

Zero Footprint Industries LLP

January 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	25.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Zero Footprint Industries LLP (Zero Footprint) to monitor the rating vide e-mail communications dated October 15, 2024, October 24, 2024, and October 30, 2024, December 27, 2024, and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The ratings of Zero Footprint's bank facilities will now be denoted as **CARE BB-; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating has been moved to Issuer Not Cooperating category on account of non-availability of requisite information due to non-cooperation by Zero Footprint with CARE Ratings Ltd.'s efforts to undertake a review of the rating outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. The rating is further constrained on account of pre and post project implementation risk associated with its debt-funded greenfield project and Nascent stage of project implementation with negligible past track record of promoters to execute such projects. However, the rating weaknesses are partially offset by location advantage available with the company in procuring raw materials and availability of customers in the vicinity, positive industry aspects aided by Uttar Pradesh Green Hydrogen policy and experienced promoters in the similar line of business.

Analytical approach: Standalone

Outlook: Stable

The rating outlook "Stable" indicates the expected physical and financial closure of the green hydrogen project by Zero Footprint Industries LLP.

Detailed description of key rating drivers:

At the time of last rating on January 03, 2024, the following were the rating strengths and weaknesses.

Key weaknesses

Project Implementation & Post Implementation risk associated with its debt-funded capex: The firm is setting-up a greenfield project to manufacture green hydrogen using electrolysis. The project is being setup in Rampur, Uttar Pradesh on a 2acre piece of land owned by the promoters of the company. The total cost of the project is estimated to be around Rs.14.03 crore and the same is to be funded by promoter's contribution of Rs.3.54 crore and term loan of Rs.10.50 crore which has already been sanctioned. As on November 30, 2023, the company had incurred Rs 1.50 crore of total project cost whereby it has procured plant and machinery and has incurred cost towards land development wherein civil work has been initiated on the land. The cost incurred till November 30,2023 is funded through promoter's contribution of Rs 0.37 crores, and term loan of Rs 1.13 crore. The commercial operations of the project are expected to start from Q2FY25 (refers to the period from April 2024 to September 2024).

Nascent stage of project implementation: The project is still at Nascent stage of implementation; Currently, civil work is under process with around 10% completion. The equipments and machinery required for production are being purchased from M/s Eastern Electrolyser (India). The bank loan has been sanctioned and the payments are being directly disbursed to the vendors. The land has been purchased by the promoters using their own funds and cost of land is not included in the project cost. Project implementation and achievement of COD as per scheduled timeline will continue to be a key monitorable for the rating.

Inherent risk associated with constitution of the firm as partnership: Zero Footprint Industries LLP's constitution as a partnership firm has the inherent risk of possibility of withdrawal of the partner's capital at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of partners. Moreover, partnership firms have restricted access to external borrowing which limits their growth opportunities to some extent.

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

Key strengths

Location advantage of the manufacturing facility: The manufacturing facility of the firm is located in Rampur, Uttar Pradesh which is an industrial area. The manufacturing facility will be setup on 2 acres of land owned by the promoters of the firm. Various pharma, menthol and fertiliser companies are located in the area where green hydrogen finds application. A lot of companies in Rampur buy grey hydrogen from Punjab and thus have to bear major transportation cost since only 1 Kg of gas can be filled in a cylinder which weighs approximately 75 Kgs. The firm will be able to sell green hydrogen to these companies at the price of grey hydrogen which will then support them in getting customers. 50% of the production done by the firm from the current plant is proposed to be sold to a menthol manufacturing entities located in close vicinity to the firm's manufacturing facility through a direct pipeline connecting the two facilities.

Experienced promoters in the similar line of business: The firm is promoted by two partners: Parampara Builders Private Limited (promoter by Mr. Anurag Agarwal) and Mr. Amit Modi. Amit Modi is engaged in the business of supply, trading, and distribution of Industrial gas equipments. Mr. Amit Modi has over 25 years of experience in the field of gas manufacturing and trading. Liqvigas India Limited and Kalinga Air Products, entities where Mr. Amit Modi holds a managerial position are engaged in manufacture and bulk trading of nitrogen and argon in Moradabad from the last 15 years. Presently Liqvigas supplies liquid Oxygen, Liquid & gaseous Nitrogen, and liquid argon to different customers through its sister company Kalinga Air Products situated in Moradabad and has been performing bulk trading from last 15 years.

Positive Industry Prospects – Uttar Pradesh Green Hydrogen Policy: The firm is setting up green hydrogen plant in Uttar Pradesh. Uttar Pradesh government is working on Uttar Pradesh Green Hydrogen Policy which will make the firm eligible for various subsidies from the government thus reducing manufacturing expense and will also aid the company in quicker execution of the project since licenses and approvals are faster under the policy. The Uttar Pradesh government plans to meet its green hydrogen production capacity of nearly half 500,000 tonnes per annum by 2028. The government is drafting its maiden Green Hydrogen Policy 2023 to ensure complete utilisation of domestic green hydrogen production. The state will set up two centres of excellence dedicated to green hydrogen research under the UP New and Renewable Energy Development Agency. The current hydrogen demand in UP is approximately 900,000 tonnes per annum, especially in the fertiliser and refinery sectors. At the UP Global Investors Summit 2023, the state received renewable energy investment proposals, including green hydrogen of over Rs 2.70 trillion from 20 companies. The state would also plan on increasing hydrogen blending in regions where there is consumption of green hydrogen. The proposed plan would pave the way for setting up carbon dioxide recovery units. Unveiled in February 2022, the green hydrogen policy offers cheaper renewable power and a 25-year financial waiver for interstate power transmission projects commissioned before June 2025. The policy also offers cheaper land in energy parks and dedicated zones for the local industry. In the current decade, the Asia-Pacific region is projected to be the fastest growing in the global green hydrogen landscape.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Project stage companies](#)

[Financial Ratios – Non financial Sector](#)

About the firm and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

Zero Footprint Industries LLP is a greenfield project phase entity incorporated on April 28, 2023, for setting up of Hydrogen production plant. The company is promoted by two partners: Parampara Builders Private Limited and Mr. Amit Modi. The project is proposed to be setup at Shazad Nagar Bareilly Road, NH-09, Rampur with the area of 2 Acre. The land is being purchased by the promoters from their own funds.

Brief Financials: Not Available since it is a project stage entity.

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	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	March 2032	10.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits	-	-	-	-	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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-Term Loan	LT	10.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (03-Jan-24)	-	-
2	Fund-based - LT-Working Capital Limits	LT	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (03-Jan-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long 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-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple

Annexure-5: Lender details

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

Note on complexity levels of 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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Disclaimer:

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