ADD (Maintain)

CMP: **INR 111** Target Price: **INR 123 (INR 113)** ▲ 11%

ICICI Securities

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26 May 2025

India | Equity Research | Results Update

NTPC Green Energy

Utilities

Jumping the queue

The past couple of quarters have been eventful for NTPC Green (NGEL); following its IPO in Q3FY25, it completed the acquisition of 4.1GW RE portfolio from Ayana Renewable under one of its JVs in Mar'25. It also won 1.7GW worth of projects through competitive bidding in Q4FY25, taking the overall wins in FY25 to 2.6GW. As a result, NGEL's consolidated locked-in portfolio stood at ~21GW as of Mar'25. While NGEL continues to load up on new projects, its execution in FY25 saw some hiccups, as some of the capacity planned for commissioning in Q4FY25 slipped, partly due to delays in transmission infrastructure. With the slipped projects now likely to commission in FY26, we estimate capacity addition of ~6GW in FY26E. NGEL reported strong result in Q4FY25 with revenue/EBITDA growth of 22%/28% YoY, respectively. Maintain **ADD** with a revised TP of **INR 123** (INR 113 earlier).

Strong set of result

NGEL reported a strong set of result in Q4FY25 - revenue grew to INR 6.2bn (+22% YoY) and EBITDA grew 5.6bn (+28% YoY) at a healthy margin of 90%. The growth was driven by organic capacity addition of ~0.9GW in FY25. Its generation in FY25 was up ~20% YoY to 6.8BU at slightly higher PLF of 24.1% (+21bps YoY).

A step up in locked-in capacity

NGEL's JV completed the acquisition of 4.1GW portfolio from Ayana Renewable in Mar'25. The acquisition added 2.1GW of operational RE capacity and 2GW of under-construction capacity to NGEL's JV portfolio. With this, NGEL's consol operational capacity stood at 5.9GW as of Mar'25 (vs 2.9GW YoY), while contracted and awarded capacity stood at 17.3GW. Notably, it won 2.6GW/1.7GW capacity through competitive bidding in FY25/Q4FY25, respectively. Its total locked-in capacity stood at ~21GW as of Mar'25.

The flagbearer for its sponsor's RE targets

NGEL is driving NTPC group's clean energy ambitions as the group is targeting to add 60GW RE capacity by 2032. Majority of this capacity may come up under NGEL and its JVs. While NGEL is loading up its locked-in portfolio through both organic and inorganic routes, its execution has seen a trough in FY25. It commissioned only 0.9GW of inorganic capacity in FY25 against a target of ~3GW, as part of the planned capacity addition slipped due to delays in transmission connectivity. Nonetheless, we expect execution to pick up, as NTPC group is targeting RE capacity addition of 7.2GW/8GW in FY26/27 – most of the addition is targeted in NGEL.

Maintain ADD with TP of INR 123

We maintain **ADD** with a revised TP of **INR 123** (INR 113 earlier).

Financial Summary

Y/E (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	19,626	22,096	47,732	1,11,327
EBITDA	17,465	19,167	42,045	99,145
EBITDA Margin (%)	89.0	86.7	88.1	89.1
Net Profit	3,447	4,766	10,625	25,954
EPS (INR)	0.5	0.6	1.3	3.1
EPS % Chg YoY	(52.5)	23.0	123.0	144.3
P/E (x)	242.0	196.7	88.2	36.1
EV/EBITDA (x)	55.0	54.4	37.6	17.0
RoCE (%)	5.7	3.7	3.8	5.4
RoE (%)	6.2	3.8	5.9	10.1

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Market Data

Market Cap (INR)	937bn
Market Cap (USD)	10,992mn
Bloomberg Code	NTPCGREE IN
Reuters Code	NTPG.BO
52-week Range (INR)	155 /85
Free Float (%)	7.0
ADTV-3M (mn) (USD)	16.4

Price Performance (%)	3m	6m	12m
Absolute	5.4	0.0	0.0
Relative to Sensex	(3.1)	0.0	0.0

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

04-04-2025: Initiating Coverage

Q4FY25 conference call highlights

Capacity addition

- NGEL commissioned ~0.9GW organic RE capacity in FY25.
- 2.1GW operational capacity added from the acquired portfolio of Ayana Renewable by JV of ONGC and NGEL; Ayana's portfolio also has 2GW capacity under-construction.
- As of Mar'25, its operational capacity stood at 5.9GW as against 2.9GW YoY.
- There were some delays in RE projects partly due to delays in commissioning of corresponding transmission infrastructure.
- NTPC group is targeting to commission 7.2GW/8GW RE capacity in FY26/27; most of this capacity is likely to commission in NGEL and its JVs.

