

# IPO Note: NTPC Green Energy Ltd.

Industry: Power

Date: November 18, 2024

Issue Snapshot		Issue Break up	
Company Name	NTPC Green Energy Ltd.	QIB ex Anchor	30% 24,44,44,444
Issue Opens	November 19, 2024 to November 22, 2024	Anchor Investor	45% 36,66,66,667
Price Band	Rs. 102 to Rs. 108	HNI<Rs. 10 Lakhs	5% 4,07,40,741
Bid Lot	138 Equity Shares and in multiples thereof.	HNI>Rs. 10 Lakhs	10% 8,14,81,481
The Offer	Public issue of 92,59,25,926 Equity shares of Face value Rs. 10 each, (Comprising of fresh issue).	RII	10% 8,14,81,481
Issue Size	Rs. 10,000 Crore	<b>Total Public</b>	<b>100% 81,48,14,815</b>
IPO Process	100% Book Building	Shareholders Reservation	9,25,92,593
Face Value	Rs. 10.00	Employee Reservation	1,85,18,519
Exchanges	NSE & BSE	<b>Total</b>	<b>92,59,25,926</b>
BRLM	IDBI Capital Markets & Securities Ltd., HDFC Bank Ltd., IIFL Capital Services Ltd., Nuvama Wealth Management Ltd.		
Registrar	KFin Technologies Ltd.		
		Equity Share Pre Issue (Nos. Cr.)	750.0
		Fresh Share (Nos. Cr.)	92.6
		Equity Share Post Issue (Nos. Cr.)	842.6
		Market Cap (Rs. Cr.)	91,000.0
		Equity Dilution	11.0%

## Objects of the Offer

### Fresh Issue

- Investment in the wholly owned Subsidiary, NTPC Renewable Energy Limited (NREL) for repayment/prepayment, in full or in part of certain outstanding borrowings availed by NREL (Rs. 7500 cr.); and
- General corporate purposes.

## Company Highlights

- NTPC Green Energy Ltd. (NGEL) is a wholly owned subsidiary of NTPC Limited, a 'Maharatna' central public sector enterprise. It is the largest renewable energy public sector enterprise (excluding hydro) in terms of operating capacity as of September 30, 2024 and power generation in Fiscal 2024. (Source: CRISIL Report, November 2024). Its renewable energy portfolio encompasses both solar and wind power assets with presence across multiple locations in more than six states which helps mitigate the risk of location-specific generation variability. (Source: CRISIL Report, November 2024).
- NGEL's operational capacity was 3,220 MW of solar projects and 100 MW of wind projects across six (6) states as of September 30, 2024. It has strategically focused on developing a portfolio of utility-scale renewable energy projects, as well as projects for public sector undertakings (PSUs) and Indian corporates. Its projects generate renewable power and feed that power into the grid, supplying a utility or off taker with energy. For its operational projects, the company has entered into long-term Power Purchase Agreements (PPAs) or Letters of Award (LoAs) with an off taker that is either a Central government agency like the Solar Energy Corporation of India (SECI) or a State government agency or public utility.
- As of September 30, 2024, its Portfolio consisted of 16,896 MWs including 3,320 MWs of operating projects and 13,576 MWs of contracted and awarded projects. As of September 30, 2024, its Capacity under Pipeline, for which a memorandum of understanding (MOU) or term sheet has been entered with joint venture partners or off takers but where definitive agreements have not yet been entered, consisted of 9,175 MWs. As of September 30, 2024, its Capacity under Pipeline together with Portfolio consisted of 26,071 MWs.
- It measures the rated capacity of its plants in megawatts in alternate current (AC). Rated capacity is the expected maximum output that a power plant can produce without exceeding its design limits. Megawatts Operating represents the aggregate megawatt rated capacity of renewable power plants that are commissioned and operational as of the reporting date. Megawatts Contracted & Awarded represents the aggregate megawatt rated capacity of renewable power plants as of the reported date which include (i) PPAs signed with customers, and (ii) capacity won and allotted in auctions and where LoAs have been received.

- As of March 31, 2024, its operating/contracted and awarded megawatts capacities were 12396 MW for Solar and 2100 MW for Wind, which was at 6011 MW and 2300 MW as of March 31, 2022 respectively. As of September 30, 2024 it stood at 13796 MW and 3100 MW respectively. The solar energy contributes over 93% in its total revenues. Its capacity expansion in pipeline for Solar is 6925 MW and Wind 2250 MW as of September 30, 2024.
- The company believes that it, along with the NTPC Group, have strong in-house experience in renewable energy project execution and procurement. In solar projects, it usually takes responsibility for procurement of major equipment and supplies and the contractor builds, commissions and hands over the solar plant. It also uses the turnkey EPC contract model based on specific project conditions. In wind projects, the company generally uses the turnkey EPC model, entering into contracts with OEMs for manufacturing, installing, and commissioning wind turbines and the balance of plant. Operation and maintenance (O&M) services for its renewable energy projects are provided through third-party service providers.

