



NTPC Green Energy Limited

- 18th November 2024

IPO Details :

IPO Date	November 19, 2024 to November 22, 2024
Face Value	₹10 per share
Price Band	₹102 to ₹108 per share
Lot Size	138 Shares
Total Issue Size	925,925,926 shares (aggregating up to ₹10,000.00 Cr)
Fresh Issue	925,925,926 shares (aggregating up to ₹10,000.00 Cr)
Employee Discount	₹5 per share
Issue Type	Book Built Issue IPO
Listing At	BSE, NSE
Share holding pre issue	7,500,000,000
Share holding post issue	8,425,925,926
Investor Category	Shares Offered
QIB Shares Offered	Not less than 75% of the Net Issue
Retail Shares Offered	Not less than 10% of the Net Issue
NII (HNI) Shares Offered	Not more than 15% of the Net Issue
Retail (Min & Max) shares	138 shares & 1,794 shares
Retail (Min & Max) application amount	₹14,904 & ₹193,752
S-HNI (Min shares & application amount)	1,932 Shares & ₹208,656
S-HNI (Max shares & application amount)	9,246 Shares & ₹998,568
B-HNI (Min shares & application amount)	9,384 Shares & ₹1,013,472
Basis of Allotment	Monday, November 25, 2024
Initiation of Refunds	Tuesday, November 26, 2024
Credit of Shares to Demat	Tuesday, November 26, 2024
Listing Date	Wednesday, November 27, 2024
Cut-off time for UPI mandate confirmation	5 PM on November 22, 2024
Promoters	The Promoters of the Company are the President of India, acting through the Ministry of Power, Government of India and NTPC Limited.
Registrar	Kfin Technologies Limited

Company Profile :

Incorporated in April 2022, NTPC Green Energy Limited is a wholly-owned subsidiary of NTPC Limited. NTPC Green is a renewable energy company that focuses on undertaking projects through organic and inorganic routes. a 'Maharatna' central public sector enterprise. Its operational capacity was 3,071 MW of solar projects and 100 MW of wind projects as of August 31, 2024. NTPC, India's largest power generation company. Its renewable energy portfolio encompasses both solar and wind power assets with a presence across multiple locations in more than six states. Its operational capacity was 3,071 MW of solar projects and 100 MW of wind projects as of August 31, 2024. It has entered into long-term Power Purchase Agreements (PPAs) or Letters of Award (LoAs) with off-takers like government agencies and public utilities. The company aims to add around 60 GW of renewable capacity by 2032, nearly 15% of the country's capacity. NTPCREL is taking up large Solar, Wind and Hybrid Projects all over the country and developing Gigawatt scale Renewable Energy Parks and Projects in different states under UMREPP (Ultra Mega Renewable Energy Power Park) scheme of Government of India. In addition to this Green Hydrogen based Mobility and ESG projects are also being pursued.

NTPC Green Energy Limited's revenue increased by 1094.19% and profit after tax (PAT) rose by 101.32% between the financial year ending with March 31, 2024 and March 31, 2023 respectively.

Object of the issue :

- Investment in wholly owned subsidiary, NTPC Renewable Energy Limited (NRPL) for repayment/prepayment, in full or in part of certain outstanding borrowings availed by NRPL- ₹7,500 cr
- General corporate purposes

Financial Details:

Particulars (Amount in Crores)	30 September 2024	30 June 2024	31 March 2024	31 March 2023*
Income				
Revenue from Operations (Net)	1,082.29	578.44	1,962.59	169.69
Other Income	50.44	28.97	75.05	9.41
Total Income	1,132.73	607.41	2,037.65	170.63
Expenses				
Employee Benefits Expenses	30.66	14.76	37.01	2.80
Depreciation and Amortization Expense	357.82	175.37	642.75	49.90
Finance Costs	377.81	183.14	690.57	49.87
Other Expenses	118.69	50.68	179.11	15.50
Total Expenses	884.99	423.97	1,549.45	118.08
Profit Before Share of Profits/ Loss of JVs	246.37	423.97	488.19	52.54
Share of Profits of Joint Ventures	1.37	--	(0.002)	--
Profit/Loss before Tax	246.37	183.44	488.19	52.54
Tax Expense	71.07	44.83	143.47	(118.68)
Profit for the year (PAT)	175.30	138.61	344.72	171.22
Basic EPS (in Rs.)	₹0.30	₹0.24	₹0.73	₹4.66

* Incorporated in April 2022, so its first year financial statement was calculated from 07th April

Competitive Strengths :

- **Promoted by NTPC Ltd:** NTPC Green Energy is promoted by NTPC Group, which has extensive experience executing large-scale projects and long-term relationships with off-takers and suppliers. NTPC Group also has vast experience in management and has successfully managed its business. NTPC Group contributed ~17% of India's total installed capacity and ~24% of the total power generated in India. NTPC Green Energy believes that the support of the NTPC Group will allow us to build in the market so that we may grow our renewable energy portfolio.
- **Solar and Wind portfolio with well diversification:** As of Sep 24, NTPC Green Energy had commissioned a capacity of 3.22 GW solar and 100 MW Wind. Rajasthan is the biggest contributor in its commissioned capacity with 2.065 GWs (solar and wind) followed by MP with 350 MWs and UP with 265 MWs. As of Sep'24, its capacity under pipeline consisted of 9,175 MWs and it had 13,576 contacted and awarded projects. The company had agreements with 15 off-takers across 37 solar and 9 wind projects.
- **Experienced team in execution of projects:** It is the renewable energy arm and subsidiary of NTPC Ltd, which has a strong track record of developing, constructing, and operating renewable power projects. NTPC Green Energy is in the process of constructing projects in 6 states to counter the concentration risk.
- **Growing revenue along with strong credit ratings:** Company's revenue has grown with a CAGR of 46.82% from ₹910.41 cr in Fiscal 2022 to ₹1,962.59 cr in Fiscal 2024. Its PAT has significantly grown with a CAGR of 90.75% in Fiscal 2022 from ₹94.74 cr to ₹344.72 cr in Fiscal 2024. The company is well supported by its group and its group has a "AAA" credit rating, last updated on May 8, 2024, by CRISIL.

