



### Company Overview

NTPC Green Energy Limited, incorporated in April 2022, is a wholly-owned subsidiary of NTPC Limited, a 'Maharatna' Central Public Sector Enterprise. It is India's largest renewable energy public sector enterprise (excluding hydro) based on operational capacity and power generation. Its renewable energy portfolio includes 3,220 MW of solar power and 100 MW of wind power, strategically located across more than six states to mitigate risks associated with location-specific generation variability. As of September 30, 2024, its portfolio consisted of 3,320 MWs of operating projects and 13,576 MWs of contracted and awarded projects. The company develops utility-scale renewable energy projects for public sector undertakings (PSUs) and Indian corporates. These projects feed renewable power into the grid, supplying energy to utilities or off-takers. The company benefits from the expertise, resources, and strategic vision of NTPC Limited, which operates under the Ministry of Power, Government of India (GoI) and its consolidated subsidiaries, associates and joint ventures (NTPC Group) that aims to transition 45-50% of its portfolio to non-fossil-based energy sources, targeting a renewable energy capacity of 60 GW by 2032. NTPC Group has strong in-house experience, which helps in the execution and procurement of renewable energy projects. Many PSUs have chosen the company as a partner to fulfil their renewable energy development goals. The company regularly evaluates its plant performance by focusing on key industry measures and generation/capacity utilization factor (CUF), which is lower in solar power plants than in thermal power plants, given the nature of operations. The company has established joint ventures with Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL), Mahatma Phule Renewable Energy & Infrastructure Technology Limited (MAHAPRET), and Damodar Valley Corporation (DVC), among others, to produce renewable power. Additionally, NGEL has signed MOUs and term sheets with private corporations to expand its footprint further.

### Objects of the issue

The company proposes to utilize the net proceeds towards funding the following objects:

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

### Investment Rationale

#### Robust backing from NTPC and strategic resource utilization fuel growth

NTPC Green Energy is one of the top 10 players in terms of operational capacity in the renewable energy segment in India. As the renewable energy arm and subsidiary of NTPC Ltd, the company benefits from NTPC's legacy of five decades, long-term experience, extensive pan-India presence, top credit rating, and strong financial backing, including ₹75,000 million in equity contributions. The company boasts a skilled in-house team that collaborates with third-party contractors to manage land acquisition processes. Leveraging NTPC's resources, strategic partnerships with PSUs, and robust market positioning, NTPC Green Energy aligns with NTPC's target of achieving 60 GW of renewable capacity by 2032. The company utilizes its in-house expertise and publicly available data to assess the power evacuation capacity of nearby inter-state and intra-state substations, ensuring that project commissioning timelines are strategically aligned with the readiness of these substations for efficient power evacuation. The company leverages NTPC's economies of scale to secure cost-effective procurement and maintains a rigorous quality assurance and vendor empanelment process from approved domestic and international suppliers. The selection of vendors is done by its in-house procurement team on the basis of commercial conditions, manufacturing capacity, track record, quality, warranty coverage, ease of installation and other ancillary costs. Furthermore, NTPC Green Energy integrates advanced O&M technologies, such as robotic dry cleaning of photovoltaic arrays, drone thermography, and live dashboards for generation performance monitoring, to enhance the operational efficiency of its plants.

#### Diversified renewable portfolio and long-term offtake agreements ensure stability

NTPC Green Energy has a large and diversified portfolio of utility-scale solar and wind energy projects, along with projects developed for PSUs and Indian corporates. As of September 30, 2024, the

### Issue Details

Offer Period	19 <sup>th</sup> Nov 2024 - 22 <sup>nd</sup> Nov 2024
Price Band	Rs. 102 to Rs. 108
Bid Lot	138
Listing	BSE & NSE
Issue Size (no. of shares in mn)	925.93
Issue Size (Rs. in bn)	100
Face Value (Rs.)	10

### Issue Structure

QIB	75%
NIB	15%
Retail	10%

BRLM	IDBI Capital Markets & Securities Ltd., HDFC Bank Ltd., IIFL Capital Services Ltd., Nuvama Wealth Managemnet Ltd.
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Registrar	KFin Technologies Ltd.
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### Particulars Pre Issue Post Issue

Promoters and promoter group	100.0	89.0
Public	0	11.0
<b>Total</b>	<b>100</b>	<b>100</b>

