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CHETANA EDUCATION LIMITED

(Formerly known as Chetana Education LLP) CIN: U58111MH2024PLC417778



Our Company was originally formed as a Limited Liability Partnership in the name and style of "Chetana Publications (India) LLP" under the provisions of the Limited Liability Partnership Act, 2008 on December 30, 2017 vide Certificate of Incorporation issued by Central Registration Centre, Registrar of Companies. Consequently, our name was changed to 'Chetana Education LLP', and a fresh certificate of incorporation dated October 17, 2021 was issued by the RoC. Subsequently, our Company was converted into a public limited company under Companies Act with the name 'Chetana Education Limited' pursuant to a fresh certificate of incorporation dated January 21, 2024 was issued by the Registrar of Companies, Mumbai, Maharashtra, bearing CIN: U58111MH2024PLC417778.

Registered Office: 401, E-Wing, B & C Block Trade Link, Kamala Mill, Delisle Road, Delisle Road, Mumbai, Maharashtra, India, 400013.
Tel No: +91-22-6245 6000; **E-mail:** cs@chetanaeducation.com; **Website:** www.chetanaeducation.com; **CIN:** U58111MH2024PLC417778
Contact Person: Jignesha Jitendra Fofandi, Company Secretary & Compliance Officer

OUR PROMOTERS: ANIL JAYANTILAL RAMBHIA, RAKESH JAYANTILAL RAMBHIA & SHILPA ANIL RAMBHIA

“THE ISSUE IS BEING MADE IN ACCORDANCE WITH CHAPTER IX OF THE SEBI ICDR REGULATIONS (IPO OF SMALL AND MEDIUM ENTERPRISES) AND THE EQUITY SHARES ARE PROPOSED TO BE LISTED ON SME PLATFORM OF NSE (NSE EMERGE).”
We are engaged in educational book publishing for the CBSE/State Board curriculum catering to the K-12 segment.

THE ISSUE

INITIAL PUBLIC OFFER OF UPTO 54,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (THE “EQUITY SHARES”) OF CEHTANA EDUCATION LIMITED (“OUR COMPANY” OR “THE ISSUER”) AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF [●] PER EQUITY SHARE) FOR CASH, AGGREGATING UP TO ₹ [●] LAKHS (“PUBLIC ISSUE”) OUT OF WHICH 2,73,600 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION”). THE PUBLIC ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 51,26,400 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UPTO ₹ [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE “NET ISSUE”. THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE 26.47% AND 25.13% RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

- QIB PORTION: NOT MORE THAN 50.00% OF THE NET ISSUE
 - NON-INSTITUTIONAL PORTION: NOT LESS THAN 15.00% OF THE NET ISSUE
- RETAIL PORTION: NOT LESS THAN 35.00% OF THE NET ISSUE
 - MARKET MAKER PORTION: UPTO 2,73,600 EQUITY SHARES OR 5.06% OF THE ISSUE

PRICE BAND: RS. 80 TO RS. 85 PER EQUITY SHARE OF FACE VALUE RS. 10/- EACH
THE FLOOR PRICE IS 8.0 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 8.5 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.
BIDS CAN BE MADE FOR A MINIMUM OF 1600 EQUITY SHARES AND IN MULTIPLES OF 1600 EQUITY SHARES THEREAFTER.

RISKS TO INVESTORS:

- Our business is intricately tied to the academic cycle, making it somewhat cyclical in nature. As a result, our revenue and profitability may not be comparable from one period to another.
- Our product is subject to changing examination paper pattern and syllabus, and customer preferences, our inability to meet such needs or preferences may affect our business.
- The Merchant Banker associated with the Issue has handled 51 public issues in the past three years out of which 2 Issue closed below the Issue Price on listing date.
- Average cost of acquisition of Equity Shares held by the Individual Promoters is

Period	Weighted Average Cost of Acquisition (in Rs.)	Upper end of the Price Band (Rs. 85) is “X” times the weighted Average cost of Acquisition	Range of acquisition price: Lowest Price – Highest Price (in Rs.)
Last 1 year/18 Months/3Years	10.00	8.5	10-10

- The Weighted average cost of acquisition compared to Floor Price and Cap Price

Sr. No.	Name of the Promoters	Average cost of Acquisition (in ₹)
1.	Anil Jayantilal Rambhia	10.00
2.	Rakesh Jayantilal Rambhia	10.00
3.	Shilpa Anil Rambhia	10.00