Key Risk Factors :

- **Revenue from operations depend on 5 off takers:** NTPC Green Energy is dependent on 5 off-takers in 2024, they contribute more than 87% of the overall revenue from operations, with the single largest off-taker contributing around 50%. Any loss of any of these off-takers could adversely affect the company's operations and financial condition.
- **Dependent on few suppliers for supply and volatility of solar modules, solar cells, and wind turbine generators:** Company's business and profitability are highly dependent on the supply and cost of solar modules, solar cells, wind turbine generators, and other materials, components, and equipment for solar, wind, and other projects. The largest supplier contributes 36% and the top 10 suppliers contribute 92.65% in components and equipment. Any delay in supply or price hike could adversely impact the business and financial condition.
- **Energy projects concentrates on single state:** The company's operating renewable projects are concentrated in a single state i.e., Rajasthan, which accounts for 61.74% in Fiscal 2024. Any significant social, political, or economic disruption, or natural calamities in Rajasthan could affect the operations and financial condition.
- **Delays in project construction activities:** Company's renewable energy project construction activities may be subject to cost overruns and delays may adversely impact the operations, financial conditions, and cash flows. Future growth is significantly dependent on executing contracted and awarded projects.
- **Revenue derives from long-term PPAs:** A substantial amount of revenue is derived from long-term PPAs (Power Purchase Agreements for 25 years). Total Renewable Energy sales were reported for the period Fiscal 2024- ₹1,887.45 cr (96.17%), Fiscal 2023- ₹1,405.31 cr(96.94%) and Fiscal 2022- ₹884.8 cr(97.19%). Any inefficiencies in cost management or operational issues in power projects or any delays in finalizing PPAs after receiving LoAs may affect the company's operations and financial condition.

Comparison with Listed Peers :

Name of the Companies	Market Price	Face Value (per Equity Share)	P/E Ratio	EPS (Basic)	EPS (Diluted)	RoNW (%)	NAV (per Equity Share)
NTPC Green Energy Ltd	NA	10.00	NA	0.73	0.73	5.53%	10.90
Peers Group :							
Adani Green	1,474.2	10.00	181	6.21	6.20	12.81%	62.08
International Peer:							
ReNew Energy Global PLC	454.8	\$ 0.0001	208.91	9.94	9.92	3.94%	290.15

SUMMARY :

NTPC Green Energy is a subsidiary of energy giant “NTPC Ltd”, which has vast experience in scaling up renewable projects in India. Revenue from operations grew with a CAGR of 46.82% from Fiscal 202 to 2024 (mentioned in Competitive Strength). Along with this, the company’s EBITDA grew with a CAGR of 48.23% from ₹794.88 cr in Fiscal 2022 to 1,746.47 cr in Fiscal 2024. PAT has also grown with a CAGR of 90.75% in the same period.

EBITDA margin for the six months ended Sep 30, 2024, and Fiscal 2024, it achieved 86.07% and 88.99%. PAT margin in the same period, achieved 16.20% and 17.56%. With the strong support of the group, it has the ability to maintain a healthy interest coverage ratio. Its ICR was 2.60x, which is the lowest since incorporation. The D/E ratio has reduced from 4.41 in Fiscal 2022 to 1.91 in the period ended Sep’24. After paying the debt of ₹7,500 cr out of ₹15,602 cr (net debt), its D/E ratio will reduce and the company will be financially strong. Its Net/EBITDA ratio for the period ended Sep’24 grew from 10.02 to 15.89 YoY basis, this shows a strong sign to repay its debt from operating profit.

From a valuation perspective, the IPO is priced aggressively at 235x (on the upper price band), ROE and ROCE have decreased, compared with last financial year but have maintained since incorporation. The ROE and ROCE for FY2023-24 were 5.5% and 6.2% respectively. EV/EBITDA is higher than its peers, i.e., 53.4x for FY2023-24.

Therefore, it is recommended to **“Subscribe”** to the IPO as for long-term investment, and considering its valuation and growth potential.

DISCLAIMER

Prepared By:

Research Analyst : Priyanka Mantri

Email ID: priyanka@adroitfinancial.com

Research Associate : Gaurav Pundir

Email ID: gauravpundir@adroitfinancial.com

Phone Number: 0120-4550300*270/388

Adroit Financial Services Private Limited (hereinafter referred to as “Adroit”) is a registered Member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Metropolitan Stock Exchange Limited. It is also registered as a Depository Participant with CDSL and NSDL. **Adroit Financial Services Private Limited is a registered entity with SEBI for Research Analyst in terms of SEBI (Research Analyst) Regulations, 2014 vide Registration Number INH100003084.** Adroit or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities Market. Adroit or its associates/analyst has not received any compensation/ managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months.

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Neither Adroit, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information. Adroit Financial Services Private Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document.