(Assuming issue subscribed at higher band)

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# NTPC Green Energy Limited

company's portfolio includes 41 solar and 11 wind projects, with a total capacity of 16,896 MWs, comprising 3,320 MWs of operational projects and 13,576 MWs of contracted and awarded projects. The company's pipeline capacity stands at 9,175 MWs, bringing the total portfolio and pipeline to 26,071 MWs. The company's revenue-generating off-takers in the six months ending September 30, 2024, were government agencies and public utilities with whom NTPC Green Energy has long-term Power Purchase Agreements (PPAs) averaging 25 years. In the same period, renewable energy sales from solar and wind projects accounted for ~95.43% of the company's revenue from operations. The company's portfolio is primarily concentrated in resource-rich states like Rajasthan and Gujarat, which have strong potential for renewable energy development and have sustained healthy levels of demand for renewable energy. To mitigate concentration risks, NTPC Green Energy has expanded its projects across 7 other states in India. The company's future growth is supported by a strong pipeline of development opportunities, with joint venture agreements signed with major PSUs such as Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL), Mahatma Phule Renewable Energy & Infrastructure Technology Limited (MAHAPREIT), Damodar Valley Corporation (DVC), two other PSUs and through MOUs and term sheets with other private corporates.

## Valuation

NTPC Green Energy, a wholly-owned subsidiary of NTPC Ltd., is one of the largest renewable energy public sector enterprises (excluding hydro) in terms of operating capacity and power generation, with a portfolio capacity of 3,220 MW of solar projects and 100 MW of wind projects across six states. The company generates revenue by selling solar and wind power under Power Purchase Agreements (PPAs) with Indian government agencies and public utilities. Renewable energy is a significant and growing industry in India, which ranks fourth globally in total renewable energy, wind, and solar installations. The country's installed capacity of renewable energy sources has grown from approximately 63 GW in March 2012 to 201 GW in September 2024. NTPC Green Energy leverages NTPC's five-decade legacy, extensive experience, strategic partnerships, advanced operations and maintenance (O&M) technologies, and in-house expertise to efficiently develop, procure, and operate renewable energy projects, aligning with NTPC's target of achieving 60 GW of renewable capacity by 2032. The company boasts a diversified portfolio of 16,896 MW across solar and wind projects, a pipeline capacity of 9,175 MW, long-term PPAs with government agencies and public utilities, and widespread renewable energy development across India. On the financial front, the company's revenue grew at a CAGR of 46.82% from Rs. 9,104.21 mn in FY22 (on a special purpose carved-out basis) to Rs. 19,625.98 mn in FY24, with a PAT margin of 17.56%. It has demonstrated a Return on Equity of 17.76% in FY24. The company is valued at a PE ratio of 147.9 on the upper price band based on FY24 earnings, which is reasonable compared to its peers. **Given its strategic development and strong financial growth, the company is well-positioned to capitalize on growth opportunities in the renewable energy sector. Therefore, we recommend a "SUBSCRIBE" rating for medium to long-term investment.**

## Key Risks

- ⇒ The company has a concentrated pool of utilities and power purchasers for electricity generated by its plants and projects. More than 87% of its operational revenue in FY24 was derived from its top five off-takes, with its single largest off-taker contributing 50% to the revenue. The loss of any of these key customers or a deterioration in their financial condition could adversely impact the company's business, operational results, and financial health.
- ⇒ The company's business and profitability heavily rely on the availability and cost of solar modules, solar cells, wind turbine generators, and other materials, components, and equipment for its solar, wind, and other projects. It depends on third-party suppliers to meet these requirements, with its top 10 suppliers accounting for 77.71% of its supplies in FY24. Any disruption in the timely and adequate supply or price volatility of these materials, components, and equipment could negatively affect the company's business, operational results, and financial condition.
- ⇒ The company's operating renewable energy projects are concentrated in Rajasthan, with 61.74% of its projects located in the state as of FY24. Any significant social, political, economic, or seasonal disruption, natural calamities, or civil unrest in Rajasthan could adversely impact the company's business, results of operations, and financial condition.

