



Rating Rationale

Patanjali Yogpeeth Trust

14 Aug 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 264.50 Crores of Patanjali Yogpeeth Trust ('PYT' or 'The Trust').

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (June 2018)	Present
Fund based Term Loan I Term Loan II	189.00 75.50	189.00 75.50	Long Term	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable	BWR BBB (Pronounced as BWR Triple B) Outlook: Stable (Reaffirmed)
Total	264.50	264.50	INR Two Hundred Sixty Four Crores and Fifty Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Rating: Reaffirmed

Rationale:

BWR has essentially relied upon the Trust's audited financial results up to FY18, C.A. certified provisionals for FY19, publicly available information and clarifications provided by the trust's management.



The reaffirmation in the rating of the Trust factors in its established brand name and y-o-y sustained income from donations received by conducting yoga camps, which support other activities of the Trust, like education institutions, ayurvedic hospitals amongst other projects at Haridwar, Uttarakhand. The rating also takes into account the above average financial risk profile of the Trust, with sizeable corpus funds and low debt obligations over the past three years, besides operationalisation of its Acharyakulam High School project during FY19, resulting in significant increase in its enrollment ratio in the current year academic session. As per the C.A. certified copy dated the 17th April 2019, the Trust had already invested equity of Rs. 85.13 Cr against the total equity requirement of Rs. 115.58 Cr for its ongoing projects viz. University of Patanjali (UOP) & Acharyakulam High School (AHS). The financial support from Patanjali Ayurved Ltd and Divya Yog Mandir Trust in terms of providing commitment letters and corporate guarantees is already in place.

The rating is, however, constrained by delays in achieving COD (Commercial Operation Date) for its UOP project by one year and current small size of operations of the university and school, coupled with large debt size and fixed assets. These two projects are yet to be self sustained for meeting its upcoming debt obligations.

Rating sensitivities:

Owing to small revenue base of UOP and AHS projects, coupled with large debt obligation, the Trust needs to be dependent on donation income received from yoga camps in order to service their interest & debt obligations. Hence, sustained donation income of the Trust remains the key monitorable. The ability of the Trust to generate cash accruals of at least Rs. 50 Cr each year, ability to complete its UOP project without any further cost & time overruns and continued financial support from Patanjali Ayurved Ltd and Divya Yog Mandir Trust, as and when required, remains the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

Established brand name and reputation of the trust: The institutes are run by the trustees (Baba Ramdev and Acharya Balkrishna) who have requisite experience and established brand image in the education sector. Patanjali is an established brand name which is strongly associated with Yoga Guru, Baba Ramdev, who is well known both domestically and internationally.

Above average financial risk profile of the trust: The Trust reported comfortable financial risk profile driven by large donation income base and sizeable corpus funds along with lower debt levels over the past three years. The trustees also remain resourceful in terms of bringing in more funds as and when required by the trust for its operations. Gearing and Corpus funds of the trust stood at 0.10x and Rs. 495.40 Crs, respectively in FY19.



Completion of Acharyakulam Project : COD for the said project has already been achieved in FY19 and thus it had started admitting more students for the current academic session. Post-expansion, the capacity of this school has increased to 960 students. Thus, the number of admissions increased from 578 students of 2018-batch to 713 students of 2019-batch. BWR also notes that its lender sanctioned a term loan of Rs. 75.50 Cr for this project but the trust has availed only Rs. 49.26 Cr. The remaining additional funds were infused by the trust itself and thus proposed not to availed further term loan for the said project. This will reduce the debt burden of ~ Rs. 25.50 Cr up to some extent.

Corporate Guarantees: As per the lenders terms, Divya Yog Mandir Trust (DYMT) and Patanjali Ayurved Limited (PAL) have given corporate guarantees for Patanjali Yogpeeth Trust's existing bank loan limits to ensure servicing of its debt obligations. Further, the equity required to complete its proposed projects (UOP & Acharyakulam High School) would be brought in by PAL and DYMT as and when required by the Trust. Commitment letters were also obtained from the management in this regard.

