)

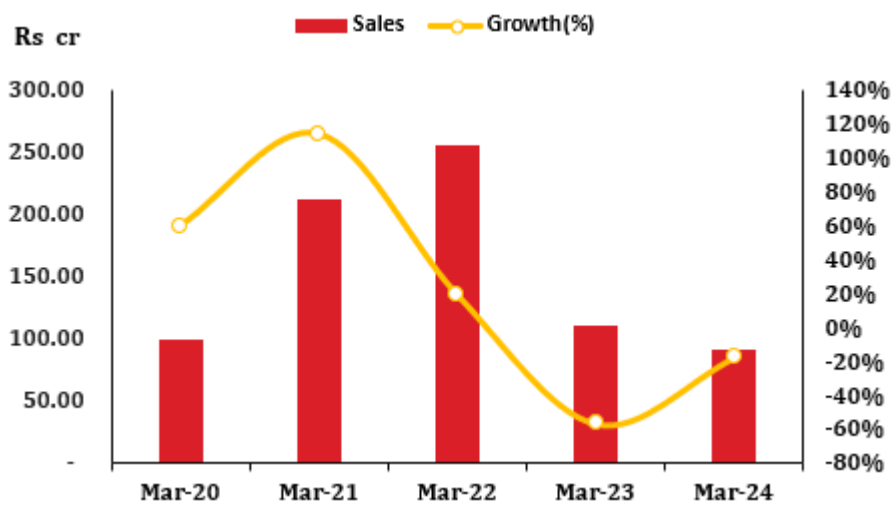
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	-7.92	34.87	1.4	10.23	-2.71
Cash from Investing Activity	-0.39	-110.04	-3.09	-16.47	17.57
Cash from Financing Activity	8.28	92.34	-7.3	-1.51	-1.3
Net Cash Flow	-0.04	17.17	-8.99	-7.75	13.56

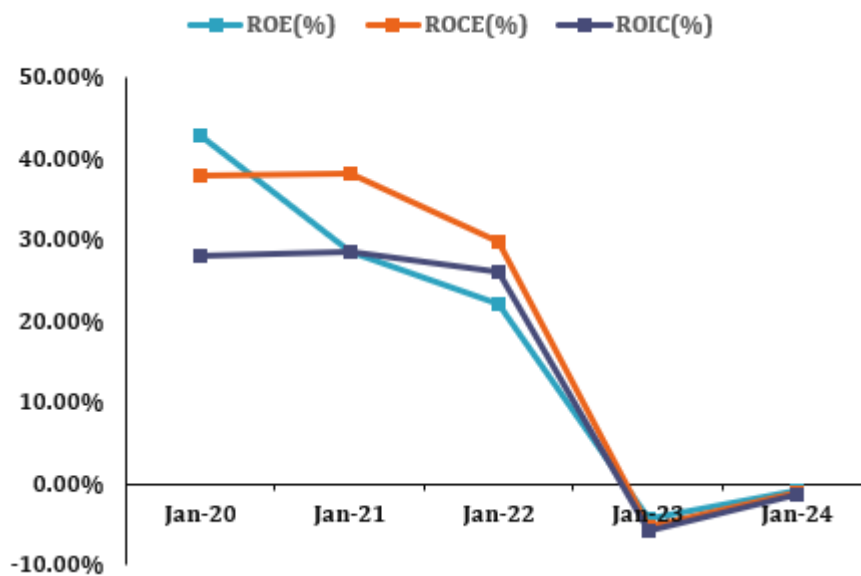
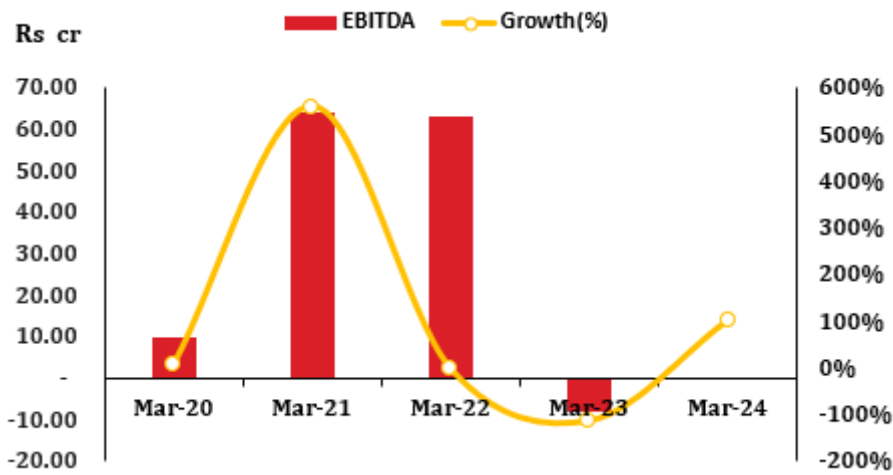
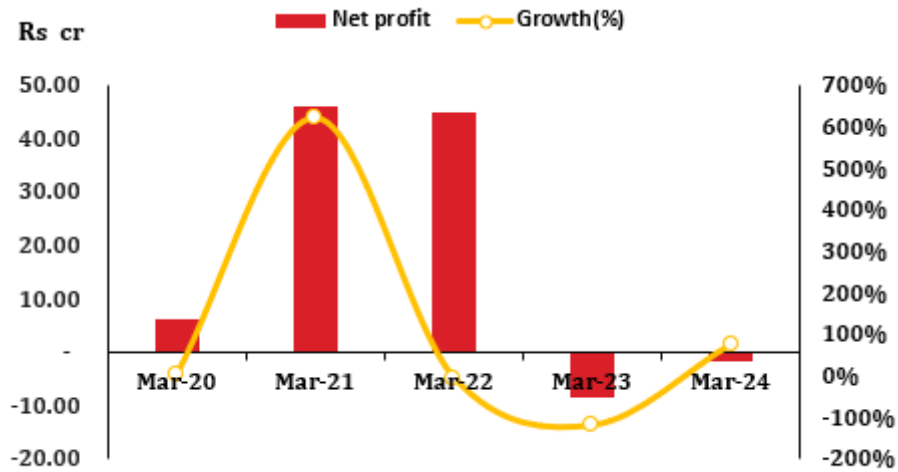
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.66	0.02	0.02	0.02	0.01
Debt/Assets	0.29	0.02	0.02	0.02	0.01
Debt/Ebitda	1.00	0.06	0.07	-0.42	8.13
Debt/Capital Ratio	40%	2%	2%	2%	1%
Cash flow/Debt	-0.81	8.96	0.32	3.07	-1.08
Interest coverage ratio	12.18	39.96	83.41	-22.87	-4.18
Sales Change	61%	115%	20%	-56%	-17%
Ebit Change	3%	582%	-3%	-117%	80%
Operating Leverage	0.12	4.67	-0.50	2.25	-1.84
Financial Leverage	2.27	1.14	1.08	1.06	1.06