## View

- NTPC Green is among the top 10 renewable energy players in India in terms of operational capacity as of September 2024. NGEL benefits from the support, vision, resources and experience of the NTPC group which is currently looking to expand its non-fossil-based capacity to 45-50% of its portfolio which will include 60 GW renewable energy capacity by CY32. The company believes it can use the brand recall and long-term experience of dealing with state DISCOMs of NTPC Ltd to grow its portfolio and business in India.
- CRISIL Research projects 137-142 GW in solar and 34-36 GW in wind capacity additions from FY25 to FY29. In this dynamic market, the company plans to maintain its leadership in India's renewable energy sector by focusing on high-capacity solar and wind projects and diversifying its offtaker base and geographic footprint. Leveraging its proven experience, it aims to secure contracts with Central and State government agencies, focusing on large-scale projects with prudent bidding practices and financial discipline to meet internal rate-of-return targets.
- NGEL has a large portfolio of utility-scale solar and wind energy projects coupled with projects for PSUs and Indian corporates. As of Sep'24, the company had 17 off-takers across 41 solar and 1 wind projects. The total portfolio as of Sep'24, consists of 26,071 MW including 3,320 MW of operating projects; 13,576 MW of contracted & awarded projects and 9,175 MW of capacity under pipeline. NGEL's portfolio is spread out across Rajasthan, Gujarat, Tamil Nadu, Andhra Pradesh, Madhya Pradesh and Uttar Pradesh which helps in mitigating risk of location specific generation variability.
- NGEL is investing in green hydrogen, green chemicals, and advanced battery storage solutions. Key initiatives include developing a green hydrogen hub at Pudimadaka and finalizing electrolyser partnerships. To support grid stability and renewable integration, it plans to install grid-scale battery storage for firm renewable energy (RTC) projects and stand-alone systems for DISCOMs. It has also launched a pilot battery storage project at an NTPC thermal plant to support flexible operations. Battery Energy Storage Systems (BESS) are identified by CRISIL as a rapidly growing sector due to their high energy density and versatile grid-support functions. According to the CEA, India may require 41.7 GW/208 GWh of BESS and 18.9 GW of pumped hydro storage by FY30.
- NGEL has demonstrated solid revenue growth, supported by a focus on high capacity utilization, operational efficiency, and low costs. Revenue from operations grew at a CAGR of 46.8% from Rs. 910 crore in FY22 to Rs. 1963 crore in FY24. Operating EBITDA increased at a CAGR of 48.2% from Rs. 795 crore in FY22 to Rs. 1747 crore in FY24, while Profit After Tax rose at a CAGR of 90.8% to Rs. 345 crore in FY24. Operating EBITDA margins remained strong at over 86%, with PAT margins ranging from 16.2% to 31.5% over various periods. The company has reduced its net debt-to-equity ratio to 1.91 times as of September 30, 2024, from 4.41 times in March 2022, highlighting improved financial leverage and low borrowing costs.
- In terms of the valuations, on the higher price band, NGEL demands EV/EBITDA multiple of 53.2x and P/BV multiple of 5.0x.

## Revenue from Operations

	FY22*		FY23*		FY24		H1FY25		H1FY25	
	Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total	Amount (Rs. Cr.)	% to Total
<b>Renewable Energy Sales</b>										
Solar	844.8	92.8%	1365.2	94.2%	1840.4	93.8%	951.4	94.4%	982.5	90.8%
Wind	40.1	4.4%	40.1	2.8%	47.1	2.4%	25.5	2.5%	50.3	4.7%
Consultancy, project management and supervision fee					10.0	0.5%			14.0	1.3%
Other operating revenues recognized from Government Grants	25.6	2.8%	44.4	3.1%	65.1	3.3%	31.4	3.1%	32.8	3.0%
Interest from Customers									2.6	0.2%
<b>Revenue from operations</b>	<b>910.4</b>	<b>100.0%</b>	<b>1449.7</b>	<b>100.0%</b>	<b>1962.6</b>	<b>100.0%</b>	<b>1008.3</b>	<b>100.0%</b>	<b>1082.3</b>	<b>100.0%</b>

