



MSEARCH

INITIAL PUBLIC OFFER (IPO)

18-11-2024

NTPC GREEN ENERGY LTD

19-11-2024 - 22-11-2024

Industry: Power Generation

Price Band: ₹102 - 108

Recommendation: Subscribe for Long Term

Post Implied Market Cap: - ₹86,510 - ₹91,010Cr

Key Data

Issue Size (₹ Cr)	10,000
Fresh (₹)	10,000
OFS (₹)	0
No. of shares offered	981,402,870 - 926,824,883
Face Value (₹ /share)	10
Bid Lot	138

About the Company

NTPC Green Energy (NTPC Green), a wholly owned subsidiary of NTPC Ltd, is India's largest renewable energy public sector enterprise (excluding hydro) in terms of operating capacity and power generation as of September 30, 2024. With a portfolio of 3,220 MW of solar and 100 MW of wind projects across six states, the company focuses on utility-scale renewable projects and partnerships with PSUs and Indian corporates. NTPC Green secures long-term revenue through Power Purchase Agreements (PPAs) with central and state agencies, including SECI and public utilities, ensuring stable energy offtake.

Investment Rationales

- Promoted by NTPC Limited, which has extensive experience in executing large-scale projects, long-term relationships with offtakers and suppliers and financial strength:** NTPC Green ranks among India's top 10 renewable energy players by operational capacity as of September 30, 2024. Backed by NTPC Ltd, a Maharatna PSU with over 76 GW of capacity across coal, hydro, gas, and renewables, the company benefits from NTPC's vast resources, experience, and financial strength, including ₹ 7,500 Cr equity support. NTPC plans to expand its renewable portfolio to 60 GW by 2032, contributing to its target of 45-50% non-fossil capacity. NTPC Green leverages NTPC's expertise in power project execution, state DISCOM relations, and access to financing, ensuring strong growth in India's renewable sector.
- Portfolio of 16,896 MWs solar and wind projects as of September 30, 2024 with diversification across geographies and offtakers:** Company operates a diverse portfolio of utility-scale solar and wind projects, supplying power to 17 offtakers through 41 solar and 11 wind projects as of September 30, 2024. The company's total portfolio, including operating, contracted, and pipeline projects, stands at 26,071 MW, with 3,320 MW operational and 9,175 MW under development. With long-term PPAs averaging 25 years, primarily with government agencies and public utilities, the company derives over 95% of its revenue from renewable energy sales. Concentrated in resource-rich states like Rajasthan and Gujarat, its projects span seven other states to mitigate offtaker risk. NTPC Green has also partnered with various PSUs and private entities to expand its renewable energy footprint.
- Experienced team in renewable energy project execution and procurement as well as operating and maintenance:** NTPC Green Energy, a subsidiary of NTPC Ltd, leverages the NTPC Group's expertise to develop, construct, and operate renewable power projects. As of September 30, 2024, the company was constructing 13,576 MW of projects across six states, with all growth achieved organically. It owns ~8,900 acres of freehold land and leases ~45,700 acres for its projects, ensuring access to critical transmission infrastructure. The company employs a mix of turnkey EPC contracts and in-house strategies for solar and wind projects, utilizing advanced technologies like robotic cleaning, drone thermography, and real-time performance monitoring to enhance efficiency and security.
- Focus on projects in new energy solutions like green hydrogen, green chemicals and storage:** Company is expanding into hydrogen, green chemicals, and battery storage to complement its renewable portfolio. Key initiatives include developing a Green Hydrogen Hub in Pudimadaka, Andhra Pradesh, spanning 1,200 acres for green chemicals and industrial infrastructure. The company is also investing in large-scale battery storage, including grid-scale and Round-the-Clock (RTC) renewable energy projects, such as a 1.3 GW RTC project, among the world's largest. Additionally, it has partnered with technology providers for electrolyser development and signed agreements with MAHAPREIT and Rajasthan Rajya Vidyut Utpadan Nigam for renewable energy parks, targeting up to 35 GW of capacity and 1 million MT of green hydrogen derivatives annually.

