

February 10, 2025

## Green Infra Renewable Energy Farms Private Ltd: [ICRA]A+(Stable) assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term – Non-fund based – Bank guarantee	290.00	[ICRA]A+(Stable) assigned
Long term – Fund based – Overdraft (OD)	1.00	[ICRA]A+(Stable) assigned
<b>Total</b>	<b>291.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating assigned to Green Infra Renewable Energy Farms Private Ltd (GIREFPL) 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). GIREFPL remains strategically important to SCI owing to its objective to set up green hydrogen/green ammonia plants, resulting in further diversification of its portfolio.

GIREFPL will be setting up a 2,00,000-MTPA green ammonia plant, to be commissioned by 2029. Also, GIREFPL has been recently awarded a production-linked incentive (PLI) to produce 90,000 MTPA of green hydrogen under the Strategic Interventions for Green Hydrogen Transition (SIGHT) programme of the Government of India (GoI). The rating 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 GIREFPL'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** – GIREFPL is a step-down subsidiary of Singapore-based Sembcorp Industries (SCI) through Sembcorp Utilities Pte Ltd (SUPL) and Sembcorp Green Hydrogen Pte Ltd (SGHPL), Singapore, under an Indian green hydrogen Holdco, named Sembcorp Green Hydrogen India Private Limited (SGHIPL). The credit profile of SCI is supported by a 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 a 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) by 2030. The total outlay for the mission is Rs. 19,744 crore, of which the Government has allocated Rs. 17,490 crore for the 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 on January 15, 2025, the GoI has allocated incentives to 12 entities, including GIREFPL (for green hydrogen production of up to 90,000 MTPA) under the PLI scheme. Further, long-term subsidies are expected in key export markets such as Japan and Korea where the green ammonia produced by GIREFPL in India 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 an operating capacity of 3.0 GW and the balance being under development, 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 offtaker agreements and execution risks associated with under development projects** - GIREFPL is yet to enter into firm offtaker 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 levelised cost of green hydrogen is primarily driven by the capital cost (capex) of electrolyzers as well as the 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. Hence, Government support in the form of subsidies, incentives, contract-for-difference etc. is required to make the production and offtake 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

GIREFPL'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	<a href="#">Corporate Credit Rating Methodology</a>
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 standalone financials of the entity

## About the company

Green Infra Renewable Energy Farms Private Ltd (GIREFPL), incorporated in June 2023, is an SPV under Sembcorp Green Hydrogen India Private Limited (SGHIPL), which is a 100% subsidiary of Sembcorp Utilities Pte Ltd (SUPL). SUPL is a wholly-owned subsidiary of Singapore-based Sembcorp Industries Ltd. 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.

**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	290.00	[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	Non-fund based – Bank guarantee	NA	NA	NA	290.00	[ICRA]A+ (Stable)
NA	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 – Not applicable

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