

August 06, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	26.50	SMERA B/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B (read as SMERA B)**' to the Rs.26.50 crore long term facility of North Eastern Knowledge Foundation (NEKF). The outlook is '**Stable**'. The rating is constrained by the limited track record of operations, below average financial risk profile marked by high gearing and weak debt protection metrics of the entity. However, the rating draws comfort from the experienced management, continuous support from promoters and group companies in the form of equity infusions and unsecured loans.

To arrive at the rating, SMERA has consolidated the business and financial risk profiles of North Eastern Knowledge Foundation, (NEKF), a group company and North Eastern Educare Research Private Limited (NEER), together referred to as the 'North Eastern Group' in view of the common management and operational linkages within the group.

Outlook: Stable

SMERA believes the outlook on the North Eastern Group will remain stable over the medium term and the group will continue to benefit from the promoters' experience and their financial support. However, the group's liquidity will remain constrained due to low cash accruals in the initial stage of operations. The outlook may be revised to 'Positive' in case the group maintains strong growth in income while achieving improvement in the liquidity position. The outlook may be revised to 'Negative' in case of deterioration in the group's capital structure.

About the Company

The North Eastern Group is promoted by the Assam-based Khetan Group. The Khetan Group set up Kaziranga University, a private university promoted under the North Eastern Knowledge Foundation (NEKF) banner. The group also established North Eastern Educare Research Private Limited (NEER) in 2012 to provide accommodation, transport and other facilities to students of Kaziranga University.

For FY2013-14, NEKF reported net loss of Rs.2.41 crore on operating income of Rs.12.50 crore, as compared with net loss of Rs.1.47 crore on operating income of Rs.6.06 crore in FY2012-13. The trust reported profit after tax (PAT) of Rs.0.16 crore (provisional) on operating income of Rs.17.07 crore (provisional) in FY2014-15. NEKF's net worth stood at Rs.2.04 crore as on March 31, 2014, as compared with Rs.(0.07) crore a year earlier.

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