- and the Issue Price at the upper end of the Price Band is Rs. 85 per Equity Share.
- The Price/ Earnings ratio based on Diluted EPS for Fiscal 2024 for the company at the upper end of the Price Band is 10.60
 - Weighted Average Return on Net worth for Fiscals 2024, 2023 and 2022 is 35.29%.
 - The Weighted average cost of acquisition of all Equity Shares transacted in the last 1 year, 18 months and 3 years from the date of RHP is as given below:

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price (i.e. ₹ 80)	Cap price (i.e. ₹ 85)
WACA of primary issuance (exceeding 5% of the pre issue capital)	10.00	8.00 times	8.5 times
WACA for secondary sale / acquisition (exceeding 5% of the pre issue capital)	NA^	NA^	NA^
Weighted average cost of acquisition of primary issuances/ secondary transactions as per paragraph 8(c) above	NA^	NA^	NA^

Note:
^There were no secondary transactions as mentioned in paragraph 8(b) above, in last 18 months from the date of the Red Herring Prospectus.

BASIS FOR ISSUE PRICE

Investors should read the following summary with the section titled “**Risk Factors**”, the details about our Company under the section titled “**Our Business**” and its financial statements under the section titled “**Financial Information of the Company**” beginning on page 31, 108 and 154 respectively of the Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

Price Band/ Issue Price shall be determined by our Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the qualitative and quantitative factors as described in this section. The face value of the Equity Shares is ₹ 10/- each and the Issue Price is 8.0 times of the face value at the lower end of the Price Band and 8.5 times of the face value at the upper end of the Price Band.

QUALITATIVE FACTORS

We believe the following business strengths allow us to successfully compete in the industry:

- Focused digital and technology platform
- Consumer focused education content player
- Healthy position in the K-12 market
- Established network for content development and printing
- Widespread sales and distribution network
- Experienced management and leadership team.

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled “**Our Business**” beginning on page 108 of the Red Herring Prospectus.

QUANTITATIVE FACTORS

The information presented below relating to our Company is based on the Restated Financial Statements. For details, please refer section titled “**Financial Information of the Company**” on page 154 of the Red Herring Prospectus.

Some of the quantitative factors which may form the basis for calculating the Issue Price are as follows:

1. Basic & Diluted Earnings per share (EPS) (Face value of ₹ 10 each):

As per the Restated Financial Statements:

Sr. No	F.Y./Period	Basic & Diluted (₹)	Weights
1.	Financial Year ending March 31, 2024	8.02	3
2.	Financial Year ending March 31, 2023	4.57	2
3.	Financial Year ending March 31, 2022	1.12	1
	Weighted Average	5.72	

Notes:

- The figures disclosed above are based on the Restated Financial Statements of the Company.
 - The face value of each Equity Share is ₹10.00.
 - Earnings per Share has been calculated in accordance with Accounting Standard 20 – “**Earnings per Share**” issued by the Institute of Chartered Accountants of India.
 - The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV.
 - Basic Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of equity shares outstanding during the year/ period
 - Diluted Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of diluted potential equity shares outstanding during the year/ period.
2. Price Earning (P/E) Ratio in relation to the Price Band of ₹ 80 to ₹ 85 per Equity Share of Face Value of ₹ 10/- each fully paid up:

Particulars	(P/E) Ratio at the Floor Price (₹ 80)	(P/E) Ratio at the Cap Price (₹ 85)
P/E ratio based on the Basic & Diluted EPS, as restated for period ending March 31, 2024	9.98	10.60
P/E ratio based on the Weighted Average EPS, as restated.	13.99	14.86

Industry P/E Ratio*	(P/E) Ratio
Industry Highest (S Chand and Company Limited)	16.50
Industry Lowest (Navneet Education Limited)	14.22
Industry Average-Education Sector	15.36

*For the purpose of industry, we believe the companies engaged in the same sector or engaged in the similar line of business segment, however, they may not be exactly comparable in terms of size or business portfolio on a whole with that of our business. Average PE have been calculated based on the average of the PE of the Peer company i.e. S Chand and Company Limited & Navneet Education Limited.

Notes:

- The P/E ratio of our Company has been computed by dividing Issue Price with EPS.
- P/E Ratio of the peer company is based on the Audited Results for the F.Y. 2023-24 and stock exchange data dated July 05, 2024

3. Return on Net worth (RoNW)

Sr. No	Period	RoNW (%)	Weights
1	Period ending March 31, 2024	47.67%	3
2	Period ending March 31, 2023	30.04%	2
3	Period ending March 31, 2022	8.63%	1
	Weighted Average	35.29%	

Notes:

- The figures disclosed above are based on the Restated Financial Statements of the Company.
- The RoNW has been computed by dividing restated net profit after tax (excluding exceptional items) with restated Net worth as at the end of the year/period
- (Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.