Credit Risks:

Delay in achieving COD for its University project: COD of UOP project was revised from March 2019 to March 2020 due to changes in the design of the project. BWR notes that its lender has already approved the extension of COD with consequent shift in drawdown schedule along with repayment schedule. Lender's approval letter is also obtained in this regard.

Current small size of operations in University & School: University of Patanjali (UOP) and Acharyakulam High School (AHS) reported low income of Rs. 4.94 Crs and Rs. 9.03 Crs, respectively with an average sizeable debt of Rs. 94.69 Crs & Rs. 49.26 Crs, respectively during FY19. Both projects are yet to generate sufficient accruals in order to meet its upcoming debt obligations. Thus, BWR believes that these projects will take time to become self sustaining and thus will remain dependent on yoga donations and other divisions of the trust and corporate guarantors (PAL & DYMT) for meeting its interest & debt obligations over the next two financial years at least.

Liquidity position of the Trust:

The liquidity position of the trust remains adequate driven by sizeable corpus funds against its secured debt obligation in FY19. The trust reported adequate cash & cash equivalent of Rs. 83.63 Crs as on 31 March 2019. Due to shift in COD for its university project along with drawdown schedule and repayment schedule to FY21, there will be no significant cash outflow for its repayment during the current financial year. COD for its school project already been achieved which resulted significant increase in new admission from this year sessions. This will improve cash accruals and support its liquidity position over the medium term.



Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes **Patanjali Yogpeeth Trust's** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the trust able to generate donation income and adequate cash accruals, complete its university project without cost and time over-run, get continuous financial support from PAL and DYMT, ability to attract good faculty and increase in student strength as projected over the medium term. The rating outlook may be revised to 'Negative' if there is any delay in the said project implementation and decline in trust's total income over the medium term.

About the Trust

Patanjali Yogpeeth Trust (PYT) is a charitable trust, established in Feb 2005 by Yoga Guru Baba Ramdev. The other major trustees are Acharya Balkrishna and Swami Muktanand. PYT was set up for the purpose of propagating yoga at pan-India level, study & research of Vedic traditions of yoga and conduct different activities & projects related to it. Presently, major activities run by PYT are yoga science camps, yoga training through T.V. programs, Yoga Naturopathy & Panchkarma Treatment Centre, University of Patanjali and Acharyakulam Shiksha Sansthan, a school. Both these institutions are located in the vicinity of Hardwar, Uttarakhand.

Trust's Financial Performance

Key Parameters	Units	2019	2018
Result Type		Provisional	Audited
Operating Revenue	Rs. Crores	142.38	173.85
Operating Surplus	Rs. Crores	50.30	71.33
Net Surplus	Rs. Crores	36.25	59.28
Corpus Funds	Rs. Crores	495.40	437.77
Total Debt/Total Corpus Funds	in Times	0.10	0.00
Current Ratio	in Times	12.55	7.65

Rating History for the last three years

Sl. No.	Facility	Current Rating (2019)			Rating History		
		Type	Amount (Rs Crs)	Rating	11 June 2018	03 May 2017	2016
1	Fund Based Term Loan I Term Loan II	Long Term	189.00 75.50	BWR BBB (BWR Triple B) (Outlook Stable)	BWR BBB (BWR Triple B) (Outlook Stable)	BWR BBB (BWR Triple B) (Outlook Stable)	N.A.
Total			264.50	INR Two Hundred and Sixty Four Crores and Fifty Lakhs Only			

Status of non-cooperation with previous CRA - N.A.

Any other information: Nil

Annexure I - Instrument/Bank Facility Details

ISIN	Instrument/Facility	Date of Sanction	Coupon Rate	Maturity Date	Amt. in Rs. Cr	Current Rating & Outlook
-	Fund Based Term Loan I	28.09.2017	8.75%	FY 26-27	189.00	BWR BBB (Stable)
-	Term Loan II	28.09.2017	8.75%	FY 26-27	75.50	BWR BBB (Stable)

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)



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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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