

Coaching institute Resonance Eduventures Plans Rs 500 crore IPO

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ET NOW: The year 2014 may have been lacklustre for IPOs with barely Rs 1,200 crore mopped up by five companies, but the dismal statistics are not deterring niche players from hitting the primary markets in the new year. Test preparation and [coaching institute Resonance Eduventures](#) based in Kota, Rajasthan and with 28 pan-India study centres for IIT and medical entrance exams, is planning an initial public offering to raise around Rs 500 crore, two sources familiar with the development told ET NOW.



"The company's listed peers have done well in recent times and its IPO plans are currently at a preliminary stage. The offering will also facilitate an exit for the company's private equity investors," said one of the two sources.

CLSA Capital Partners, the private equity arm of brokerage CLSA, had invested \$22 million (Rs 140 crore) for a minority stake in Resonance Eduventures in 2011. The arm has approximately \$2.6 billion in funds under management and eight offices across Asia, including Hong Kong, Singapore and Tokyo.

The second private equity investor is Milestone Religare Investment Advisors, which had invested Rs 50-60 crore in Resonance in 2010. Three years later, Quadria Capital, an Asia-focused healthcare fund acquired Milestone Religare Investment Advisors.

"There should be enhanced private equity activity in the education sector in 2015 on the back of vibrant public markets and expectations of good exits. But this activity is likely to be more in the unregulated sector such as training institutes than the regulated K12 sector due to ease in structuring," says Ruchir Sinha, co-head, private equity and M&A at law firm Nishith Desai Associates.

"The coaching and test preparation business is a booming segment and will continue to grow significantly in the months to come. There is a need for more such listed players in this space and any player with a solid foundation and looking to tap the bourses will have an early-mover advantage," says Prithvi Haldea, founder, Prime Database.

Resonance trains students for competitive entrance exams like IIT-JEE, AIEEE and AIPMT through classroom contact programmes, distance learning programmes and e-learning programmes. Resonance Eduventures, [CLSA Capital Partners](#) and Quadria Capital declined to comment in response to email queries from ET NOW.