

February 10, 2025

Sembcorp Green Hydrogen India Private Limited: [ICRA]A+(Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Non-fund based – Bank guarantee	90.00	[ICRA]A+(Stable) assigned
Long term – Fund-based – Overdraft (OD)	1.00	[ICRA]A+(Stable) assigned
Total	91.00	

*Instrument details are provided in Annexure I

Rationale

The rating assigned to Sembcorp Green Hydrogen India Private Limited (SGHIPL) factors in the strong credit profile of its ultimate parent –Singapore-based Sembcorp Industries Ltd (SCI) – which has a strong renewable portfolio, a diversified asset profile and a strong parentage with a 49.5% shareholding by Temasek Holdings (Private) Limited, rated Moody's Aaa (Stable).

SGHIPL is the Indian Holdco of the Sembcorp Group for green hydrogen and green ammonia in India. SGHIPL has three SPVs (100% ownership) in India – Green Infra Renewable Energy Farms Private Limited (GIREFPL), Green Infra Clean Wind Ventures Private Limited (GICWVPL) and Sembcorp Green Hydrogen (Gujarat) Private Limited (SGHGPL). GIREFPL will be setting up a 2,00,000-MTPA green ammonia plant, to be commissioned by 2029. The land for the project has been allocated near Tuticorin Port in Tamil Nadu. However, the plans for GICWVPL and SGHGPL are yet to be firmed up.

Also, GIREFPL has been recently awarded a production linked incentive (PLI) for the production of 90,000 MTPA green hydrogen under the Strategic Interventions for Green Hydrogen Transition (SIGHT) programme of the Government of India. The rating also draws comfort from favourable government policies, incentives linked with the production of green hydrogen and green ammonia in India and the expected long-term subsidies in key export markets, such as Japan and Korea.

The rating takes into consideration that the company is bidding for offtake arrangements in Japan and Korea and execution of the project would be taken up only post having a confirmed offtake arrangement. The rating remains constrained by the project execution risks and any delays in the execution of such projects could lead to cost escalation, attract liquidated damages from customers etc., impacting the returns from the projects. Moreover, the price of green hydrogen/green ammonia at present is higher vis-à-vis other fuels, making it less viable, thereby requiring substantial Government support in the form of subsidies and incentives. The rating is also constrained by the technology risks associated with manufacturing green hydrogen as the technology is still evolving.

The Stable outlook on SGHIPL's rating reflects ICRA's opinion that the company will continue to benefit from the positive demand outlook for green hydrogen/ammonia owing to the carbon transition initiatives of several countries.

Key rating drivers and their description

Credit strengths

Presence of a strong sponsor and experienced management team – SGHIPL is a step-down subsidiary of Singapore based Sembcorp Industries (SCI) through Sembcorp Utilities Pte Ltd (SUPL) under a green hydrogen Holdco named Sembcorp Green Hydrogen Pte Limited (SGHPL), Singapore. The credit profile of SCI is supported by healthy performance in its operating markets and the growing share of renewables in its portfolio. SCI is ~49.5% held by Temasek Holdings (Private) Limited [rated

Aaa (Stable) by Moody's]. The companies within the Sembcorp Group are managed by a team of experienced technocrats and finance professionals, who have a long track record of project execution and operations. GIREFPL remains strategically important to the Sembcorp Group owing to its objective to set up green hydrogen/green ammonia plants.

Government's thrust for production of green hydrogen and green ammonia - Under the National Green Hydrogen Mission, India aims to develop green hydrogen production capacity of at least 5 million metric tonnes (MMT) per annum with an associated renewable energy capacity addition of about 125 gigawatts (GW) in the country by 2030. The total outlay for the mission is Rs. 19,744 crore, out of which the government has allocated Rs. 17,490 crore for the Strategic Interventions for Green Hydrogen Transition (SIGHT) programme, Rs. 1,466 crore for the upcoming pilot projects, Rs. 400 crore for R&D, and Rs. 388 crore towards other mission components. As of January 15, 2025, the government of India (GoI) has allocated incentives to 12 entities including GIREFPL (for green hydrogen production of up to 90,000 MTPA) under production linked incentive (PLI) scheme. Further, long term subsidies are expected in key export markets such as Japan and Korea where the green ammonia produced in India by GIREFPL is planned to be exported.