\*Special Purpose Carved-Out Combined Financial Statements

## Product Portfolio

	FY22	FY23	FY24	H1FY24	H1FY25
<b>Installed Capacity (MW)</b>					
Solar	1,395	2,561	2,825	2,661	3,220
Wind	50	50	100	50	100
<b>Total</b>	<b>1,445</b>	<b>2,611</b>	<b>2,925</b>	<b>2,711</b>	<b>3,320</b>
<b>Contracted &amp; Awarded (MW)</b>					
Solar	4,616	5,750	9,571	7,050	10,576
Wind	150	500	2,000	1,550	3,000
<b>Total</b>	<b>4,766</b>	<b>6,250</b>	<b>11,571</b>	<b>8,600</b>	<b>13,576</b>
<b>Operating, Contracted &amp; Awarded (MW)</b>					
Solar	6,011	8,311	12,396	9,711	13,796
Wind	200	550	2,100	1,600	3,100
<b>Total</b>	<b>6,211</b>	<b>8,861</b>	<b>14,496</b>	<b>11,311</b>	<b>16,896</b>
<b>Electricity Generation (kWh millions)</b>					
Solar	1,863.88	3,759.49	5,590.70	2,907.21	3,117.95
Wind	103.64	103.28	121.78	66.19	124.15
<b>Total</b>	<b>1,967.53</b>	<b>3,862.77</b>	<b>5,712.48</b>	<b>2,973.41</b>	<b>3,242.10</b>
<b>Capacity Utilization Factor (%)</b>					
Solar	19.21%	22.74%	23.97%	25.04%	24.61%
Wind	23.66%	23.58%	19.78%	30.14%	28.27%
<b>Total</b>	<b>19.40%</b>	<b>22.76%</b>	<b>23.86%</b>	<b>25.13%</b>	<b>24.73%</b>

## Proposed Expansion

Megawatts Operating, Contracted & Awarded (MWs)	16,896
<b>Capacity under Pipeline</b>	
Solar (MWs)	6,925.00
Wind (MWs)	2,250
<b>Total (MWs)</b>	<b>9,175.00</b>
Total Megawatts Operating, Contracted & Awarded plus Capacity under Pipeline (MWs)	26,071

## Financial Statement

(In Rs. Cr)	FY24	H1FY24	H1FY25
Share Capital	5719.6	4719.6	7500.0
Net Worth	6232.2	5095.7	8281.0
Long Term Borrowings	12164.5	9102.1	16402.2
Other Long Term Liabilities	4142.6	3609.2	4146.3
Short-term borrowings	632.2	620.7	655.3
Other Current Liabilities	4034.9	1432.4	2923.5
Fixed Assets	24711.1	17080.2	28123.3
Non Current Assets	1241.5	1327.2	2230.4
Current Assets	1253.8	1452.7	2054.6
Total Assets	27206.4	19860.1	32408.3
Revenue from Operations	1962.6	1008.3	1082.3
Revenue Growth (%)	1056.6		7.3
EBITDA	1746.5	914.6	932.9
EBITDA Margin (%)	89.0	90.71	86.20
Net Profit	344.7	208.2	175.3
Net Profit Margin (%)	17.6	20.64	16.20
Earnings Per Share (Rs.)	0.7	0.4	0.3
Return on Networth (%)	5.5	4.1	2.1
Net Asset Value per Share (Rs.)	10.9	10.8	10.9

Source: RHP, Ashika Research

## Cash Flow Statement

(In Rs. Cr)	FY24	H1FY24	H1FY25
Cash flow from Operations Activities	1579.1	922.6	1109.6
Cash flow from Investing Activities	(9207.0)	(4948.3)	(5535.7)
Cash flow from Financing Activities	7670.8	3955.5	5562.8
Net increase/(decrease) in cash and cash equivalents	42.9	(70.2)	1136.6
Cash and cash equivalents at the beginning of the year	72.7	72.7	115.6
Cash and cash equivalents at the end of the year	115.6	2.6	1252.3

Source: RHP

## Comparison with Listed Industry Peers

Co Name	Net Sales (Rs. Cr.)	OPM (%)	D/E (x)	ROCE (%)	RONW (%)	P/E (x)	P/BV (x)	EV/EBIDTA (x)	MCap/Sales (x)	Market Cap (Rs. Cr.)
NTPC Green Energy Ltd.	1962.6	89.0	0.5	6.0	3.8	129.8	5.0	55.1	46.4	91000.0
Adani Green Energy Ltd.	9220.0	92.6	10.6	10.0	21.1	213.6	22.8	32.0	22.8	240994.7

## ANALYST CERTIFICATION

The undersigned analyst hereby certifies that all the opinions presented in this report accurately reflect their personal views regarding the subject securities, issuers, products, sectors, or industries. No part of their compensation has been, is, or will be directly or indirectly tied to specific recommendations or views expressed in this report. The analyst assumes primary responsibility for the creation of this research report and has diligently endeavored to establish and maintain independence and objectivity in formulating any recommendations.