Operating performance

- NGEL generated 6.8BU in FY25 vs 5.7BU in FY24, registering growth of ~20%.
- CUF in FY25 was 24.07% vs 23.86% in FY24.

Other highlights

- Won 2.6GW capacity through competitive bidding in FY25; capacity won in Q4FY25 stood at 1.7GW.
- Contracted and awarded capacity stood at 17.3GW as of Mar'25.
- Acquisition of Ayana Renewable portfolio was done at EV (on attributable basis) of INR 232bn including capex requirement of INR 39.3bn; with steady state estimated EBITDA of INR 27.6bn for portfolio, EV/EBITDA multiple comes to ~8.4 for the acquisition.

Outlook and valuation

NGEL has limited track record of developing green assets. It delivered >3GW of operating assets at a capex to EBITDA of 10x, implying a subpar return. However, we highlight that NGEL has the lowest capital cost. We are building in an improvement in capex to EBITDA ratio of the portfolio from 10x to 8.5x for under-construction portfolio. We value the asset with EV to EBITDA of 16x – implying a doubling of the asset from 16GW to 48GW in the next eight years. The 16x EV to EBITDA multiple factors in – a) NGEL's strong sponsor, b) lower cost of debt compared to peers, c) NGEL's strong track record of execution and large scale of its locked-in portfolio.

We reiterate **ADD** with a revised target price of **INR 123** (INR 113 earlier). The change is mainly due to increase in locked-in EBITDA to INR 136bn (from INR 124bn earlier), in line with higher locked-in capacity.

Key risks: 1) Delays in PPA signing for balance capacity, 2) delays in execution of under-construction capacity.

Exhibit 1: NTPC Green - TP of INR 123

EV/EBITDA Valuation	
Locked in EBITDA (INR bn)	136
Multiple (x)	16
Total Value (INR bn)	2,176
Less: Value of Debt (INR bn)	918
Equity Value (INR bn)	**1,257**
Discounted Value	**1,039**
No. of Shares (mn)	8,426
Equity Value (INR bn)	**123**

Source: I-Sec research, Company data

Exhibit 2: Quarterly financial highlights (INR mn)

	Q4FY24	Q3FY25	Q4FY25	QoQ (%)	YoY (%)
Net sales	5,081	5,051	6,223	23.2	22.5
EBIDTA	4,368	4,235	5,603	32.3	28.3
Margins (%)	*86.0%*	*83.9%*	*90.0%*	*618 bps*	*408 bps*
Other income	449	764	1,292	69.2	187.7
Interest	1,813	2,061	1,768	-14.2	-2.5
Depreciation	1,732	1,946	2,059	5.8	18.9
PBT	1,272	992	3,069	209.2	141.2
PAT	809	656	2,331	255.2	187.9
Reported PAT	809	656	2,329	255.0	187.7
EPS	0.2	0.1	0.3	255.2	61.3

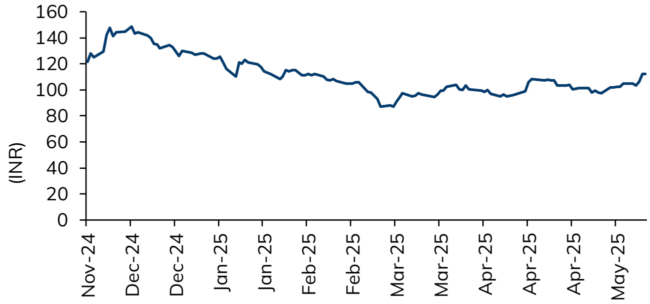
Source: I-Sec research, Company data

Exhibit 3: Shareholding pattern

%	Nov'24	Dec'24	Mar'25
Promoters	89.0	89.0	89.0
Institutional investors	7.4	7.5	6.8
MFs and other	3.5	3.6	3.4
Banks/ FIs	0.1	0.1	0.0
Insurance Cos.	1.6	1.6	1.4
FIIs	2.2	2.2	2.0
Others	3.5	3.5	4.1

Source: Bloomberg, I-Sec research

Exhibit 4: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 5: Profit & Loss

(INR mn, year ending)

	FY24A	FY25A	FY26E	FY27E
Net Sales	**19,626**	**22,096**	**47,732**	**1,11,327**
Operating Expenses	370	417	900	2,100
EBITDA	**17,465**	**19,167**	**42,045**	**99,145**
EBITDA Margin (%)	89.0	86.7	88.1	89.1
Depreciation & Amortization	6,428	7,582	12,692	29,969
EBIT	11,037	11,585	29,353	69,176
Interest expenditure	6,906	7,607	17,870	38,607
Other Non-operating Income	751	2,561	1,531	1,562
Recurring PBT	**4,882**	**6,539**	**13,015**	**32,130**
Profit / (Loss) from Associates	**-**	**12**	**1,240**	**2,322**
Less: Taxes	1,435	1,785	3,629	8,499
PAT	3,447	4,754	9,385	23,632
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	**3,447**	**4,766**	**10,625**	**25,954**
Net Income (Adjusted)	**3,447**	**4,766**	**10,625**	**25,954**

