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CL Educate buys 51% stake in education startup Accendere

Education services company CL Educate Ltd, best known for its erstwhile test prep brand Career Launcher, has acquired 51 per cent stake in educational startup Accendere Knowledge Management Services Pvt. Ltd for an undisclosed amount.

This acquisition will help Accendere tap into over 700 universities in India, the company said in a statement.

Accendere helps universities and colleges improve their academic standings by enhancing their research output in the fields of engineering, technology, medicine, arts and law.

Accendere's major service offerings are Concept Paper and Research Incubator. It offers a number of services ranging from vertical specific workshops to research mentoring and guidance. With its Research Incubator initiative, Accendere helps students with theme identification, literature survey, basics strengthening classes and research assignments, and paper writing and publication. In its vertical specific innovation (VSI) workshops, it offers courses such as architecture for engineers, advanced operating system design, ULSI/VLSI (ultra-large-scale Integration/very-large-scale integration) design, research in nanotechnology, etc.

It was founded by R Shivaraman and Praveen Dwarakanath. Shivaraman holds a PhD in Nanotechnology and is a former visiting academic at University of Western Australia while Dwarakanath is an alumnus of IIM Lucknow.

"Having proven our model in two universities, we aspire to scale to a few hundred universities in three years. We anticipate reaching a business turnover of around Rs 200 crore in a few years starting with Rs 5 crore this year. The services we provide shall be relevant to universities in developing nations that include SAARC region, Eastern Europe, Southeast Asia and Africa," said Dwarakanath.

The firm has plans to start offering its services in the international market from next year.

Accendere's competence in advising students in their higher educational choices abroad is also expected to strengthen CL's presence in the GRE, GMAT, SAT and admissions consulting business, it said.

“Accendere is in a high-margin scalable business that is not easy to copy quickly. Private universities form the core TG (target group). The synergy with test prep is an add-on sweetener,” said Satya Narayanan, chairman of CL Educate.

CL Educate started operations in 1996 as a provider of MBA test preparation courses and has diversified since then across four segments across the education value chain—test preparation and training, generally referred to as test prep, under Career Launcher brand; publishing & 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 corporates through its subsidiary, Kestone.

It struck two-three acquisitions in 2010-11 starting with a strategic investment in Threesixtyone Degree Minds Consulting Pvt Ltd, a Chennai-based firm which runs online higher education business under the brand 361minds.

Later in November 2011 it entered publishing with the acquisition of the GK Publications to add a brand publishing 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 the company, exited the firm 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.

In April this year, CL Educate had deferred its proposed initial public offer (IPO) plans and withdrew its application to the securities market regulator for a public float. The proposed IPO was also to see its private equity backer Gaja Capital part-exit.

CL Educate had filed its documents with market regulator Securities and Exchange Board of India (SEBI) for its IPO last September. The issue size was pegged at around \$40 million of which Gaja Capital and the company's promoters were to get close to half.

The firm was eyeing a valuation of around \$130-140 million at the time of proposed IPO, as per VCCircle estimates.