



Issue Opens - November 19, 2024 to November 22, 2024

Price Band
₹102 to ₹108

Face Value
₹10

Issue Size
₹10,000 Cr

Lot Size
138 Shares

Issue Type
Book Built

Issue Size

925,925,926 shares / ₹10,000 Cr

Fresh Issue

925,925,926 shares / ₹10,000 Cr

Offer for Sale

N/A

Basis of Allotment

Monday, November 25, 2024

Initiation of Refunds

Tuesday, November 26, 2024

Credit of Shares to Demat

Tuesday, November 26, 2024

NTPC Green Logistics Listing Day

Wednesday, November 27, 2024

research@ganeshstock.com

Objects of The Offer



The company propose to utilise the Net Proceeds towards funding the following objects:

1. Investment in their wholly owned Subsidiary, NTPC Renewable Energy Limited (NREL) for repayment/ prepayment, in full or in part of certain outstanding borrowings availed by NREL; and
2. To receive the benefits of listing of the Equity Shares on the Stock Exchanges
3. General corporate purposes.

Brief profile of the Directors

Gurdeep Singh, the head of NTPC Green, is a veteran power sector leader. With a strong academic background and over 18 years of industry experience, he has previously led major power companies like NTPC Limited and Gujarat State Electricity Corporation. Singh is responsible for NTPC Green's strategic direction and overall performance.

Jaikumar Srinivasan, NTPC Green's Finance Director, is a seasoned financial expert with over 17 years of experience in the power sector. He has served as a Director (Finance) at NLC India Limited, Director (Finance) at Maharashtra State Electricity Distribution Company Limited and Director (Finance) at Maharashtra State Power Generation Company Limited. He is responsible for the company's financial strategies.

Shanmugha S Kothandapani, NTPC Green's Projects Director, is a seasoned project management professional with over 36 years of experience in the power sector. He is associated with NTPC Limited since August 31, 1988. He is responsible for overseeing the timely execution and completion of the company's projects.

Dr. Viveka Nand Paswan, an Independent Additional Director of NTPC Green, is an academic with over 2 years of experience. He was conferred with the degree of doctor of philosophy from Kameshwarsingh Darbhanga Sanskrit University, Darbhanga and has qualified the National Eligibility Test for Assistant Professor. He is currently associated with Kameshwarsingh Darbhanga Sanskrit University.



About The Company

NTPC Green Energy Ltd is a wholly owned subsidiary of NTPC Limited, a "Maharatna" Public sector Enterprise. They are the largest renewable energy public sector enterprise (excluding hydro) in terms of operating capacity as of September 30, 2024 and power generation in Fiscal 2024. As of September 30, 2024, NTPC Green's "Portfolio" consisted of 16,896 MWs including 3,320 MWs of operating projects and 13,576 MWs of contracted and awarded projects

Key Business Operations

NTPC Green's renewable energy portfolio encompasses both solar and wind power assets with presence across multiple locations in more than six states which helps mitigate the risk of location-specific generation variability.

Company is strategically focused on developing a portfolio of utility-scale renewable energy projects, as well as projects for public sector undertakings and Indian corporates. Their projects generate renewable power and feed that power into the grid, supplying a utility or offtaker with energy. For their operational projects, they have entered into long-term Power Purchase Agreements or Letters of Award 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.

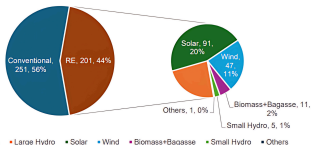
As of September 30, 2024, their "Capacity under Pipeline, for which a MOU or term sheet has been entered but where definitive agreements have not yet been entered, consisted of 9,175 MWs. As of September 30, 2024, their Capacity under Pipeline together with their Portfolio consisted of 26,071 MWs.

They benefit from the support, vision, resources and experience of NTPC Limited and its consolidated subsidiaries, associates and joint ventures (the "NTPC Group"), which is looking to expand its non-fossil based capacity to 45-50% of its portfolio that will include 60 GW renewable energy capacity by 2032.



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

(GW)



Conventional: Coal, Gas, Lignite, and Nuclear

(Source: CRISIL Report, November 2024)

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

| Particulars | Company Operating Data | | | Carved-out Operating Data ⁽ⁱⁱ⁾ | |
|---|--|--|-------------|---|-------------|
| | Six months period ended September 30, 2024 | Six months period ended September 30, 2023 | Fiscal 2024 | Fiscal 2023 | Fiscal 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 ⁽ⁱⁱ⁾ (%) | | | | | |
| Solar | 24.61% | 25.04% | 23.97% | 22.74% | 19.21% |
| Wind ⁽ⁱⁱ⁾ | 28.27% | 30.14% | 19.78% | 23.58% | 23.60% |
| Total | 24.73% | 25.13% | 23.86% | 22.76% | 19.40% |

Statement of Profit and Loss



NTPC Green Energy Ltd.

