

IPO Note



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Apply for Long Term Investments



NTPC Green Energy Limited

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NTPC Green Energy Limited - IPO NOTE



ABOUT COMPANY:

- NTPC Green Energy Ltd is a wholly owned subsidiary of NTPC Ltd, a 'Maharatna' central public sector enterprise. The company is the largest renewable energy public sector enterprise (excluding hydro) in terms of operating capacity as of September 30, 2024, and power generation in FY2024.
- The company generates revenue by the sale of solar and wind power pursuant to Power Purchase Agreements to Indian government agencies and public utilities
- The company's renewable energy portfolio encompasses solar and wind power assets with an operational capacity of 3,220 MW of solar projects and 100 MW of wind projects across 6 states as of September 30, 2024.
- The company's 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 together with its Portfolio consisted of 26,071 MWs.
- NTPC Green Energy has 17 offtakers across 41 solar projects and 11 wind projects. As of September 30, 2024, 9 of its offtakers were government agencies and public utilities with long-term PPAs of an average term of 25 years
- In FY 2024, the company emerged as the market leader in the winning capacities under Tariff Based Competitive Bidding in the sector with an aggregate capacity of 3.5 GW which is equivalent to AC capacity of ~ 5 GW.
- The company derives benefits from parent company NTPC's long-term experience in dealing with State DISCOMs, long-term relationships with financial institutions and ~5 decades of experience in execution of power projects
- The company plans to reduce its operating and maintenance costs. To reduce the project costs per megawatt operating the company intends to implement new technologies viz its new turbines, solar modules, which are capable of higher generation levels.
- The company has signed joint venture agreements with Rajasthan Rajya Vidyut Utpadan Nigam Ltd (RRVUNL), Mahatma Phule Renewable Energy & Infrastructure Technology Ltd (MAHAPREIT), Damodar Valley Corporation (DVC) and two other PSUs and have signed MOUs or term sheets with other private corporates.

ISSUE BREAKUP:

Particulars	No. of Shares		₹ In Cr	% of Issue
	@Upper	@Lower		
QIB	64,70,58,823	61,11,11,111	6,600.00	66%
NIB	12,94,11,765	12,22,22,223	1,320.00	13.2%
-NIB2	8,62,74,510	8,14,81,482	880.00	-
-NIB1	4,31,37,255	4,07,40,741	440.00	-
RET	8,62,74,510	8,14,81,482	880.00	10.8%
EMP	2,06,18,556	1,94,17,475	200.00	-
SH	9,80,39,215	9,25,92,592	1,000.00	10%
Total	98,14,02,870	92,68,24,883	10,000.00	100%

NIB-1=NII Bid between ₹ 2 to 10 Lakhs

NIB-2 =NII Bid Above ₹ 10 Lakhs

Anchor Bid on: Monday, 18th November 2024
Issue opens on: Tuesday, 19th November 2024
Issue closes on: Friday, 22nd November 2024

Issue Details	Fresh Issue of up to ₹ 10,000 Cr
Face value:	₹ 10/-
Price band:	₹ 102 – 108
Bid Lot:	138 Eq. Shares and in multiple thereof
No. of shares:	98,14,02,870 [^] -92,68,24,883 Shares
Issue size:	₹ 10,000 Cr
Shareholder Rsv:	Shares aggregating upto ₹ 1,000 Cr
Employee Discount:	₹ 5/- per share
Post Issue Implied Market Cap:	₹ 86,510 [~] Cr - ₹ 91,010 [^] Cr
Listing On:	BSE & NSE
BRLM	IDBI Capital Markets, HDFC Bank, IIF Securities, Nuvama Wealth Management
Registrar:	KFin Technologies Limited

INDICATIVE TIMETABLE:

Activity	On or about
Finalization of Basis of Allotment	25-11-2024
Refunds/Unblocking ASBA Fund	26-11-2024
Credit of equity shares to DP A/c	26-11-2024
Trading commences	27-11-2024

SHAREHOLDING (APPROX. NO. OF SHARES):

Pre Issue	Post Issue ~	Post Issue ^
7,500,000,000	8,48,14,02,870	8,42,68,24,883

SHAREHOLDING PATTERN(%)

Particulars	Pre-Issue	Post-Issue
Promoter	100.00%	89.00%
Public	0.00%	11.00%
Total	100.00%	100.00%

MINIMUM BIDS APPLICATION:

Category	Retail Category	NII-Bid between ₹ 2 - 10 Lakhs	NII - Bid Above ₹ 10 Lakhs
Minimum Bid Lot (Shares)	138 Shares	1,932 Shares	9,384 Shares
Minimum Bid Lot Amount (₹)	₹ 14,904 [^]	₹ 208,656 [^]	₹ 10,13,472 [^]
No. Of Applications For 1x	5,90,446 Applications	21,087 Applications	42,175 Applications



NTPC Green Energy Limited - IPO NOTE



BACKGROUND:

Company and Directors

The Company was incorporated as “NTPC Green Energy Ltd” on April 7, 2022. The company is a wholly owned subsidiary of NTPC Ltd, a ‘Maharatna’ central public sector enterprise. The company is the largest renewable energy public sector enterprise (excluding hydro) in terms of operating capacity as of September 30, 2024 and power generation in FY2024. The company generates revenue by the sale of solar and wind power pursuant to Power Purchase Agreements to Indian government agencies and public utilities.

