

GreenH Electrolysis Private Limited (Revised)

January 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term / Short-term bank facilities	35.00	CARE BB; Stable /CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has assigned the rating on bank facilities of GreenH Electrolysis Private Limited (GreenH), which is primarily engaged in engineering, procurement, and construction (EPC) of hydrogen-based electrolysers, factoring in strong parentage and experienced management with strong technical capabilities through its association with H2B2 Electrolysis Technologies S.L. (H2B2). The current order book comprises EPC contract for 1 MW Proton exchange membrane (PEM) electrolyser and the development of a hydrogen storage and dispensing station including a long-term service agreement of five years, from Medha Servo Drives Private Limited (MSDPL), which is a strong counterparty.

However, the rating is constrained considering modest scale of operations with low outstanding orderbook position, which provides limited revenue visibility as depicted in the Order Book / Operating Income (OB/OI) ratio of less than 1x, as of December 2024 (based on projected FY25 turnover). Going forward, per CARE Ratings' base case scenario, the order book to operating income (OB/OI) indicators are expected to remain modest in the range of 1.3 - 1.5x in the next two years. The profitability is expected to remain modest considering modest revenue levels in initial year of its operations. Ratings are also impacted by the inherent execution risks in the projects and, the highly fragmented and competitive industry. Exposure to high customer concentration risks, where 100% of the order book is concentrated towards a single customer MSDPL, which is mitigated to an extent as MSDPL has a strong track record of operating similar nature of projects and has remained prompt in clearing its payments. GreenH's financial risk profile is characterised by a high total outside liabilities to tangible net worth (TOL/TNW) ratio, which is expected to remain over 7.3x in the next few years, in CARE Ratings' base case.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in revenues with healthy orderbook position and sustained operating margins, leading to improvement in financial risk profile and liquidity position.

Negative factors

- Lower-than-expected turnover or profitability margins or elongated working capital cycle resulting in deterioration in the financial risk profile and liquidity.
- Inability to build-up the order book with OB/OI ratio declining to below 1.0x.

Analytical approach: Standalone

Outlook: Stable

The stable outlook on the rating of GreenH Electrolysis Private Limited reflects CARE Ratings' opinion that the company would benefit from its strong parentage and experienced management with strong technical capabilities.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Strong and resourceful parentage being backed by H2B2 and promoters of GRIL

GreenH is a 50:50 joint venture between H2B2 and CGEPL (owned by the promoters of GR Infraprojects Limited [GRIL, rated CARE AA+; Stable/A1+]). The rating factors in strong parentage and experienced management with strong technical capabilities through its association with H2B2.

H2B2 was incorporated in 2016 and operates in the United States and Europe. The company offers comprehensive services including design, engineering, manufacturing, integration, and operations & maintenance (O&M) for modular hydrogen production systems using water electrolysis, and hydrogen filling stations.

CGEPL is owned by promoters of GRIL, Ashwin Agarwal (99.9% share) and Aaditya Agarwal (0.1%). Incorporated in 1995, GRIL is engaged in road construction in states across the country with a large part of its present order book being from NHAI and the Ministry of Road Transport and Highways (MoRTH). In addition to construction of roads on an EPC basis, GRIL also undertakes construction of road projects on a BOT basis.

Key weaknesses

Modest scale of operations with low order book position resulting in low revenue visibility

GreenH currently has one outstanding order from (MSDPL, which is expected to be completed by the end of FY25). The low outstanding orderbook position, provides limited revenue visibility as depicted in the OB/OI ratio of less than 1x, as of December 2024 (based on projected FY25 turnover). Going forward, per CARE Ratings base case scenario, the OB/OI indicators are expected to remain modest in the range of 1.3 - 1.5x in the next two years.

High client and geographical concentration risk

GreenH has exposure to high customer concentration risks, where 100% of the order book is concentrated towards a single customer MSDPL, which is mitigated to an extent, as it has a strong track record of operating similar nature of projects and has remained prompt in clearing its payments. The company faces high geographical concentration risk as entire revenue is concentrated in single state of Haryana as per the current order book position.

Modest Financial Risk Profile

GreenH's financial risk profile is characterised by a high total debt to earnings before interest, taxation, depreciation, and amortisation (EBITDA) ratio, which is projected to be upwards of 7.5x over the next few years per CARE Ratings' base case.

The company's financial risk profile is modest considering initial stages of operations, where profitability remained quite low. However, scale of operations and profitability is expected to increase going forward, with expected new order inflows, starting FY26 onwards.

Liquidity: Adequate

The liquidity of the company is adequate marked by free cash and bank balances amounting to ₹5.5 crore, as on December 2024 end. Fund-based working capital bank facilities are moderately utilised to the extent of ~45.9%.

Applicable criteria

[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Financial Ratios – Non financial Sector](#)
[Construction](#)
[Infrastructure Sector Ratings](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

Incorporated in November 2022, GreenH, is a 50:50 joint venture (JV) between the Spain-based H2B2 and CGEPL. The company is engaged in EPC of hydrogen-based electrolysers, and trading electrolysers and related O&M contracts.

Brief financials: GreenH (Standalone): Not applicable, since the company did not have any material operations for the period ended March 31, 2024.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund based – LT/ST – Working Capital Demand Loan		-	-	-	35.00	CARE BB; Stable / CARE A4+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1.	Fund based – LT/ST – Working Capital Demand Loan	LT/ST	35.00	CARE BB; Stable/CARE A4+				

LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund based – LT/ST – Working Capital Demand Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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