(All amounts are in Indian Rupees millions, unless otherwise stated)

| Particulars | For the Period ending | | For the Year Ending | |
|---|-----------------------|------------------|---------------------|-----------------|
| | 30th Sep 2024 | 30th Sep 2024 | 31st Mar 2024 | 31st Mar 2023 |
| Income | | | | |
| Revenue from operations | 10,822.91 | 10,083.21 | 19,625.98 | 1,696.90 |
| Other income | 504.48 | 128.16 | 750.59 | 9.41 |
| Total income | 11,327.39 | 10,211.37 | 20,376.57 | 1,706.31 |
| Expenses | | | | |
| Employee benefits expense | 306.60 | 159.16 | 370.14 | 28.07 |
| Finance costs | 3,778.15 | 3,356.89 | 6,905.73 | 498.72 |
| Depreciation and amortization expenses | 3,578.28 | 3,109.37 | 6,427.58 | 499.06 |
| Other expenses | 1,186.91 | 777.95 | 1,791.12 | 155.62 |
| Total expenses | 8,849.94 | 7,403.37 | 15,494.57 | 1,181.47 |
| Profit before share of profits of joint ventures acco method | 2,477.45 | 2,808.00 | 4,882.00 | 525.44 |
| Add: Share of profits of joint ventures accounted for | (13.75) | - | (0.02) | - |
| Profit before tax | 2,463.70 | 2,808.00 | 4,881.98 | 525.44 |
| Tax expense | | | | |
| Current tax | - | 0.08 | 0.07 | 0.06 |
| Current year | 718.70 | 726.30 | 1,434.70 | (1,186.90) |
| Deferred tax | 718.70 | 726.38 | 1,434.77 | (1,186.84) |
| Total tax expense | 1,753.00 | 2,081.62 | 3,447.21 | 1,712.28 |
| Profit for the year | - | - | - | - |
| Other comprehensive income | 1,753.00 | 2,081.62 | 3,447.21 | 1,712.28 |
| Total comprehensive income for the year | 1,753.00 | 2,081.62 | 3,447.21 | 1,712.28 |
| Profit attributable to: | | | | |
| Owners of the parent company | 1,766.51 | 2,081.51 | 3,447.10 | 1,712.19 |
| Non-controlling interest | (13.51) | 0.11 | 0.11 | 0.09 |
| Total comprehensive income attributable to: | 1,766.51 | 2,081.51 | 3,447.10 | 1,712.19 |
| Owners of the parent company | (13.51) | 0.11 | 0.11 | 0.09 |
| Non-controlling interest | | | | |
| Earnings per equity share (Par value ₹ 10/- each) | | | | |
| Basic (₹) | 0.30 | 0.44 | 0.73 | 4.66 |
| Diluted (₹) | 0.30 | 0.44 | 0.73 | 4.66 |

Strengths



- **Strong Parentage:** NTPC Green is a subsidiary of NTPC, a state-owned power giant, providing strong financial and operational backing.
- **Experienced Management:** The company benefits from the experienced management team inherited from NTPC, providing a solid foundation for growth.
- **Diverse Renewable Portfolio:** NTPC Green has a diversified portfolio of renewable energy projects, including solar, wind, and hydro power, reducing exposure to single-source risks.
- **Strong Project Pipeline:** The company has a robust pipeline of renewable energy projects, ensuring a steady stream of future growth opportunities.
- **Government Support:** The Indian government's strong push for renewable energy and favorable policies create a positive environment for NTPC Green's growth.

Threats

- **Technological Disruptions:** Rapid advancements in renewable energy technologies could render existing technologies obsolete, impacting the company's competitiveness.
- **Policy Risks:** Changes in government policies or regulations related to renewable energy could adversely affect the company's operations and profitability.
- **Commodity Price Fluctuations:** Fluctuations in the prices of commodities like solar panels and wind turbines could impact the company's project costs and profitability.
- **Grid Integration Challenges:** Integrating large-scale renewable energy projects into the existing grid can pose technical and operational challenges.
- **Environmental and Social Risks:** The company's operations may be subject to environmental and social risks, such as land acquisition issues and community opposition.

Valuation and Outlook



NTPC Green Energy Ltd IPO is expected to be priced between ₹102 to ₹108 per share. At this price, the company is valued at Price-to-Earnings (P/E) ratio of 147x whereas the industry average is of 150x.

| Name of the company | Face value (per share) | Closing price on November 4, 2024 (₹) | Revenue from Operations (in ₹ million) | EPS (₹) | | Operating EBITDA (in ₹ million) | EV/ Operating EBITDA Ratio (x) | NAV (₹ per share) | P/E | RoNW (%) |
|----------------------------|------------------------|---------------------------------------|--|---------|---------|---------------------------------|--------------------------------|-------------------|--------|----------|
| | | | | Basic | Diluted | | | | | |
| NTPC Green Energy Limited* | ₹ 10.00 | NA | 19,625.98 | 0.73 | 0.73 | 17,464.70 | (*) | 10.90 | (*) | 5.53% |
| PEER GROUP | | | | | | | | | | |
| Adani Green | ₹ 10.00 | 1,610.95 | 92,200 | 6.21 | 6.20 | 75,860 | 43.08 | 62.08 | 259.83 | 12.81% |
| EnNew Energy Global PLC** | USD 0.0001 | 466.78 | 81,948 | 9.94 | 9.92 | 58,648 | 13.63 | 290.13 | 47.05 | 3.94% |

NTPC Green Energy has good growth potential in medium term with its revenue, EBITDA, and profit expected to grow at a CAGR of 79.0%, 117.2%, and 123.8%, respectively, to ₹11,250 crore, ₹9,563 crore, and ₹1,980 crore, respectively over FY24-27 period. The company will increase its operational capacity to 6 GW, 11 GW, and 19 GW by FY25, FY26, and FY27, respectively from 3.3 GW as of September 2024.

Hence, we rate NTPC Green Energy Ltd. IPO to **"APPLY"** for long-term investors.

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