



SMC Ranking

★ ★ ☆ ☆ ☆ (2/5)

Issue Highlights

Industry	Green Energy
Fresh Issue (Shares)	925,925,926
Net Offer to the Public	925,925,926
Issue Size (Rs. Cr.)	9444-10000
Price Band (Rs.)	102-108
Employee Discount	Rs 5 per share
Offer Date	19-Nov-24
Close Date	22-Nov-24
Face Value	10
Lot Size	138 Shares

Issue Composition

	In shares
Total Issue for Sale	925,925,926
QIB	694,444,445
NIB	138,888,889
Retail	92,592,593

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	100.00%	89.01%
QIB	0.00%	8.24%
NIB	0.00%	1.65%
Retail	0.00%	1.10%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

The company proposes to utilise the Net Proceeds towards funding the following objects

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

General corporate purpose.

Book Running Lead Manager

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

Name of the registrar

- Kfin Technologies Limited

About the company

NTPC Green Energy Limited, incorporated in April 2022, is a wholly-owned subsidiary of NTPC Limited, focused on renewable energy projects through both organic and inorganic growth strategies. As of September 30, 2024, it stands as the largest public sector enterprise in renewable energy (excluding hydro) based on operational capacity and power generation for Fiscal 2024. The company operates 3,220 MW of solar and 100 MW of wind projects across six states. Its "Portfolio" as of September 30, 2024, includes 16,896 MW, comprising 3,320 MW of operating projects and 13,576 MW of contracted and awarded projects. Additionally, its "Capacity under Pipeline" — projects with memoranda of understanding or term sheets in place but pending definitive agreements — amounted to 9,175 MW, bringing its total capacity (Portfolio and Pipeline) to 26,071 MW. The company has 17 offtakers for 41 solar and 11 wind projects and is currently constructing 36 renewable energy projects totaling 13,576 MW in six states.

Strength

Backed by NTPC Limited: The company, promoted by NTPC Limited—a leader in large-scale project execution, long-standing partnerships with suppliers and offtakers, and strong financial capabilities—is among India's top 10 renewable energy players by operational capacity as of September 2024. Benefiting from NTPC's vision, resources, and experience, the company is strategically aligned with NTPC's goal to expand non-fossil energy to 45-50% of its portfolio, targeting 60 GW in renewables by 2032. NTPC Group, with a generating capacity of over 76 GW across coal, hydro, gas, and renewable energy, represents 17% of India's installed capacity and contributes 24% of total power generation as of September 30, 2024. NTPC's five-decade legacy in power generation, land acquisition, and operational efficiency further strengthens the company's foundation. With assets totaling Rs. 492230.40 crore and top credit ratings from Indian and international agencies, NTPC provides a solid platform for the company's growth in renewable energy, leveraging NTPC's brand and reputation.

Diverse Renewable Portfolio: The company operates a diversified portfolio of solar and wind projects totaling 16,896 MW as of September 30, 2024, with geographic and offtaker diversity. This includes large-scale utility projects as well as specific projects for PSUs and Indian corporates, feeding power into the grid under long-term Power Purchase Agreements (PPAs) averaging 25 years. Its portfolio comprises 3,320 MW in operational projects and 13,576 MW in contracted and awarded projects, with a development pipeline of 9,175 MW, bringing total capacity to 26,071 MW as of September 30, 2024. Known for its reliable partnerships, the company has joint ventures with Rajasthan Rajya Vidyut Utpadan Nigam Limited, MAHAPREIT, Damodar Valley Corporation, and other PSUs and private corporates.

Expertise in Project Execution and Maintenance: As NTPC Limited's renewable energy arm, the company has a proven track record in developing, constructing, and operating renewable power projects. Its experienced in-house management and procurement teams, in collaboration with third-party aggregators and developers, efficiently manage project execution, including land acquisition across six states. This internal capability, coupled with NTPC's robust experience, ensures successful project completion and operational excellence.

Strong Financial Performance and Low Cost of Capital: The Company 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 46.82% from Rs. 910.42 crore in FY2022 to Rs. 1962.60 crore in FY2024. Operating EBITDA increased at a CAGR of 48.23% from Rs. 794.90 crore in FY2022 to Rs. 1746.47 crore in

FY2024, while Profit After Tax rose at a CAGR of 90.75% to Rs. 344.72 crore in FY2024. Operating EBITDA margins remained strong at over 86%, with PAT margins ranging from 16.20% to 31.49% 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.

