

January 07, 2025

Bharatiya Reserve Bank Note Mudran Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Cash credit	145.00	145.00	[ICRA] AAA (Stable): Reaffirmed
Short-term – Non-fund-based – Working capital facilities	455.00	455.00	[ICRA] A1+: Reaffirmed
Total	600.00	600.00	

*Instrument details are provided in Annexure-I

Rationale

The reaffirmation of the ratings factors in the strong parentage of Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL) being a wholly-owned subsidiary of the Reserve Bank of India (RBI) and its strategic position as a major supplier of printed currency notes to the RBI. BRBNMPL supplied around 60% (by volume) of the RBI's annual currency requirement in FY2024 and the remaining is met through Security Printing and Minting Corporation of India Limited (SPMCIL, a public-sector undertaking, wholly owned by the Government of India). The rating action favourably notes the company's strong financial risk profile, marked by healthy scale of operations with revenues expected to increase by 20-22% in FY2025 (PY: Rs. 3,250-3,300 crore), negligible debt levels, strong debt protection metrics and superior liquidity position. ICRA expects BRBNMPL to remain strategically important for the RBI to implement its sovereign function of managing the currency note requirements of the country. ICRA expects the entity to maintain superior liquidity, in absence of any large capex/investment as well as dividend plans in the near to medium term.

While reaffirming the ratings, ICRA takes note of BRBNMPL's single product segment of printing currency for the RBI. Nonetheless, the pricing arrangement with the RBI, which provides a fixed return on the capital employed, is expected to generate adequate returns for the company, despite being present in a single product segment.

The Stable outlook on the rating reflects ICRA's opinion that BRBNMPL will benefit from its strategic position as the major supplier of printed currency notes to the RBI and the financial flexibility derived from being a wholly-owned subsidiary of the RBI.

Key rating drivers and their description

Credit strengths

Wholly-owned subsidiary of RBI having strategic importance for printing currency notes – BRBNMPL is a 100% subsidiary of the RBI. ICRA expects continued operational and financial support from the RBI to BRBNMPL, as and when required, as the company undertakes printing of currency notes. BRBNMPL supplies a major portion of the bank note requirement (currently supplying over 60% of the supply volume) to the RBI, making it a strategically important entity. The remaining requirements are met through SPMCIL.

Strong financial risk profile – The company has a strong financial profile, marked by healthy scale of operations with revenues expected to increase by 20-22% in FY2025 (PY: Rs. 3,250-3,300 crore), negligible debt levels, strong debt protection metrics and superior liquidity position. ICRA expects BRBNMPL to remain strategically important for the RBI to implement its sovereign function of managing the currency note requirements of the country. Further, it receives dividend income from its 50% joint venture (JV), which supports its liquidity position.

Credit challenges

Single product segment – The company operates in a single product segment of printing currency for the RBI. Nonetheless, the pricing arrangement with the RBI, which provides a fixed return on the capital employed, is expected to generate adequate returns for the company, despite being present in a single product segment.

Liquidity position: Superior

The company had Rs. 4,495.6 crore of cash and liquid investments as on March 31, 2024 as well as interchangeable fund-based and non-fund based working capital limits of Rs. 600 crore. Its dependence on fund-based working capital facility is minimal and the utilisation of the sanctioned bank lines is negligible, which coupled with the large cash and equivalent, provides a robust liquidity buffer. Given the high cash and bank balance, strong cash accruals, nil term debt repayments, and the cushion from the large unutilised bank limits, BRBNMPL's liquidity profile is expected to remain superior, despite the planned capex of Rs. 200 crore each in FY2025 and FY2026.

Rating sensitivities

Positive factor – Not Applicable

Negative factor – Negative pressure on the ratings could emerge if there is any dilution of the company's strategic role in the currency management function of the RBI, or any change in the ownership structure.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	The ratings consider the company's 100% ownership by the RBI and the strategic role it plays in printing the currency.
Consolidation/Standalone	For arriving at the ratings of BRBNMPL, ICRA has considered the consolidated financials of BRBNMPL, along with its 50% JV – Bank Note Paper Mill India Private Limited.

About the company

The RBI had set up BRBNMPL as its wholly-owned subsidiary on February 3, 1995 to augment the production of currency notes in India. The company has its registered and corporate office in Bengaluru. It manages two printing presses, one in Mysore (Karnataka) and the other at Salboni (West Bengal). The company prints currency notes in all the existing denominations for the RBI. On October 13, 2010, BRBNMPL and SPMCIL started a 50:50 JV company - Bank Note Paper Mill India Private Limited (BNPMIPL) - to produce bank note paper and substitute bank note paper imports.

