

November 27, 2017

Bharatiya Reserve Bank Note Mudran Private Limited

Summary of rated instruments

Instrument*	Rated Amount (Rs. crore)	Rating Action
Long Term - Fund Based / CC	230.0	[ICRA]AAA (Stable) reaffirmed
Long Term - Non Fund Based	400.0	
Short Term - Non Fund Based	635.0	[ICRA]A1+ reaffirmed

*Instrument details are provided in Annexure-1

Rating action

ICRA has reaffirmed the long term rating for the Rs 230.0 crore fund based facilities and the Rs 400.0 crore non-fund based facilities of Bharatiya Reserve Bank Note Mudran Private Limited ('BRBNMPL' / 'the company') at [ICRA]AAA (Stable) (pronounced ICRA triple A)†. ICRA has also reaffirmed the short term rating for the Rs 635.0 crore non-fund based facilities of the company at [ICRA]A1+ (pronounced ICRA A one plus). The outlook on the long term rating is Stable.

Rationale

The rating reaffirmation reflects BRBNMPL's strategic position as the major supplier of printed bank notes to the Reserve Bank of India (RBI) as well as its 100% ownership by RBI. BRBNMPL supplies a major portion of the bank note requirement in the country with the remaining requirements met through Security Printing and Minting Corporation of India Limited (SPMCIL - a public sector undertaking wholly owned by Government of India). The rating action also favorably factors in the company's robust capital structure marked by limited debt (only working capital loans) and high networth, healthy cash and liquid investments, unutilized working capital limits and the financial flexibility derived from being a wholly owned subsidiary of RBI. BRBNMPL will continue to be strategically important for RBI for its performance of the sovereign function of printing bank notes to bridge the gap between demand and supply of currency notes in the country.

While reaffirming the rating, ICRA takes note of the funding commitments of the company arising out of capital expenditure programmes and possible funding support towards BRBNMPL's joint venture company, 'Bank Note Paper Mill India Private Limited', which is into the production of paper used for printing bank notes. ICRA also notes that the company is exposed to foreign exchange (forex) risks as significant expenditure is incurred in foreign currency; however, this risk has reduced from FY2017 with the key raw material being supplied by the subsidiary company.

Key rating drivers

Credit strengths

- **Wholly owned subsidiary of RBI** - BRBNMPL is a 100% subsidiary of RBI. ICRA expects continued support from RBI to BRBNMPL, if needed, as the company is discharging a sovereign function.
- **Strategic importance to RBI being a major supplier of currency notes** – The company is of strategic importance to RBI for undertaking the sovereign function of printing currency notes to bridge the gap between the demand and supply of bank notes in the country.

- **Strong financial profile with robust leverage and coverage indicators** – The company’s financial profile is strong as reflected by robust cash accruals, negligible debt levels, healthy cash and liquid investments, and unutilized working capital limits. Also, the company derives significant financial flexibility being a wholly owned subsidiary of RBI.

Credit weaknesses

- **Funding support to the subsidiary** – BRBNMPL and SPMCIL had set up a 50:50 joint venture company, BNPMIPL to produce bank note papers and reduce the dependence on bank note paper imports. BRBNMPL may have to extend funding support to the subsidiary going forward; however, considering the strong financial position of BRBNMPL, this is not expected to have any material impact on the company’s credit profile.
- **Exposed to forex risks** – The company is exposed to forex risks as significant expenditure is incurred in foreign currency; however, this risk has reduced from FY2017 with the key raw material being supplied by the subsidiary company BNPMIPL.

Analytical approach: For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

Links to applicable criteria:

[Corporate Credit Rating Methodology](#)

About the company:

RBI set up BRBNMPL as its wholly owned subsidiary on February 3, 1995, to augment the production of bank notes in India. The company has been registered as a private limited company under the Companies Act, 1956, with its registered and corporate office at Bengaluru. It manages two printing presses, one in Mysore (Karnataka) and the other in Salboni (West Bengal). The company prints currency notes in all the existing denominations for RBI. BRBNMPL and SPMCIL, on October 13, 2010; have started a 50:50 joint venture company 'Bank Note Paper Mill India Private Limited' (BNPMIPL) in order to produce bank note paper and substitute bank note paper imports.

Key Financial Indicators (Audited)

Fiscal	FY2016	FY2017
Operating Income (Rs. crore)	1929.60	4213.87
PAT (Rs. crore)	96.70	698.14
OPBDIT/ OI (%)	6.19%	25.71%
RoCE (%)	6.48%	32.80%
Total Debt/ TNW (times)	0.01	0.01
Total Debt/ OPBDIT (times)	0.28	0.02
Interest coverage (times)	30.55	285.13
NWC/ OI (%)	56%	43%

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

**Rating history for last three years:
Table:**

Sl No	Instrument	Current Rating (FY2018)			Chronology of Rating History for the past 3 years	
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating	
					November 2017	October 2016
1	Cash Credit	Long term	230.0	-	[ICRA]AAA	[ICRA]AAA
2	Non fund based	Long term	400.0	-	(Stable)/[ICRA]A1+	(Stable)/[ICRA]A1+
3	Non fund based	Short term	635.0	-		

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1
Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated	Current Rating and Outlook
					(Rs. crore)	
N.A	Cash Credit	-	-	-	230.0	[ICRA]AAA (Stable)
N.A	Non fund based	-	-	-	400.0	
N.A	Non fund based	-	-	-	635.0	[ICRA]A1+

Source: the company



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