Objects of the Issue:

Objects	Amount (₹ Cr)
Investment in wholly owned Subsidiary, NTPC Renewable Energy (NREL) for repayment prepayment, in full or in part of certain outstanding borrowings	₹7500 Cr
General Corporate Purposes	[·]
Total	[·]

KEY FINANCIALS:

(₹ in Cr)

Particulars	As at Jun'30,		As at Mar' 31,	
	2024 (06)	2023 (06)	2024 (12)	2023 (12)
Share Capital	7,500.00	4,719.61	5,719.61	4,719.61
Net Worth as stated	8,189.18	5,095.58	6,232.14	4,887.43
Total Borrowings	17,057.50	9,722.83	12,796.74	5,417.84
Revenue from Operations	1,082.29	1,008.32	1,962.60	169.69
Revenue Growth (%) as stated	1.07	-	11.57	-
Operating EBITDA as stated	931.57	914.61	1,746.47	151.38
Operating EBITDA Margin (%) as stated	86.07%	90.71%	88.99%	89.21%
Net Profit for the period	175.30	208.16	344.72	171.23
Net Profit (%) as stated	16.20%	20.64%	17.56%	100.91%
EPS – Basic & Diluted (₹) as stated	0.30	0.44	0.73	4.66
Net Debt/Equity	1.91	1.82	1.98	1.09
Interest Coverage (x)	2.60	2.76	2.64	3.05
Return on Net worth	2.14%	4.09%	5.53%	3.50%
NAV (₹)	10.92	10.80	10.90	10.36
Cash ROE (%) as stated	7.39%	10.40%	17.76%	N.A.
Installed Capacity Solar (MW)	3,220	2,661	2,825	2,561
Installed Capacity Wind (MW)	100	50	100	50

SHAREHOLDING PATTERN

(^ at upper price band)

Shareholders	Pre-offer		Offer for sale of Shares	Post-offer	
	Number of Equity Shares	% of Total Equity Share Capital		Number of Equity Shares	% of Total Equity Share Capital
Promoter	7,50,00,00,000	100.00%	-	7,50,00,00,000	89.00%
Total for Promoter & Promoter Group	7,50,00,00,000	100.00%	-	7,50,00,00,000	89.00%
Public	0	0.00%	92,68,24,883	92,68,24,883	11.00%
Total for Public Shareholder	0	0.00%	92,68,24,883	92,68,24,883	11.00%
Total Equity Share Capital	7,50,00,00,000	100.00%		8,42,68,24,883	100.00%

BUSINESS OVERVIEW:

NTPC Green Energy is a wholly owned subsidiary of NTPC Lts – a ‘Maharatna’ central public sector enterprise. NTPC Green is the largest renewable energy public sector enterprise (excluding hydro) in terms of operating capacity as of September 30, 2024 and power generation in FY 2024. The company’s renewable energy portfolio comprises of solar and wind power assets with presence in more than 6 states across multiple locations. The company’s operational capacity was 3,220 MW of solar projects and 100 MW of wind projects across 6 states as of September 30, 2024.

The company 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. The company’s projects generate renewable power and feed that power into the grid, supplying a utility or offtaker with energy. For its operational projects, the company has entered into long-term Power Purchase Agreements (“PPAs”) or Letters of Award (“LoAs”) with an offtaker that is either a Central government agency like the Solar Energy Corporation of India (“SECI”) or a State government agency or public utility.



NTPC Green Energy Limited - IPO NOTE



BUSINESS OVERVIEW:

As of September 30, 2024, the company's 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 MOU or term sheet has been entered with joint venture partners or offtakers 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 its Portfolio consisted of 26,071 MWs.

The company's rated plant capacity in megawatts is measured 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 September 30, 2024, the company had 17 offtakers across 41 solar projects and 11 wind projects. As of September 30, 2024, all 9 of its offtakers from which the company earned revenue in the 6-month period ended September 30, 2024 were government agencies and public utilities with which the company has long-term PPAs with an average term of 25 years. As of September 30, 2024, the company is in the process of constructing 36 renewable energy projects in 6 states consisting of 13,576 MWs Contracted and Awarded.