# NTPC Green Energy Limited

## Income Statement (Rs. in millions)

Particulars	FY23	FY24	H1FY25
<b>Revenue</b>			
Revenue from operations	1,697	19,626	10,823
<b>Total revenue</b>	<b>1,697</b>	<b>19,626</b>	<b>10,823</b>
<b>Expenses</b>			
Employee Benefits Expenses	28	370	307
Other expenses	155	1,791	1,187
Other Losses (Net)	0	0	0
<b>Total operating expenses</b>	<b>183</b>	<b>2,161</b>	<b>1,494</b>
<b>EBITDA</b>	<b>1,514</b>	<b>17,465</b>	<b>9,329</b>
Depreciation & amortization	499	6,428	3,578
<b>EBIT</b>	<b>1,015</b>	<b>11,037</b>	<b>5,751</b>
Finance costs	499	6,906	3,778
Other Income	9	751	504
Other gains	0	0	0
<b>Profit before Exceptional items</b>	<b>525</b>	<b>4,882</b>	<b>2,477</b>
Exceptional Item	0	0	(14)
<b>PBT</b>	<b>525</b>	<b>4,882</b>	<b>2,464</b>
Current Tax	0	0	0
Deferred tax	(1,187)	1,435	711
<b>Total tax</b>	<b>(1,187)</b>	<b>1,435</b>	<b>711</b>
<b>Net Profit</b>	<b>1,712</b>	<b>3,447</b>	<b>1,753</b>
<b>Diluted EPS</b>	<b>4.7</b>	<b>0.7</b>	<b>0.3</b>

Source: RHP, BP Equities Research

## Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	H1FY25
Cash Flow from operating activities	172	15,791	11,096
Cash flow from investing activities	(103,043)	(92,070)	(55,357)
Cash flow from financing activities	103,535	76,708	55,628
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>727</b>	<b>429</b>	<b>11,366</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>-</b>	<b>727</b>	<b>1,156</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>727</b>	<b>1,156</b>	<b>12,523</b>

Source: RHP, BP Equities Research

# NTPC Green Energy Limited

## Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	H1FY25
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	147,581	175,730	190,761
Capital work-in-progress	17,493	71,381	90,305
Intangible assets	0	0	0
Investments accounted for using equity method	0	0	166.73
Financial Assets			
(iii) Other financial assets	778	825	850
Other non-current assets	10,522	11,590	21,455
<b>Total Non Current assets</b>	<b>176,374</b>	<b>259,526</b>	<b>303,537</b>
<b>Current Assets</b>			
Inventories	93	245	284
Financial Assets			
(ii) Trade Receivables	3,255	7,048	4,611
(iii) Cash and cash equivalents	727	1,156	12,523
(iv) Bank balances other than (ii) above	0	3,565	2,032
(vi) Other financial assets	3,806	439	659
Other current assets	58	84	438
<b>Total Current Assets</b>	<b>7,940</b>	<b>12,538</b>	<b>20,546</b>
<b>Total Assets</b>	<b>184,314</b>	<b>272,064</b>	<b>324,083</b>
<b>Equity and Liabilities</b>			
Equity Share Capital	47,196	57,196	75,000
Other Equity	1,678	5,125	6,892
<b>Total equity attributable to owners of the Company</b>	<b>48,874</b>	<b>62,321</b>	<b>81,892</b>
Non-controlling interests	1	1	918
<b>Total Equity</b>	<b>48,875</b>	<b>62,322</b>	<b>82,810</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	52,435	121,645	164,022
(ii) Lease Liabilities	6,842	9,783	9,027
Deferred tax liabilities (net)	10,865	12,300	13,010
Other non-current liabilities	16,946	19,344	19,426
<b>Total Non-Current Liabilities</b>	<b>87,088</b>	<b>163,071</b>	<b>205,485</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	1,743	6,322	6,553
(ii) Lease Liabilities	349	809	843
(iii) Trade Payables	1,023	625	919
(iv) Other financial liabilities	44,489	37,902	26,540
Other current liabilities	746	1,012	933
Provisions	0	1	1
<b>Total Current Liabilities</b>	<b>48,351</b>	<b>46,671</b>	<b>35,788</b>
<b>Total Liabilities</b>	<b>135,439</b>	<b>209,742</b>	<b>241,273</b>
<b>Total Equity and Liabilities</b>	<b>184,314</b>	<b>272,064</b>	<b>324,083</b>

Source: RHP, BP Equities Research

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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