Experienced Leadership: The company's management team, led by a knowledgeable Board of Directors, brings decades of expertise in renewable energy and power sectors. Senior leadership has built strong relationships with offtakers, regulators, and customers, providing valuable insights into market trends and driving growth. This experienced team is key to navigating industry dynamics and supporting the company's goal to strengthen its position in India's renewable energy landscape.

Strategy

Expanding Project Pipeline through Strategic Partnerships and Prudent Bidding: CRISIL Research projects 137-142 GW in solar and 34-36 GW in wind capacity additions from Fiscal 2025 to Fiscal 2029. 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. In Fiscal 2024, the company led in winning 3.5 GW in competitive bids, equivalent to approximately 5 GW of AC capacities. The company's project pipeline, which includes contracts with various PSUs and private entities, presents growth opportunities. It has established joint ventures with Rajasthan Rajya Vidyut Utpadan Nigam Limited, Mahatma Phule Renewable Energy & Infrastructure Technology Limited (MAHAPREIT), Damodar Valley Corporation, and other PSUs, while also partnering with private corporates. By continuing to collaborate with both PSUs and private companies, the company seeks to further strengthen its role as a key renewable energy partner and to capture an increased market share. In addition, it will strategically evaluate acquisition opportunities that align with its performance criteria and offtaker requirements.

Investing in Next-Gen Energy Solutions: Green Hydrogen, Chemicals, and Battery Storage: The company 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 Fiscal 2030. The company's efforts in battery storage and energy solutions align with Article 6.2 of the Paris Agreement and include:

- Developing large-scale battery and RTC renewable energy projects;
- Building the Pudimadaka green hydrogen hub;
- Finalizing agreements for electrolyser production;
- Developing renewable energy parks in Maharashtra and green hydrogen initiatives in Rajasthan.

Green Hydrogen Hub and Industrial Development in Pudimadaka: The company's Green Hydrogen Hub in Andhra Pradesh spans 1,200 acres, focusing on green hydrogen and derivative production alongside renewable component manufacturing. The site is intended as a "plug-and-play" facility with key infrastructure to support electrolyser, fuel cell, and battery storage production. With 600 acres earmarked for green chemical production, the hub will feature India's largest green hydrogen facility, producing hydrogen derivatives for domestic and export markets. This project is expected to attract significant investment, creating economic benefits and employment opportunities in Andhra Pradesh.

Efficiency and Cost Control in Project Execution and Operations: To optimize project costs and output, the company leverages NTPC Group's economies of scale for negotiating EPC and

construction contracts and sources components from both domestic and international suppliers. Taking direct responsibility for major procurement and land acquisition allows the company to lower project costs per MW. It is implementing advanced technologies—such as next-gen turbines, AI-based forecasting tools, robotic cleaning systems, and drone monitoring—to reduce costs and improve efficiency. Additional cost-saving initiatives include:

- Pooling critical spares for nearby plants,
- Awarding bulk O&M contracts across locations,
- Using a cluster-based approach for manpower planning,
- Securing long-term warranties with OEMs, and
- Deploying AI-integrated cloud solutions for real-time asset monitoring.

Commitment to India’s Sustainability Goals: As the renewable energy arm of the NTPC Group, the company is pivotal in the group’s plan to reach 60 GW of renewable capacity by 2032. Its sustainability initiatives include reducing CO2 emissions and water use by introducing dry-cleaning systems for solar modules. Additionally, it has registered with global carbon programs like CDM, VCS, and GCC. The company prioritizes workplace safety, aiming to be a zero-accident organization through a comprehensive safety management system, safety audits, and 24/7 monitoring by its health, safety, and environment team.

Risk factor

- The company relies on a limited group of utilities and power purchasers for the electricity generated by its plants and projects. Losing any of these key customers or experiencing a decline in their financial health could negatively impact its business, financial performance, and overall condition.
- The company's business and profitability largely depend on the availability and costs of solar modules, solar cells, wind turbine generators, and other essential materials and equipment for its solar, wind, and other renewable projects.
- The construction of its renewable energy projects may face potential cost overruns or delays, which could harm its business, financial performance, cash flow, and overall financial condition.
- The company’s Power Purchase Agreements may expose it to various risks that could negatively affect its business, financial performance, and overall condition.

Peer comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Adani Green	10542.00	1128.00	8.61	176.70	22.79	66.77	10	1521.40	240994.70
NTPC Green Energy Limited	2036.57	311.86	0.37	291.80	4.98	21.70	10	108.00	91000.00

*Peer companies financials are TTM based

**NTPC Green Energy Limited financials are TTM based.

Valuation

Considering the P/Bv valuation, on the upper end of the price band of Rs.108, the stock is priced at pre issue, book value of Rs. 11.04 of P/Bvx 9.78x. Post issue, book value of Rs.21.70 of P/Bvx 4.98x.

