

Subscribe for Long Term for aggressive investors.

Rating: Subscribe for Long Term for aggressive investors

Issue Offer

Fresh Issue of 925,925,926 equity shares up to INR 100Bn.

Issue Summary

Price Band (INR)	102-108
Face Value (INR)	10
Implied Market Cap (INR Bn)	910
Market Lot	138
Issue Opens on	Nov, 19, 2024
Issue Close on	Nov, 22, 2024
No. of share pre-issue	7,500,000,000
No. of share post issue	8,425,925,926
Listing	NSE / BSE

Issue Break-up (%)

QIB Portion	≤75
NIB Portion	≥15
Retail Portion	≥10

Book Running Lead Managers

IDBI Capital Markets & Securities Ltd
HDFC Bank Ltd
IIFL Capital Services Ltd
Nuvama Wealth Management Ltd

Registrar

KFin Technologies Ltd

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	100.00%	89.01%
Public & Others	0.00%	10.99%

Objects of the issue

Investment in our wholly owned Subsidiary, NTPC Renewable Energy Ltd(NREL) for repayment/prepayment, in full or in part of certain outstanding borrowings availed by NREL.

➤ General corporate purposes.

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NTPC green energy Ltd is the wholly owned subsidiary of NTPC Ltd. The company is the largest renewable energy public enterprise (excluding hydro) in-terms of operating capacity and Power generation as of FY24. The operational capacity stood at 3,320 MW of solar projects and 100 MW of wind projects across 6 states as of Sep-24. The portfolio comprises both solar and wind power assets with presence across multiple locations in more than 6 states which helps to mitigate the risk of location-specific generation variability. The company is strategically focused on developing portfolio of utility scale renewable projects and projects for PSU and Indian corporates.

Investment Rationale

Strong project portfolio with diversification across geographies and offtakers:

The company have large portfolio of utility-scale solar energy projects and wind energy projects, as well as projects for PSU and Indian corporates. These projects generate power and feed that power into the grid, supplying a utility or offtaker with energy. The company has 17 offtakers across 14 solar projects and 11 wind projects. The portfolio consists of 16,896 MWs including 3,320 MWs of operating projects and 13,576 MWs of contracted and awarded projects as of Sep-24. The capacity under pipeline stood at 9,175 MW, which signed MoU or term sheet entered with JV partners etc. The total portfolio stood at 26,071 MW which includes pipeline. The company has the ability to deliver comprehensive renewable energy solutions to PSU and corporate customers will enable to capture a greater share of this growing market.

Focused on new energy solutions like green hydrogen & chemicals and storage:

The company is investing in hydrogen, green chemicals and battery storage capabilities and solutions as well as associated technologies. The green hydrogen & chemicals include the development of a green hydrogen hub at Pudimadaka and finalizing tie-up for electrolyzers. The company is intend to install the grid scale battery storage as part of FDRE/RTC projects to complement the solar and wind power addition to participate in standalone grid scale battery energy storage systems service tenders in the market for various DISCOMS. The company also in the process to install Battery Energy Storage at a NTPC thermal plant to smooth the flexibilization on pilot basis.

Focused on cost reductions in project execution:

The company is focused on project execution efforts in order to control costs and optimize the output of projects. The company is intend to continue to leverage NTPC group's economies of scale to negotiate and reduce the cost of both EPC and construction contracts as well as cost of components. The company is intend to implement new technologies like turbines, solar modules to reduce project cost per megawatt operating levels.

Valuation & Outlook: NTPC Green Energy Ltd is one of the top 10 renewable energy players in India in-terms of operational capacity as of Sep-24. The company has strong portfolio of 16,896 MWs including 3,320 MWs of operating projects and 13,576 MWs of contracted and awarded projects as of Sep-24. The capacity under pipeline stood at 9,175 MW shows business visibility going forward. The company is focused on new energy solutions like green hydrogen, green chemicals and battery storage would be a growth levels. The company will continue to leverage NTPC group's economies of scale for projects will lead to business opportunities with better terms and new technologies will lead to cost reductions going forward. At the upper band of INR 108, the issue is valued at an EV/EBITDA of 61.3x based on FY24 EBITDA and PE of 264x based on FY24 EPS of INR 0.41. We are recommending a "Subscribe for Long Term" rating for aggressive investors on this issue.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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