

August 06, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	14.42	SMERA B/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B (read as SMERA B)**' to the Rs.14.42 crore long term bank facility of North Eastern Educare Research Private Limited (NEER). 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, NEER reported net loss of Rs.0.68 crore on operating income of Rs.3.34 crore, as compared with net loss of Rs.0.69 crore on operating income of Rs.1.38 crore in FY2012-13. The company reported profit after tax (PAT) of Rs.0.09 crore (provisional) on operating income of Rs.4.67 crore (provisional) in FY2014-15. NEER's net worth stood at Rs.1.92 crore as on March 31, 2014, as compared with Rs.2.60 crore a year earlier.

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

## North Eastern Educare Research Private Limited (NEER)

*Rating  
Rationale*

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