

Issue Details	
Issue Opens	20-Mar-17
Issue Closes	22-Mar-17
Issue Size (Rs. Crore)	238.95
Face value (per equity share)	10
Price Band (Rs.)	500- 502
Lot Size (No of Share)	29
No of Shares on Offer (crore)	0.47
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	31-Mar-17

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	64.7	47.9
Public (incl institutions and employees)	35.3	52.1
Total	100.0	100.0

Objects of the Issue

The objects of the Net Proceeds of the Fresh Issue are:

1. Funding working capital requirements of our Company and our Subsidiaries, GKP and Kestone;
2. Pre-payment of outstanding amount of a debt facility availed of by our Subsidiary, CLIP;
3. Acquisitions and other strategic initiatives; and
4. General corporate purposes.

Issue Date: 20th Mar – 22nd Mar 2017
 Price Band (Rs.) : 500 - 502
 Lot Size (No. of Share) : 29

Company Background

Incorporated in 1996, CL Educate Ltd is engaged in providing various educational products and services. They operate through two segments i.e. Education & Training Programme and Vocational Training. They also provide integrated solutions to educational institutions and universities, including business advisory and outreach support services under the CL Media brand, as well as research incubation and support services under the brand Accendere.

Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-16	FY-15	FY-14	FY-13	FY-12
Total Assets	3,789	3,253	1,839	1,783	1,708
Total Revenue	1,738	1,558	1,247	1,355	1,022
Profit After Tax	49	77	24	67	(54)

Concerns

- Failure to attract students in our test prep business, may adversely affects its business.
- Company business and prospects may be adversely affected if they are unable to maintain and grow its business and brand image.
- Its competitive and growth strategies are subject to execution risks.

Strengths

- Diversified and integrated education products, services, content and infrastructure provider, with pan-India presence and a focus on knowledge-creation.
- Asset-light, technology-enabled business model.
- Professionally qualified, experienced and entrepreneurial management team, and quality human capital.

Our View

On the higher price band of Rs.502 and on FY16 EPS of Rs.3.74, P/E ratio works out to 134x. Even based on FY15 EPS of Rs.6.14, P/E ratio works out to be 81x. Its peers like career point is trading at P/E ratio of 14, MT Education at 26 and tree house at 12. Hence issue price of Rs502 at P/E Ratio of 81x to 134x is very high.

Company revenues grew at 14% CAGR in last 5 years. Its profits are fluctuating, low and not consistent. Moreover, as compared to its peer the margins and ROE profile of CLEL does not appear to be attractive. The company's business is working capital intensive which coupled with expensive valuations may not provide a significant upside to the investors. Investors should be very cautious and stay away from such IPOs.