

Rating: Subscribe

Issue Offer

Fresh Issue of 5,400, 000 equity shares aggregating up to INR 459 mn

Issue Summary

Price Band (INR)	80-85
Face Value (INR)	10
Implied Market Cap (INR mn.)	1,734
Market Lot	1600
Issue Opens on	July 24 ,2024
Issue Close on	July 26, 2024
No. of share pre-issue	15,000,000
No. of share post issue	20,400,000
Listing	NSE – SME

Issue Break-up (%)

QIB Portion	50%
Retail Portion	35%
NII Portion	15%

Registrar

Link Intime India Private Limited

Book Running Lead Managers

Hem Securities Limited

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	100.00%	73.53%
Public & Others	0.00%	26.47%

Objects of the issue

- Repayment of certain borrowing.
- To meet Working Capital Requirements
- General Corporate Purpose.

Abhishek Jain

abhishek.jain@arihantcapital.com

022-422548871

Natasha Singh

natasha.singh@arihantcapital.com

Chetana Education Ltd. is a content-based company specializing in educational book publishing and educational software for the CBSE and State Board curriculum. CEL serves the K-12 segment, providing access to educational videos through QR codes in physical books, facilitating self-study without additional cost. Despite operating in a highly competitive and fragmented segment, CEL has strong growth in both top and bottom lines in recent periods.

Investment Rationale

Comprehensive Education Content Provider Enhancing K-12 and Beyond : Company is a consumer-focused education content provider, steadily growing Their presence in K-12 education across both CBSE and State Board affiliated schools in India. Their comprehensive suite of products addresses the entire educational lifecycle from early learning through higher education, encompassing print, digital, and hybrid formats. By prioritizing quality content and fostering strong relationships with educators and a network of around 400 authors, They continually enhance Their offerings based on feedback and industry trends. Their deep understanding of the education sector enables them to effectively cater to the needs of students, parents, and schools, driving engagement and sales.

Innovative Technology-Driven Learning Solutions : Company is to advancing education through technology, focusing on both pre-primary and secondary/higher secondary levels. Their investments include interactive apps for play-based learning and digital resources for younger students, while secondary and higher secondary students benefit from QR codes linking to self-learning videos. These videos offer detailed explanations of key concepts by experienced teachers, reinforcing classroom learning and supporting diverse learning styles. This approach enhances accessibility and personalization, particularly in areas with limited or costly tuition options. They have partnered with Allern Enterprises Private Limited to further drive these technological innovations.

Efficient Content Development and Outsourced Printing : They operate on an asset-light model, concentrating on content development and material procurement while outsourcing printing and binding. By maintaining strong, long-term relationships with content writers, authors, and subject matter experts, Their educational materials are up-to-date and engaging. After finalizing content, They collaborate with designers to enhance the quality and appeal of their publications. Printing and binding are managed by selected vendors, allowing them to focus on content quality and customer satisfaction. This approach ensures efficient production and timely delivery, even during peak demand periods.

Expansion and Diversification of Product Range : Following the success of QR Series for Grades 5-10 in the Maharashtra State Board, They are expanding this series to include Grades 1-4. They will also reintroduce their complete Marathi Medium Curriculum Books to strengthen their market presence. Additionally, They plan to develop curriculum-specific books and explore new opportunities in creating materials for competitive exams such as NEET, JEE, and CUET, broadening Their educational offerings and market reach.

Valuation and View : Chetana Education Ltd. is a leading education content provider, enhancing its K-12 presence across CBSE and State Board schools in India with a comprehensive range of print, digital, and hybrid products. Committed to quality and strong educator relationships, they continually update their offerings based on feedback and industry trends. Embracing technology, they use interactive apps and QR codes with self-learning videos to support diverse learning needs, particularly in underserved areas. Operating on an asset-light model, they focus on content development while outsourcing printing to maintain quality and efficiency. They are expanding their product range by adding new grades to their QR Series and developing materials for competitive exams, aiming to strengthen their market presence and diversify their educational offerings. At the upper band of INR 85 , the issue is valued at a P\E of 14.41x based on FY24 EPS of INR 5.9. We are recommending "Subscribe" for this issue.

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880	6 Lad Colony Y.N Road Indore - 452003, (M.P.) Tel: 0731-4217100 Fax: (91-731) 3016199

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Disclaimer: This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880