Key financial indicators (audited)

Consolidated	FY2023	FY2024
Operating income	2,573.8	2,702.5
PAT	406.0	514.6
OPBDIT/OI	21.3%	22.6%
PAT/OI	15.8%	19.0%
Total outside liabilities/Tangible net worth (times)	0.1	0.1
Total debt/OPBDIT (times)	0.0	0.0
Interest coverage (times)	1166.0	2546.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2025)			Chronology of rating history for the past 3 years							
			FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term	145.00	January 07, 2025	[ICRA] AAA (Stable)	Dec 27, 2023	[ICRA] AAA (Stable)	Nov 11, 2022	[ICRA] AAA (Stable)	Dec 17, 2021	[ICRA] AAA (Stable)
Letter of credit	Short term	420.00	January 07, 2025	[ICRA] A1+	Dec 27, 2023	[ICRA] A1+	Nov 11, 2022	[ICRA] A1+	Dec 17, 2021	[ICRA] A1+
Credit exposure limit	Short term	35.00	January 07, 2025	[ICRA] A1+	Dec 27, 2023	[ICRA] A1+	Nov 11, 2022	[ICRA] A1+	Dec 17, 2021	[ICRA] A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash credit	Simple
Letter of credit	Very simple
Credit exposure limit	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash credit	NA	-	-	145.00	[ICRA] AAA (Stable)
NA	Letter of credit	NA	-	-	420.00	[ICRA] A1+
NA	Credit exposure limit	NA	-	-	35.00	[ICRA] A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company	Ownership	Consolidation Approach
Bank Note Paper Mill Private Limited	50.00%	Equity Method

Source: Company annual report, ICRA Research

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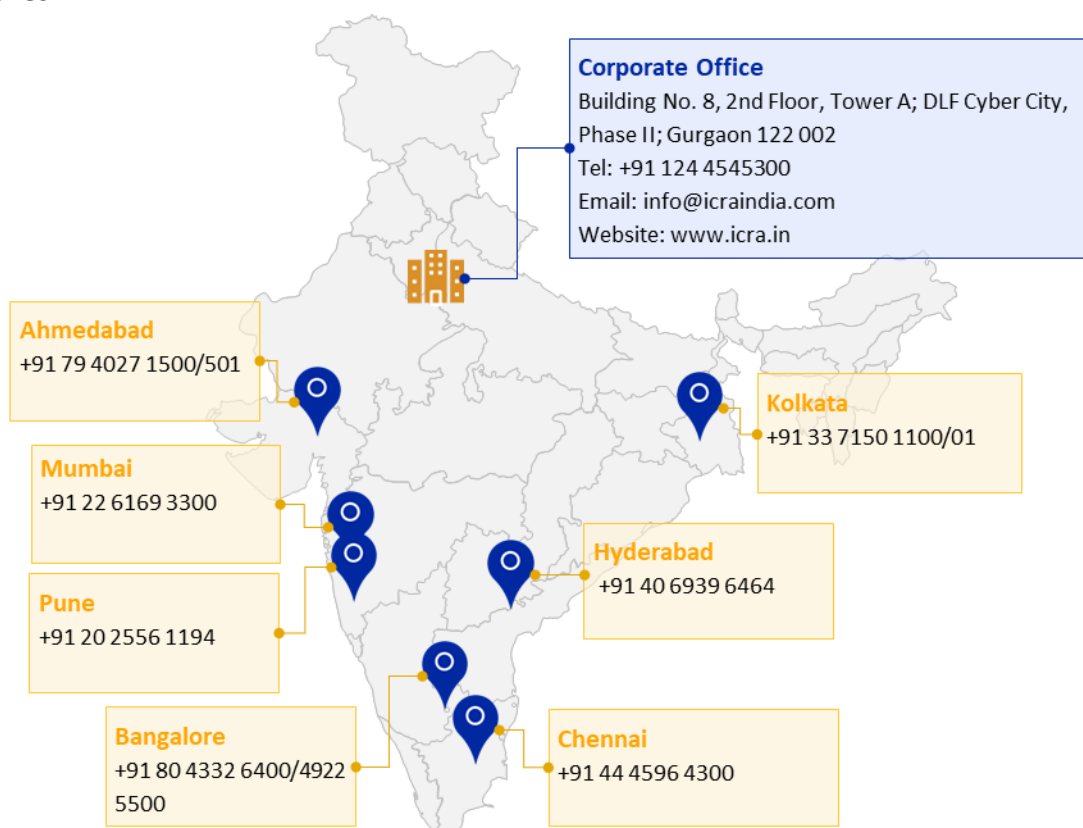
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