On the lower end of the price band of Rs.102, the stock is priced at pre issue, book value of Rs. 11.04 of P/Bvx 9.24x. Post issue, book value of Rs. 21.70 of P/Bvx 4.70x.

Industry Outlook

Renewable energy represents a significant and growing industry in India. Globally, India ranks fourth in total renewable energy, wind as well as solar installations. Installed capacity of renewable energy sources in India (including large hydro) have increased from approximately 63 GW as of March 2012 to approximately 201 GW as of September 2024. As of September 2024, installed grid connected renewable energy generation capacity in India (including large hydro) constituted approximately 45% of the total installed generation base in India, and this growth has been led by solar power.

Outlook

NTPC Green is a renewable energy company focused on expanding its project portfolio through both organic growth and acquisitions. As of August 31, 2024, it had an operational capacity of 3,071 MW in solar power and 100 MW in wind power across six states. Its total portfolio was 14,696 MW, comprising 2,925 MW of active projects and 11,771 MW of contracted and awarded projects. The company had agreements with 15 off-takers across 37 solar and 9 wind projects. However, NTPC Green's reliance on a small group of utility companies and power purchasers makes it vulnerable to the potential loss or financial instability of these key clients, which could adversely affect its business, financial performance, and overall health. Additionally, the company's success and profitability are heavily dependent on the availability and costs of critical resources such as solar modules, solar cells, wind turbine generators, and other essential equipment for its renewable energy projects.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	19-November-24
BID/ISSUE CLOSES ON	22-November-24
Finalisation of Basis of Allotment with the Designated Stock Exchange	25-November-24
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	26-November-24
Credit of Equity Shares to Demat Accounts of Allottees	26-November-24
Commencement of trading of the Equity Shares on the Stock Exchanges	27-November-24

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 30-Sept-24 (6 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	1082.29	1962.60	169.69
Total expenditure	149.35	216.13	18.31
Operating Profit	932.94	1746.47	151.38
OPM%	86.20	88.99	89.21
Other Income	50.45	75.06	0.94
PBDIT	983.39	1821.53	152.32
Depreciation	357.83	642.76	49.91
PBIT	625.56	1178.77	102.42
Interest	377.82	690.57	49.87
Profit Before share of profits of joint ventures accounted for using equity method	247.75	488.20	52.54
Share of profits of joint ventures accounted for using equity method	-1.38	0.00	0.00
PBT	246.37	488.20	52.54
tax	71.07	143.48	-118.68
PAT	175.30	344.72	171.23

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 30-Sept-24	As on 31-Mar-24	As on 31-Mar-22
Non-current assets			
Property, plant and equipment	19076.13	17573.00	14758.12
Capital work-in-progress	9030.51	7138.07	1749.35
Investments accounted for using equity method	16.67	0.05	0.00
Financial Assets			
Other financial assets	84.97	82.50	77.77
Other non current assets	2145.46	1158.99	1052.20
Total Non Current Assets	30353.74	25952.61	17637.44
Current assets			
Inventories	28.37	24.50	9.30
Financial Assets			
Trade Receivables	461.07	704.81	325.50
Cash and cash equivalents	1252.25	115.63	72.75
Bank balances other than cash and cash equivalents	203.19	356.52	0.00
Other financial assets	65.87	43.95	380.60
Other current assets	43.81	8.40	5.81
Total current assets	2054.56	1253.81	793.95
Total Assets	32408.30	27206.42	18431.40
Non-current liabilities			
Financial liabilities			
Borrowings	16402.19	12164.51	5243.53
Lease Liabilities	902.71	978.27	684.22
Deferred tax liabilities (net)	1301.03	1229.96	1086.49
Other non-current liabilities	1942.57	1934.36	1694.59
Total non-current liabilities	20548.50	16307.09	8708.83
Current liabilities			
Financial liabilities			
Borrowings	655.31	632.23	174.31
Lease Liabilities	84.26	80.92	34.95
Trade payables - MSME	7.43	9.70	12.90
Trade payables - other than MSME	84.44	52.78	89.37
Other financial liabilities	2653.97	3790.19	4448.90
Other current liabilities	93.32	101.21	74.65
Provision	0.08	0.08	0.00
Total current liabilities	3578.81	4667.12	4835.08
Total	24127.30	20974.21	13543.91
Net worth represented by:			
Equity Share Capital	7500.00	5719.61	4719.61
Reserves and surplus	689.18	512.53	167.82
Non-controlling interests	91.82	0.07	0.06
Net Worth	8281.00	6232.21	4887.49

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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