Efficiency ratios					
Receivable days	47	0	4	14	6
Receivable turnover	7.71	970.23	88.43	25.89	56.75
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	5	4	3	4	3
Net Fixed assets turnover	93.80	58.00	25.08	12.87	12.93
Sales/capital employed	4.02	1.28	1.23	0.56	0.47
Total Asset Turnover	2.93	1.15	1.17	0.54	0.45

Profitability ratios					
Ebitda	9.75	64.36	63.2	-7.9	0.31
Ebitda margin	10%	30%	25%	-7%	0%
Gross Profit	33.1	112.34	121.08	34.27	30.16
Gross Profit Margin	33%	53%	47%	31%	33%
EBIT	9.38	63.94	61.72	-10.29	-2.05
EBIT Margin	9%	30%	24%	-9%	-2%
ROE	43%	28%	22%	-4%	-1%
Net profit margin	6%	22%	18%	-7%	-2%
EPS	-	46.37	44.96	-8.25	-1.79
DU Pont ROE	43%	28%	22%	-4%	-1%
Net Profit Margin	6%	22%	18%	-7%	-2%
Sales/Total assets	2.93	1.15	1.17	0.54	0.45
Financial Leverage	2.27	1.14	1.08	1.06	1.06
DU PONT ROA	19%	25%	21%	-4%	-1%
Net Profit Margin	6%	22%	18%	-7%	-2%
Sales/Total assets	2.93	1.15	1.17	0.54	0.45

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	29%	27%	22%	-11%	-12%
EBIT Margin	9%	30%	24%	-9%	-2%
Sales/cap employed	4.02	1.28	1.23	0.56	0.47
NOPAT	6.96	47.57	45.51	-7.90	-1.44
Capital employed	24.71	166.99	207.61	198.21	195.63
ROIC	28%	28%	22%	-4%	-1%

Valuation Ratios					
Price/Earnings		12.96	30.43	-36.31	-142.63
Price/Book	-	3.69	6.73	1.54	1.32
Marketcap	-	601.05	1,368.15	299.55	255.30
Enterprise Value	9.71	478.25	1,288.21	231.91	212.52
EV/EBITDA	1.00	7.43	20.38	-29.36	685.55

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