One Stop Investment Avenue
GEPL CAPITAL

IPO Note

NTPC GREEN ENERGY LIMITED

NOV 19, 2024

Nov 19, 2024

Details of the Issue	
Price Band	₹ 102 - ₹ 108
Issue Size	₹ 10,000 Cr
Face Value	₹ 10
Bid Lot	138
Listing on	BSE, NSE
Post Issue Mcap	₹ 91,000 Cr
Investment Range	₹ 14,076 - ₹ 14,904

Important Indicative Dates (2024)	
Opening	19 - Nov
Closing	22 - Nov
Basis of Allotment	25 - Nov
Refund Initiation	26 - Nov
Credit to Demat	26 - Nov
Listing Date	27 - Nov

Lead Manager
IDBI Capital Limited
HDFC BANK Limited
Nuvama Wealth Management Limited
IIFL Capital Services Limited

Offer Details	
Offer Size	₹ 10,000 Cr
Fresh Issue	₹ 10,000 Cr
OFS	-

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	7,500	694	735	75
NIB	1,500	139	147	15
Retail	1,000	93	98	10
Em-ploy.	-	-	-	-
Total	10,000	92.5	98.03	100

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Company Profile

NTPC Green is a wholly-owned subsidiary of NTPC Limited, a Maharatna PSU, and India's largest renewable energy public sector enterprise (excluding hydro) by operating capacity and power generation in FY 2024 (CRISIL Report, November 2024). With a renewable energy portfolio spanning over six states, it mitigate location-specific risks and operate 3,220 MW of solar and 100 MW of wind projects as of September 30, 2024.

The total portfolio, including operational, contracted, and pipeline capacities, stands at 26,071 MW. Backed by NTPC Limited's vision to achieve 45-50% non-fossil-based capacity by 2032, it focus on utility-scale projects, partnering with government and corporate entities under long-term PPAs. Renewable energy sales contributed over 95% of the revenues in FY 2022-2024, underscoring role as NTPC's sustainability arm in driving India's clean energy transition.

Business Highlights & Services

NTPC Green rank among India's top 10 renewable energy players by operational capacity and are backed by the NTPC Group, a Maharatna PSU with over 76 GW of power capacity and decades of expertise. NTPC plans to expand its non-fossil capacity to 45-50% by 2032, including 60 GW of renewable energy, positioning well as its sustainability arm to drive India's clean energy transition. NTPC's robust ₹4,922,304 million asset base, top-tier credit ratings, and ₹75,000 million equity contributions strengthen the financial foundation and enable access to cost-effective borrowing. Leveraging NTPC's strong brand, superior execution capabilities, and long-term relationships with State DISCOMs, it aim to expand renewable portfolio while benefiting from their legacy of efficient operations and land acquisition expertise. The subsidiary, NREL, also holds top credit ratings, reinforcing it position as a trusted green power leader in India.

Company has a diversified portfolio of 16,896 MW, including 3,320 MW operational and 13,576 MW contracted projects, with an additional 9,175 MW in the pipeline. The projects, spanning 9 states, focus on utility-scale solar and wind energy, supported by long-term PPAs (average 25 years) with government agencies and public utilities. Concentrated in resource-rich regions like Rajasthan and Gujarat, the renewable energy sales consistently contribute over 95% of the revenues. As a market leader in tariff-based competitive bidding, secured 3.5 GW in FY24 and maintain a prudent, data-driven bidding approach to ensure optimal returns. Company's strategic partnerships with PSUs and private corporates bolster its pipeline and future growth.

Company advancing into green hydrogen, green chemicals, and battery storage technologies, with initiatives like the Pudimadaka hydrogen hub and grid-scale battery storage for firm renewable energy. Positioned in a rapidly growing market, it aim to capitalize on India's projected renewable energy and battery storage demand by leveraging the execution capabilities and leadership in renewable energy.

Company leverage NTPC Group's economies of scale and expertise in procurement and land acquisition to optimize project execution and reduce costs. Advanced technologies like AI-enabled forecasting, drones, robotic cleaning, and efficient turbines enhance performance and lower O&M costs. Strategic measures, including bulk O&M contracts, pooled spares, and cloud-based monitoring, further improve efficiency. Financially, company achieved robust growth, with revenue, EBITDA, and PAT CAGRs of 46.82%, 48.23%, and 90.75% (FY22-FY24). It strong balance sheet, improving net debt-to-equity ratio (1.91x as of Sep 2024), AAA credit rating, and healthy interest coverage ratio (2.60x) position for sustained growth. Backed by NTPC's credit strength, it maintain access to low-cost capital and a resilient financial profile.