Investors are strongly advised to carefully consider all relevant risk factors, including their financial condition and suitability to risk-return profiles, and to seek professional advice before making any investment decisions.



Ashika Stock Broking Limited (ASBL) commenced its operations in 1994 and is currently a trading and clearing member of various prominent stock exchanges, including BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSEI), National Commodity and Derivative Exchange (NCDEX), and Multi Commodity Exchange (MCX). ASBL is dedicated to offering a comprehensive range of services to its esteemed clients, encompassing broking services, depository services (both CDSL and NSDL), and the distribution of financial products such as mutual funds, IPOs, and bonds.

Recognized as a "Research Entity" under SEBI (Research Analyst) Regulations 2014 since 2015 (Registration No. INH000000206), ASBL operates as a wholly-owned subsidiary of Ashika Global Securities (P) Ltd., a non-deposit-taking NBFC company registered with the Reserve Bank of India (RBI). The broader Ashika Group, with detailed information available on our website ([www.ashikagroup.com](http://www.ashikagroup.com)), serves as an integrated financial service provider involved in diverse activities, including Investment Banking, Corporate Lending, Debt Syndication, and other advisory services.

Over the past three years, ASBL has not faced any substantial or material disciplinary actions imposed by regulatory authorities. Nonetheless, routine inspections conducted by SEBI, Exchanges, and Depositories have identified certain operational deviations. In response to these observations, advisory letters or minor penalties have been issued by the relevant authorities.

## DISCLOSURE

ASBL prepares and distributes research reports solely in its capacity as a Research Analyst under SEBI (Research Analyst) Regulations 2014. The disclosures and disclaimer provided herein are integral components of all research reports being disseminated.

- 1) ASBL, its associates, and its Research Analysts (including their relatives) may hold a financial interest in the subject company(ies). This financial interest extends beyond merely having an open stock market position and may include acting as an advisor to, or having a loan transaction with, the subject company(ies), in addition to being registered as clients.
- 2) ASBL and its Research Analysts (including their relatives) do not possess any actual or beneficial ownership of 1% or more of securities in the subject company(ies) at the conclusion of the month immediately preceding the publication date of the source research report or the date of the relevant public appearance. Nevertheless, it is noted that associates of ASBL may hold actual or beneficial ownership of 1% or more of securities in the subject company(ies).
- 3) ASBL and its Research Analysts (including their relatives) do not possess any other material conflict of interest at the time of publishing the source research report or the date of the relevant public appearance. It is important to note, however, that associates of ASBL may have an actual or potential conflict of interest, distinct from ownership considerations.
- 4) ASBL or its associates may have received compensation for investment banking, merchant banking, and brokerage services, from the subject companies within the preceding 12 months. However, it is important to clarify that neither ASBL, its associates, nor its Research Analysts (who are part of the Research Desk) have received any compensation or other benefits from the subject companies or third parties in relation to the specific research report or research recommendation. Furthermore, Research Analysts have not received any compensation from the companies mentioned in the research report or recommendation over the past twelve months.
- 5) The subject companies featured in the research report or recommendation may be a current client of ASBL or may have been a client within the twelve months preceding the date of the relevant public appearance, particularly for investment banking, merchant banking, or brokerage services.
- 6) ASBL or its Research Analysts have not been involved in managing or co-managing public offerings of securities for the subject company(ies) within the past twelve months. However, it is worth noting that associates of ASBL may have managed or co-managed public offerings of securities for the subject company(ies) in the past twelve months.
- 7) Research Analysts have not held positions as officers, directors, or employees of the companies mentioned in the report or recommendation.
- 8) Neither ASBL nor its Research Analysts have been engaged in market making activity for the companies mentioned in the report / recommendation.

## DISCLAIMER

The research recommendations and information provided herein are intended solely for the personal use of the authorized recipient and should not be construed as an offer document or as investment, legal, or taxation advice, nor should it be considered a solicitation of any action based upon it. This report is strictly not for public distribution or use by any individual or entity in jurisdictions where such distribution, publication, availability, or utilization would contravene the law, regulation, or be subject to registration or licensing requirements.

Recipients of this report will not be treated as customers merely by virtue of receiving it. The content is derived from information obtained from public sources deemed reliable, but we do not guarantee its accuracy or completeness. All estimates, expressions of opinion, and other subjective judgments contained herein are as of the date of this document and are subject to change without notice.

Recipients should conduct their own investigations and due diligence. ASBL disclaims any responsibility for any loss or damage that may result from inadvertent errors in the information contained in this report. Past performance should not be relied upon as a guide for future performance; future returns are not guaranteed, and the possibility of loss of capital exists.