



S. Chand IPO Product Note

The Education content company S Chand will come out tomorrow with an IPO worth Rs 728 Crore priced in the range between Rs 660-670. The IPO would include a fresh issue of shares worth Rs 325 Crore and the existing shareholders will pass off 6,023,236 shares in an offer for sale.

S. Chand IPO Details	
Issue Open Date	26-Apr-17
Issue Close date	28-Apr-17
Face Value	Rs. 5 Per Equity Share
Issue Price	Rs. 660-670 Per Equity Share
Minimum Quantity	22 Shares

Following are the Five things you need to know about S Chand IPO before investing in it: -

+ What is the business of the company?

The company has a noticeable presence in CBSE/ICSE affiliated schools. It has 53 consumer brands across knowledge products and services including S Chand, Vikas, Saraswati, Madhuban, Ignitor and Destination Success. The company's sales team includes 697 professionals, who work in 58 branches and marketing offices across India. The company has contractual relationships with various authors. It earns approximately 73% of its revenue from K-12 education content company.

✚ Utilization of IPO Proceed

The company plans to utilize Rs 152 Crore to repay the term loans availed by it and one of its subsidiary EPHL and Rs 88 Crore for repayment of loans availed by it and two of its subsidiaries, VPHPL and NSHPL.

✚ Company's Financial Performance

The company has reported a 33.48% compounded annual growth rate (CAGR) in consolidated profit after tax and before minority interest at Rs 46.64 Crore in FY16. Consolidated revenues of the company stood at Rs 540.62 Crore in FY16, a CAGR of 32.64%.

Consolidated operating revenue in K-12 segment showed a CAGR growth of 46.83 per cent, higher education at 11.28 per cent, test preparations at 15.31 per cent, technical and professional segment at 8.43 per cent, while early learning at 240.81 per cent.

✚ Closest Peers

Navneet Education is the closest listed peer of the company. The stock has inched up 94% in the past one year and 185% in past three years

✚ Risks associated

A majority of the premises used by the company are taken on lease from group companies or third parties, which results in more cash outflows for paying lease rentals.

BSE has issued two circulars in the past recommending the use of only NCERT printed content for all classes under CBSE schools, which may adversely affect company's sales.

We have come over a very interesting article on S. Chand IPO for more details visit the below link:

Source: <http://economictimes.indiatimes.com/markets/stocks/news/s-chand-ipo-five-things-you-need-to-know-before-taking-a-call-on-it/articleshow/58277932.cms>