

Business Standard

CL Educate looks to maintain asset light model

As per its DRHP, CL Educate seeks to continue expanding its test preparation center network across India, leveraging on its brand Career Launcher



Technology-enabled educational products and services company CL Educate, which has re-filed its draft red herring prospectus (DRHP) with the Securities and Exchange Board of India (Sebi), is looking to maintain an asset-light model as part of its growth strategy.

Nikhil Mahajan, CFO, CL Educate said that they will grow their existing businesses while looking to keep costs low. As per the DRHP filed with Sebi, CL Educate seek to continue expanding its test preparation center network across India, leveraging recognition of its brand Career Launcher, primarily through their scalable, asset-light, less capital-intensive business partnership model.

It said that in this relation, it may also continue to explore strategic organic and inorganic expansion opportunities that may arise in the future. In addition, the company continue to explore opportunities to expand its product and service offerings and to improve test prep center utilization, including by increasing the number of courses offered at each test prep center.

The draft red herring prospectus states that CL Educate has relied on inorganic growth as a key part of its growth strategy, including for its expansion into new business segments. The company acquired 51 per cent stake in Accendere Knowledge Management Services in 2015, GK Publications Private Limited in 2011, Kestone Integrated Marketing Services Private Limited in 2008, Law School Tutorials and Arun Roy Classes, both in 2004 and Khurana Information and Training Systems in 2000.

Mahajan said that whatever complements the existing businesses would be looked at. The DRHP states that CL Educate may continue to evaluate opportunities for alliances, collaborations, partnerships, investments and acquisitions that meet its strategic and financial return criteria, and to strengthen our portfolio of product, service, content and infrastructure offerings in the education sector.