As of September 30, 2024, the company had 17 offtakers across 41 solar projects and 11 wind projects. As of September 30, 2024, all 9 of its offtakers from which the company earned revenue in the 6-month period ended September 30, 2024 were government agencies and public utilities with which the company has long-term PPAs with an average term of 25 years. As of September 30, 2024, the company is in the process of constructing 36 renewable energy projects in 6 states consisting of 13,576 MWs Contracted and Awarded.

Source: RHP

	As at September 30, 2024
Megawatts Operating, Contracted & Awarded (MWs)	16,896
Capacity under Pipeline	
Solar (MWs)	6,925
Wind (MWs)	2,250
Total (MWs)	9,175
Total Megawatts Operating, Contracted & Awarded plus Capacity under Pipeline (MWs)	26,071

As of September 30, 2024, the company had 3,320 MWs operating across 17 solar projects and 2 wind projects. The company regularly measures the performance of its plants by using the industry measure,

generation/capacity utilization factor ("CUF"). The CUF is lower in solar power plants as compared to thermal power plants given the nature of operations.

The company's electricity generation in kWh and its CUF for operating renewable energy plants

Particulars	Company Operating Data			Carved-out Operating Data [^]	
	6 Mts ended at Sept.30, 2024	6 Mts ended at Sept.30, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Electricity generation (kWh millions)					
Solar	3,117.95	2,907.21	5,590.70	3,759.49	1,863.88
Wind	124.15	66.19	121.78	103.28	103.64
Total	3,242.10	2,973.41	5,712.48	3,862.77	1,967.53
Capacity utilization factor (%)					
Solar	24.61%	25.04%	23.97%	22.74%	19.21%
Wind	28.27%	30.14%	19.78%	23.58%	23.66%
Total	24.73%	25.13%	23.86%	22.76%	19.40%

Source: RHP; [^] Carved-out Operating Data is based on the carved-out consolidated operating data pertaining to RE Assets of NTPC LLtd, NREL and NTPC Green Energy for FY2023 and FY 2022

KEY OPERATIONAL PERFORMANCE INDICATORS

Source: RHP

Particulars	Company Operating Data				Spl. purpose Carved-Out	
	6 mts ended Sept. 30th		As at March 31st,		As at March 31st,	
	2024	2023	2024	2023	2023	2022
Installed Capacity / Megawatts Operating (MW)	3,320.0	2,711.0	2,925.0	2,611.0	2,611.0	1,445.0
Solar	3,220.0	2,661.0	2,825.0	2,561.0	2,561.0	1,395.0
Wind	100.0	50.0	100.0	50.0	50.0	50.0
Megawatts Contracted & Awarded	13,576.0	8,600.0	11,571.0	6,250.0	6,250.0	4,766.0
Solar	10,576.0	7,050.0	9,571.0	5,750.0	5,750.0	4,616.0
Wind	3,000.0	1,550.0	2,000.0	500.0	500.0	150.0
Average CUF for the assets						
Solar	24.61%	25.04%	23.97%	27.17%	22.74%	19.21%
Wind	28.27%	30.14%	19.78%	16.48%	23.58%	23.66%

REVENUE FROM OPERATIONS

Source: RHP

Particulars	Restated Consolidated						Special Purpose Carved-Out Financial Statements			
	6 mts ended Sept.30 th				As at March 31st		As at March 31st			
	2024	%	23023	%	2024	%	2023	%	2022	%
Renewable Energy Sales										
Solar	982.50	90.78%	951.42	94.36%	1,840.35	93.77%	1,365.18	94.17%	844.76	92.79%
Wind	50.32	4.65%	25.51	2.53%	47.10	2.40%	40.13	2.77%	40.08	4.40%
Consultancy, project mgt & supervision fee	14.04	1.30%	-	0.00%	10.05	0.51%	-	0.00%	-	0.00%
Government Grants	32.78	3.03%	31.40	3.11%	65.10	3.32%	44.40	3.06%	25.59	2.81%
Interest from Customers	2.65	0.24%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Revenue from operations	1,082.29	100.00%	1,008.32	100.00%	1,962.60	100.00%	1,449.71	100.00%	910.42	100.00%

COMPETITIVE STRATEGIES:

Promoted by NTPC Limited, which has extensive experience in executing large-scale projects, long-term relationships with offtakers and suppliers and financial strength

Portfolio of 16,896 MWs solar and wind projects as of September 30, 2024 with diversification across geographies and offtakers

Growing revenues along with strong credit ratings that enable a low cost of capital employed

Experienced team in renewable energy project execution and procurement as well as operating and maintenance

KEY BUSINESS STRATEGIES




Continue to grow project pipeline through prudent bidding and strategic joint ventures with PSUs and private corporates