Operating Capacity

Particulars	Company Operating Data		Carved-out Operating Data(1)
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Megawatts Operating			
Solar (MWs)	2,825	2,561	1,395
Wind (MWs)	100	50	50
Total (MWs)	**2,925**	**2,611**	**1,445**
Megawatts Contracted & Awarded			
Solar (MWs)	9,571	5,750	4616
Wind (MWs)	2,000	500	150
Total (MWs)	**11,571**	**6,250**	**4,766**
Megawatts Operating, Contracted & Awarded			
Solar (MWs)	12,396	8,311	6,011
Wind (MWs)	2,100	550	200
Total (MWs)	**14,496**	**8,861**	**6,211**

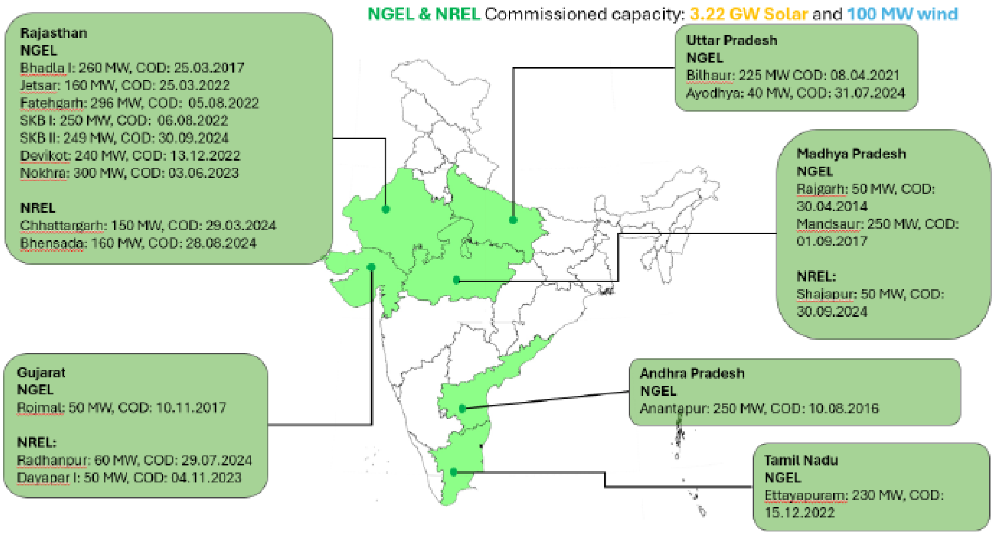
Megawatts Operating		
Solar (MWs)	3,220	2,661
Wind (MWs)	100	50
Total (MWs)	**3,320**	**2,711**
Megawatts Contracted & Awarded		
Solar (MWs)	10,576	7,050
Wind (MWs)	3,000	1,550
Total (MWs)	**13,576**	**8,600**
Megawatts Operating, Contracted & Awarded		
Solar (MWs)	13,796	9,711
Wind (MWs)	3,100	1,600
Total (MWs)	**16,896**	**11,311**

Revenue Breakup

(₹ in million)

Particulars	Restated Consolidated Financial Information (1)			
	Six months period ended September 30, 2024		Six months period ended September 30, 2023	
	(₹ in million)	% Revenue from operations	(₹ in million)	% Revenue from operations
Renewable Energy Sales				
Solar	9,825.02	90.78%	9,514.17	94.36%
Wind	503.20	4.65%	255.09	2.53%
Consultancy, project management and supervision fee	140.42	1.30%	0.00	0.00%
Other operating revenues recognized from Government Grants	327.79	3.03%	313.95	3.11%
Interest from Customers	26.48	0.24%	0.00	0.00%
Revenue from operations	**10,822.91**	**100.00%**	**10,083.21**	**100.00%**

