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CL Educate refiles for IPO, ups issue size

Education services company CL Educate Ltd, best known for its erstwhile test prep brand Career Launcher, has refilled its draft red herring prospectus with the capital markets regulator Securities and Exchange Board of India (SEBI) for its initial public offering (IPO).

The company had first filed its documents with SEBI in September 2014. It hadn't disclosed the amount it planned to raise but the issue size was estimated to be around Rs 240 crore (\$40 million then), of which Gaja Capital and the company's promoters were to get about half.

However, in April last year, it deferred its plans and withdrew its application. Earlier this month, it said in a letter to its shareholders that it was looking to raise Rs 350 crore (\$53 million) through the share sale.

As per the latest draft prospectus, the company has increased the total issue size from about 4 million shares to almost 4.7 million shares. While the size of the fresh issue has only slightly increased to about 2.06 million shares, the offer for sale by existing investors and promoters has risen to 2.63 million shares from 1.98 million shares earlier.

CL Educate started operations in 1996 as a provider of MBA test preparation courses. It later diversified across the education value chain—test preparation and training, generally referred to as test prep, under the Career Launcher brand; publishing and content under GK Publications; K12 schools under the brand Indus World Schools with 10 schools across India; and vocational training programmes.

The firm is also into certain recruitment, training and event management services for corporate houses through unit Kestone.

It has sealed a few acquisitions over the past few years, starting with a strategic investment in 2010-11 in Threesixtyone Degree Minds Consulting Pvt Ltd, a Chennai-based firm which runs online higher education business under the brand 361minds.

In November 2011, it entered publishing with the acquisition of GK Publications to add a brand that publishes niche test prep books, guides, mock test papers and question banks for popular professional and entrance examinations in India.

Over the years, the firm has raised institutional capital from a string of investors. Intel Capital, one of the first investors in CL Educate, exited the company a long time ago but the firm later brought in Gaja Capital and recently raised Rs 35 crore from HDFC, which has investments in the education sector. Other small investors in the firm include Granite Hill, Edelweiss Finance and India Infoline Venture Capital.

Kotak Mahindra Capital is managing the proposed issue.

Link: <http://www.vccircle.com/news/education/2016/03/31/cl-educate-refiles-ipo-papers-ups-issue-size>