Focus on projects in new energy solutions like green hydrogen, green chemicals and storage

Drive efficiency and cost reductions in project execution and operating & maintenance

Continue to contribute to India's sustainability efforts

COMPARISON OF FINANCIAL PARAMETERS

Parameters													
	NTPC GEL				Adani Green					RENEW			
	H1FY25 (A)	H1FY24 (A)	FY24 (A)	FY23 (A)	H1FY25 (UA)	H1FY24 (UA)	FY24 (A)	FY23 (A)	FY22 (A)	H1FY24 (UA)	FY24 (A)	FY23 (A)	FY22 (A)
Revenue from Operations (₹ Cr)	1,082.3	1,008.3	1,962.6	169.7	5,889.0	4,382.0	9,220.0	7,776.0	5,133.0	4,750.8	8,194.8	7,932.8	6,204.3
Total Revenue (₹ Cr)	1,132.7	1,021.1	2,037.7	170.6	6,476.0	4,979.0	10,460	8,617.0	5,577.0	5,329.1	9,653.1	8,930.9	6,919.5
Operating EBITDA (₹ Cr)	931.6	914.6	1,746.5	151.4	4,926.0	3,907.0	7,586.0	4,990.0	3,511.0	3,610.1	5,864.8	5,441.6	3,609.1
Operating EBITDA %	86.1%	90.7%	89.0%	89.2%	83.7%	89.2%	82.3%	64.2%	68.4%	76.0%	71.6%	68.6%	58.2%
PAT (₹ Cr)	175.3	208.2	344.7	171.2	1,144.0	694.0	1,260.0	973.0	489.0	675.4	414.7	-502.9	-1,612.8
PAT Margins (%)	16.2%	20.6%	17.6%	100.9%	19.4%	15.8%	13.7%	11.3%	9.5%	14.2%	5.1%	-6.3%	-26.0%
Net Debt/Equity (x)	1.9	1.8	2.0	1.1	5.7	6.7	5.5	7.0	19.4	4.7	5.2	4.1	3.1
Cash PAT (₹ Cr)	533.1	519.1	987.5	221.1	2,355.0	1,619.0	3,163.0	2,273.0	1,338.0	1,538.0	2,173.0	1,087.2	-236.4
Cash PAT margin (%)	49.3%	51.5%	50.3%	130.3%	40.0%	37.0%	34.3%	29.2%	26.1%	32.4%	26.5%	13.7%	-3.8%
Cash RoE (%) of Avg. Equity	7.4%	10.4%	17.8%	NA	23.1%	21.3%	36.9%	45.8%	55.6%	14.3%	20.5%	9.7%	-2.6%
Interest Coverage (x)	2.6	2.8	2.6	3.1	1.9	1.7	1.7	2.0	1.5	1.8	1.5	1.3	1.0

COMPARISON WITH INDUSTRY PEERS (AS ON 31ST MARCH 2024)

Name of the Company	Face Value	CMP (₹)	Rev. from Ops. (₹ Cr)	EPS (₹)		Operating EBITDA (₹ Cr)	EV/ Op. EBITDA (x)	NAV (₹)	P/E (x)	RoNW (%)
				Basic	Diluted					
NTPC Green Energy	₹ 10.00	[●]	1,962.60	0.73	0.73	1,746.47	[●]	10.90	[●]	5.53%
Adani Green Energy	₹ 10.00	1,610.95	9,220.00	6.21	6.20	7,586	43.08	62.08	259.83	12.81%
Renew Energy Global	\$ 0.001	466.78	8,194.80	9.94	9.92	5,865	13.63	290.15	47.05	3.94%

HENSEX OUTLOOK: "SUBSCRIBE"

Rating: Apply for Long Term Investment

NTPC Green Energy Ltd is the largest renewable energy public sector enterprise (excluding hydro) in terms of operating capacity as of September 2024 and power generation in FY24. With strong parent support and diversified portfolio with long term PPA locked in for an average age of 25 years; The company is strategically focused on developing a portfolio of utility-scale solar energy projects and utility-scale wind energy projects, as well as projects for PSUs and corporates. The company's revenue from operations has grown at a CAGR of 46.82% from ₹ 910.42 Cr in FY 2022 to ₹1,962.60 Cr in FY 2024. The company is investing in hydrogen, green chemical and battery storage capabilities and solutions as well as associated technologies. NTPC GEL holds a vision of 60 GW RE capacity by 2032. We suggest 'SUBSCRIBE' to the issue with Long term Investment perspective.

MAJOR RISK FACTOR:

- ✓ The company derives more than 87% Revenue from top 5 off takers, of which around 50% is contributed by a single off taker as of Fiscal 2024
- ✓ The company renewable energy project construction activities being subject to cost overruns or delays may adversely effect business growth.



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