Indicative Timetable

Activity	On or about
Finalisation 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 (No. of shares)

Pre-Issue	7,500,000,000
Post Issue (Lower price band)	8,481,402,870
Post Issue (Higher price band)	8,426,824,883

Shareholding Pattern

Promoter:	
Pre Issue	100.00%
Post Issue	89.00%
Public:	
Pre Issue	0.00%
Post Issue	11.00%

Issue Breakup

QIB	75%
NIB	15%
Retail	10%

Other Details

BRLMs: IDBI Capital Markets, HDFC Bank, IIFL Securities, Nuvama Wealth Management

Registrar: KFin Technologies Ltd.

Listing: BSE & NSE

Research Analyst

Rajan Shinde

rajan.shinde@mehtagroup.in

022-61507142

Risk

- Delayed payments from discoms.
- Significant competition from traditional and renewable energy companies.

MView

We believe NTPC Green Energy Ltd IPO brings investors an opportunity to invest in a leading player of India's renewable energy sector, backed by the formidable resources and expertise of NTPC Ltd. We think with a robust portfolio of 26,071 MW, including operational, contracted and pipeline projects, the company demonstrates strong growth potential. Its focus on long-term Power Purchase Agreements (PPAs) with government and public utilities ensures stable revenue streams, while its diversified geographical presence mitigates risk. We also think NTPC Green's strategic expansion into green hydrogen, green chemicals and battery storage further enhances its growth prospects, positioning it at the forefront of India's energy transition. By looking at the financials, the company has shown a substantial growth in revenue from operations of 1057% in FY 2024 and net profit by 101% in FY 2024. On valuation parse at the upper price band ₹ 108/-, the issue is asking a Market Cap of ₹ 91000 cr and based on FY 2025e annualised earnings and fully diluted post IPO paid-up capital, the company is asking for a PB of 4.96x and PE of 259.56x which appears aggressively priced. As Supported by NTPC's financial strength and ambitious renewable energy targets, the company is well-equipped to capitalize on the increasing demand for sustainable energy solutions. Hence, looking at attributes we recommend only risk taking investors to "SUBSCRIBE" the NTPC Green Energy Ltd IPO for long term perspective only.

CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at June 30		As at March' 31	
	2024 (03)	2023 (03)	2024	2023
Equity Share Capital	7,500.00	4,719.61	5,719.61	4,719.61
Net Worth	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 (%)	1.07	-	1,157%	-
Operating EBITDA as stated	931.57	914.61	1,746.47	151.38
Operating EBITDA Margin (%)	86.07%	90.71%	88.99%	89.21%
Net Profit for the period/year	175.30	208.16	344.72	171.23
Net Profit Margin	16.20%	20.64%	17.56%	100.91%
EPS	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
RONW (%)	2.14%	4.09%	5.53%	3.50%
NAV (₹) as stated	10.92	10.80	10.90	10.36
Cash ROE (%)	7.39%	10.40%	17.76%	N.A.
Installed Capacity Solar (MW)	3,220.00	2,661.00	2,825.00	2,825.00
Installed Capacity Wind (MW)	100.00	50.00	100.00	50.00

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (IN CR)

Companies	Revenue from Operation (₹ in Cr)	Mcap (₹ in Cr)	FV	Operating EBITDA (₹ Cr)	EPS	NAV (₹ Per Share)	P/B	P/E	RoNW (%)
NTPC Green Ltd	1,962.60	91,000	10	1,746.47	0.42	21.80	4.96	259.6	5.53%
Adani Green Energy	9,220.00	2,33,771	10	7,586	6.21	62.08	22.1	181	12.81%

Date as on 31st March 2024, Cline Mcap, PE, PB calculated as on 18-11-2024

NTPC Green Energy Ltd, EPS/PE,PB, NAV calculated on annualised basis post money



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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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Mehta Equities Limited, 903, 9th Floor, Lodha Supremus, Dr.E.Moses Road, Worli Naka, Worli, Mumbai 400 018, India

Tel: +91 22 6150 7101, Fax: +91 22 6150 7102

Email: info@mehtagroup.in, Website: www.mehtagroup.in

Compliance Officer: Prakash Joshi

Email Id: compliance@mehtagroup.in

Phone No +91 22 61507180

For grievance redressal contact Customer Care Team Email: help.kyc@mehtagroup.in Phone: + 91 22 61507154