Source Company data, I-Sec research

Exhibit 6: Balance sheet

(INR mn, year ending)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	12,538	36,340	1,72,313	3,22,287
of which cash & cash eqv.	1,156	35,174	4,191	30,316
Total Current Liabilities & Provisions	40,350	40,021	41,745	45,230
Net Current Assets	**(27,811)**	**(3,681)**	**1,30,568**	**2,77,057**
Investments	-	31,994	-	-
Net Fixed Assets	1,75,730	2,18,159	4,72,431	7,69,065
ROU Assets	-	-	-	-
Capital Work-in-Progress	71,381	1,39,834	2,45,838	1,01,000
Total Intangible Assets	-	-	-	-
Other assets	11,590	21,180	21,180	21,180
Deferred Tax Assets	-	-	-	-
Total Assets	**2,30,889**	**4,07,486**	**8,70,016**	**11,68,302**
Liabilities				
Borrowings	**1,27,967**	**1,73,014**	**6,46,065**	**7,82,212**
Deferred Tax Liability	**-**	**-**	**-**	**-**
provisions	-	-	-	-
other Liabilities	40,601	49,150	49,150	49,150
Equity Share Capital	75,000	84,263	84,259	84,259
Reserves & Surplus	(12,679)	1,00,140	90,541	2,52,680
Total Net Worth	**62,321**	**1,84,403**	**1,74,800**	**3,36,939**
Minority Interest	-	918	-	-
Total Liabilities	**2,30,889**	**4,07,486**	**8,70,016**	**11,68,302**

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	**(6,981)**	**14,641**	**(1,55,846)**	**(96,733)**
Working Capital Changes	(10,428)	9,887	(1,65,232)	(1,20,365)
Capital Commitments	(82,036)	(1,10,883)	(3,60,275)	(1,51,796)
Free Cashflow	**75,055**	**1,25,524**	**2,04,428**	**55,063**
Other investing cashflow	**-**	**-**	**-**	**-**
Cashflow from Investing Activities	(82,036)	(1,10,883)	(3,60,275)	(1,51,796)
Issue of Share Capital	9,999	1,17,317	(20,228)	1,36,185
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	73,789	45,047	4,73,051	1,36,147
Dividend paid	-	-	-	-
Others	5,658	(32,103)	32,316	2,322
Cash flow from Financing Activities	89,446	1,30,260	4,85,138	2,74,654
Chg. in Cash & Bank balance	**429**	**34,018**	**(30,983)**	**26,124**
Closing cash & balance	1,156	35,174	4,191	30,316

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	0.5	0.6	1.3	3.1
Adjusted EPS (Diluted)	0.5	0.6	1.3	3.1
Cash EPS	1.3	1.5	2.8	6.6
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	8.3	21.9	20.7	40.0
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	35.4	12.6	116.0	133.2
EBITDA	33.4	9.7	119.4	135.8
EPS (INR)	(52.5)	23.0	123.0	144.3
Valuation Ratios (x)				
P/E	242.0	196.7	88.2	36.1
P/CEPS	84.5	75.9	40.2	16.8
P/BV	13.4	5.1	5.4	2.8
EV / EBITDA	55.0	54.4	37.6	17.0
P / Sales	42.5	42.4	19.6	8.4
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	90.9	88.6	90.0	90.9
EBITDA Margins (%)	89.0	86.7	88.1	89.1
Effective Tax Rate (%)	29.4	27.3	27.9	26.5
Net Profit Margins (%)	17.6	21.5	19.7	21.2
NWC / Total Assets (%)	0.1	0.1	-	-
Net Debt / Equity (x)	2.0	0.6	3.7	2.2
Net Debt / EBITDA (x)	7.3	5.5	15.3	7.6
Profitability Ratios				
RoCE (%)	5.7	3.7	3.8	5.4
RoE (%)	6.2	3.8	5.9	10.1
RoIC (%)	5.7	3.7	3.8	5.4
Fixed Asset Turnover (x)	0.1	0.1	0.1	0.2
Inventory Turnover Days	-	6	-	-
Receivables Days	151	90	123	126
Payables Days	13	16	27	28

Source Company data, I-Sec research

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