4. Net Asset Value (NAV) per Equity Share:

Sr. No.	NAV per Equity Share	Outstanding at the end of the year
1.	As at March 31, 2022	12.98
2.	As at March 31, 2023	15.21
3.	As at March 31, 2024	16.83
4.	NAV per Equity Share after the Issue	
	i) At Floor Price	33.55
	ii) At Cap Price	34.88
5.	Issue Price	[•]

*The above NAV has been calculated based on weighted number of shares outstanding at the end of the respective year/period.

Notes: -

- The figures disclosed above are based on the Restated Financial Statements of the Company.
 - NAV per share=Restated Net worth at the end of the year/period divided by weighted average number of equity shares outstanding at the end of the year/period
 - Net worth is computed as the sum of the aggregate of paid-up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account.
- ii. Issue Price per Equity Share will be determined by our Company in consultation with the Book Running Lead Manager.
5. Comparison of Accounting Ratios with Industry Peers

Name of Company	Current Market Price (₹)	Face Value	EPS	PE	RoNW (%)	Book Value (₹)	Total Income (₹ In lakhs)
			Basic/Diluted				
Chetana Education Limited	[•]	10	8.02	[•]	47.67%	16.83	9350.55
Peer Group							
S Chand and Company Limited	239.75	5	14.53	16.50	5.42	268.02	66,257.90
Navneet Education Limited	158.10	2	11.12	14.22	19.46	57.18	175.127

Notes:

- Source – All the financial information for listed industry peers mentioned above is sourced from the Financial results/Annual Reports of the aforesaid companies for the year ended March 31,

2024 and stock exchange data dated July 5, 2024 to compute the corresponding financial ratios. For our Company, we have taken Current Market Price as the Issue price of equity share. Further, P/E Ratio is based on the current market price of the respective scrips.

- The EPS, NAV, RoNW and total Income of our Company are taken as per Restated Financial Statement for the Financial Year 2023-24
- NAV per share is computed as the closing net worth divided by the weighted average number of paid up equity shares as on March 31, 2024.
- RoNW has been computed as net profit after tax divided by closing net worth.
- Net worth has been computed in the manner as specifies in Regulation 2(1) (hh) of SEBI (ICDR) Regulations, 2018.
- The face value of Equity Shares of our Company is ₹ 10/- per Equity Share and the Issue price is [•] times the face value of equity share

6. Key Performance Indicators

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help us in analyzing the growth of our company.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated June 14, 2024 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years' period prior to the date of filing of the Red Herring Prospectus. Further, the KPIs herein have been certified by M/s Paresh Vora & Associates, Chartered Accountants, by their certificate dated June 14, 2024.

The KPIs of our Company have been disclosed in the sections titled “**Our Business**” and “**Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators**” on pages 108 and 209, respectively. We have described and defined the KPIs as applicable in “**Definitions and Abbreviations**” on page 1 of the Red Herring Prospectus.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Issue, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

Key Performance Indicators of our Company

(₹ in Lakhs except percentages and ratios)

Key Financial Performance	FY 2023-24	FY 2022-23	FY 2021-22
Revenue from operations ⁽¹⁾	9350.55	7555.71	4309.05
EBITDA ⁽²⁾	2109.30	1386.20	605.82
EBITDA Margin ⁽³⁾	22.56%	18.35%	14.06%
PAT ⁽⁴⁾	1203.47	685.47	168.06
PAT Margin ⁽⁵⁾	12.87%	9.07%	3.90%
RoE(%) ⁽⁶⁾	50.08%	32.42%	8.32%
RoCE (%) ⁽⁷⁾	26.87%	20.55%	9.94%

Notes:

- Revenue from operation means revenue from sales, service and other operating revenues
- EBITDA is calculated as Profit before tax + Depreciation + Finance Cost - Other Income
- 'EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations
- PAT is calculated as Profit before tax – Tax Expenses
- 'PAT Margin' is calculated as PAT for the period/year divided by revenue from operations.
- Return on Equity is ratio of Profit after Tax and Average Shareholder Equity
- Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as Shareholders Fund + Long term borrowing + Short term borrowing+ Deferred Tax Liability.