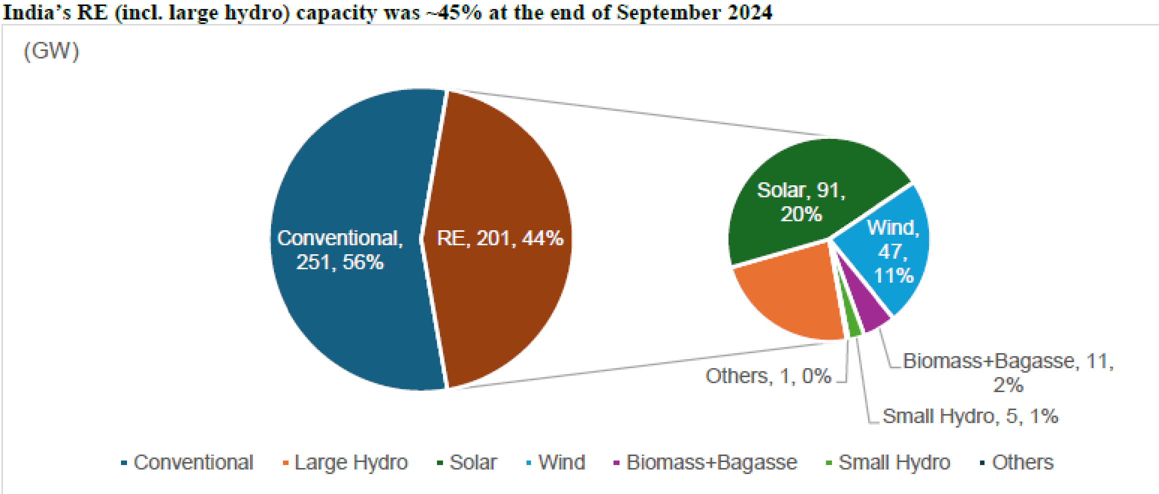
Geographical Footprint



Industry Outlook

India's renewable energy sector is growing rapidly, driven by ambitious targets to reduce GDP emissions intensity by 45% by 2030, achieve 50% non-fossil fuel power capacity by 2030, and reach net-zero by 2070. India ranks fourth globally in renewable energy capacity and is the second-largest market in Asia-Pacific. Installed renewable capacity, including large hydro, rose from 63 GW in 2012 to 201 GW by September 2024, constituting 45% of India's total power capacity. Solar power, accounting for 45% of renewables, grew to 91 GW from 0.09 GW in 2012, driven by government support, technological advances, and subsidies. CRISIL projects 137-142 GW solar additions and 34 -36 GW wind capacity growth between FY25-FY29, spurred by new policies, green hydrogen, and mixed-resource models. Wind power, at 47 GW in September 2024, makes up 10.5% of total utility capacity, with growth concentrated in southern and western states. Electricity demand, growing at 8.4% CAGR from FY21-FY24, is expected to rise by 5.5-6% annually over the next five years, supported by reforms, infrastructure spending, and improved power distribution.

India's RE (incl. large hydro) capacity was ~45% at the end of September 2024



Conventional: Coal, Gas, Lignite, and Nuclear
(Source: CRISIL Report, November 2024)

Peers Comparisons

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW(%)
NTPC Green Energy Limited	**10**	**1,963**	**0.73**	**10.9**	**NA**	**5.53%**
Peers Group						
Adani Green Energy Limited	10	9,220	6.2	62.08	259.83	12.81%

Companies Competitive Strength :

- Company is promoted by NTPC Limited, which has extensive experience in executing large- scale projects, long-term relationships with offtakers and suppliers and financial strength.
- Company have a Portfolio of 16,896 MWs solar and wind projects as of September 30, 2024 with diversification across geographies and offtakers.
- Experienced team in renewable energy project execution and procurement as well as operating and maintenance.
- Growing revenues along with strong credit ratings that enable a low cost of capital employed.
- Experienced Management Team.

Key Strategies Implemented by Company

- 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.

Particular (INR in Cr)	FY24	FY23	FY22
Equity Capital	5,720	4,720	-
Reserves and Surplus	516	167	1,952
Net Worth	6,236	4,887	1,952
Revenue	1,963	1,450	910
Growth (%)	35%	59%	
EBITDA	1,746	1,310	795
EBITDAM (%)	88.9%	90.3%	87.4%
PAT	345	456	95
PATM (%)	17.6%	31.4%	10.4%
ROE (%)	5.5%	8.4%	4.9%
ROCE (%)	6.2%	8.4%	4.9%

Valuations and Recommendation:

- **Based on annualized FY24 earnings to pre-IPO paid-up equity capital of the company, The issue is priced at a P/E of 259X. Thus the issue appears to highly priced compared to its peers and sales growth of the business.**
- **NTPC Green Energy Ltd (NGEL), a subsidiary of NTPC Ltd, is a leading player in India’s renewable energy sector, with a focus on solar energy, green hydrogen, and energy storage. Backed by NTPC’s financial strength, NGEL is poised for growth with a 26,071 MW portfolio and an aggressive expansion plan. Its revenue has grown at a CAGR of 46.8%, reaching ₹1,963 crore in FY24, with strong EBITDA and PAT margins. NGEL's strategic focus on high-capacity utilization, low costs, and long-term PPAs ensures stable revenue streams, positioning it as a key player in India’s energy transition and net-zero goals. Hence, we recommend an “Subscribe” rating to this issue for the long-term gains.**

Notes

GEPL Capital Pvt. Ltd

Head Office: D-21/22 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400001

Reg. Office: 922-C, P.J. Towers, Dalal Street, Fort, Mumbai 400001

Research Analyst – Mr. Dibandu Maji | + 022-6618 2689 | Dibandumaji@geplcapital.com