Sembcorp group's well diversified renewable asset base across multiple states in India - The overall renewable portfolio of the Sembcorp group stands at around 6.0 GW, comprising operating capacity of 3.0 GW and the balance being under-development capacity, spread over 10 states, which results in geographic diversification. Lately, the group's asset diversification has improved with the share of solar assets increasing to 26% of the operating portfolio.

Credit challenges

Absence of off-taker agreements and execution risks associated with under development projects - SGHIPL is yet to enter into firm off taker agreements. Further, the project remains exposed to execution risks associated with the under-development portfolio, however, the rating takes comfort from the strong execution capabilities of the Sembcorp group with its past record of venturing into many new projects, especially in the renewable portfolio (solar and wind) and successfully scaling such new projects. The ability to commission such projects without major cost and time overrun shall be critical.

Competition from other fuels – Green hydrogen faces stiff competition from other fuels especially coal, LNG, grey ammonia, methanol etc. The levelized cost of green hydrogen is primarily driven by the capital cost (capex) of electrolyzers as well as cost of renewable power along with other O&M costs vis-à-vis the current price of other fuels which is considerably lower than the cost of green hydrogen/ammonia. Meantime, government support in the form of subsidies, incentives, contract-for-difference etc. is required to make production and off-take of green hydrogen viable.

Technology risks – Considerable R&D work is being done both globally as well as in India for developing newer and better technologies which will bring down the manufacturing costs for green hydrogen including developing better electrolyzers, increasing their efficiencies, stack life etc. As the technology for green hydrogen production is still evolving the project remains exposed to such risks.

Liquidity position: Adequate

SGHIPL's liquidity position remains adequate driven by ample liquidity of its parent – SCI, with healthy cash in hand as well as considerable unutilised limits at the group level as of June 30, 2024.

Rating sensitivities

Positive factors – The rating could be upgraded if the agreements are signed with the offtakers and the project's progress is timely.

Negative factors - Pressure on ratings could arise if the credit profile of the parent weakens, or if the linkage between the parent and the entity deteriorates, or if there are significant delays in project execution with cost and time overruns adversely impacting the returns.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies 9 Bold	Corporate Credit Rating Methodology
Parent/Group support	Parent Company – Sembcorp Industries Ltd The rating is based on implicit support from the parent company/group (ultimately held by Sembcorp Industries Ltd), which is expected to extend financial support, should the need arise
Consolidation/Standalone	The rating is based on the consolidated financials of the GIREFPL, GICWVPL and SGHGPL

About the company

Sembcorp Green Hydrogen India Private Limited (SGHIPL), incorporated in July 2023, is a 100% subsidiary of Singapore based Sembcorp Industries (SCI). SGHIPL has three SPVs (100% ownership) in India – Green Infra Renewable Energy Farms Private Limited (GIREFPL), Green Infra Clean Wind Ventures Private Limited (GICWVPL) and Sembcorp Green Hydrogen (Gujarat) Private Limited (SGHGPL). GIREFPL will be setting up a 2,00,000-MTPA green ammonia plant, to be commissioned by 2029. The land for the project has been allocated near Tuticorin Port in Tamil Nadu. However, the plans for GICWVPL and SGHGPL are yet to be firmed up.

Key financial indicators (audited): Not applicable as it is in project stage

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					
				FY2024		FY2023		FY2022	
Instrument	Type	Amount rated (Rs. crore)	Feb 10, 2025	Date	Rating	Date	Rating	Date	Rating
Non-fund based – Bank guarantee	Long term	90.00	[ICRA]A+ (Stable)	-	-	-	-	-	-
Fund-based – Overdraft (OD)	Long term	1.00	[ICRA]A+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Non-fund based – Bank guarantee	Very Simple
Long term – Fund-based – Overdraft (OD)	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	Long term – Non-fund based – Bank guarantee	NA	NA	NA	90.00	[ICRA]A+ (Stable)
NA	Long term – Fund-based – Overdraft (OD)	NA	NA	NA	1.00	[ICRA]A+ (Stable)

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 name	Ownership	Consolidation approach
Green Infra Renewable Energy Farms Private Limited (GIREFPL)	100%	Full Consolidation
Green Infra Clean Wind Ventures Private Limited (GICWVPL)	100%	Full Consolidation
Sembcorp Green Hydrogen (Gujarat) Private Limited (SGHGPL)	100%	Full Consolidation

Source: Company

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