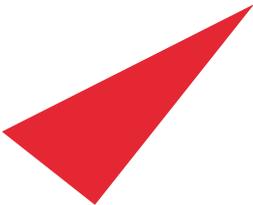


# Stock Update

**NTPC Green Energy Ltd**

February 12, 2025



Industry	LTP	Recommendation	Fair Value	Time Horizon
Power	Rs 89.12	HOLD and buy the stock on dips of 83-86	93.5	2-3 quarters

HDFC Scrip Code	NTPCGREEN
BSE Code	544289
NSE Code	NTPCGREEN
Bloomberg	NTPCGREE IN
CMP Februrary 12, 2025	89.12
Equity Capital (Rs Cr)	8426
Face Value (Rs)	10
Equity Shares O/S (Cr)	842.6
Market Cap (Rs Cr)	75,053
Book Value (Rs)	21.9
Avg. 52 Wk Volumes	86,19,876
52 Week High	133.98
52 Week Low	84.55

Share holding Pattern % (Dec, 2025)	
Promoters	89.01
Institutions	6.41
Non Institutions	4.58
<b>Total</b>	<b>100.0</b>



\* Refer at the end for explanation on Risk Ratings

**Fundamental Research Analyst**

**Dhruvin Shah, CFA**

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### Our Take:

NTPC Green Energy Limited (NGEL) serves as the dedicated renewable energy arm of NTPC Limited, functioning as an umbrella entity that spearheads the development, construction, ownership, and operation of large-scale grid-connected solar photovoltaic and wind power projects across India. The company pursues growth through both organic routes—such as greenfield project execution via EPC contracts—and inorganic strategies, including acquisitions of renewable assets and stakes in specialized subsidiaries like NTPC Renewable Energy Limited (NREL). Its revenue model relies heavily on long-term power purchase agreements (PPAs), typically spanning 25 years, with off-takers primarily comprising state and central government utilities, ensuring predictable cash flows while minimizing counterparty risk.

Beyond core solar and wind capacities, NGEL is expanding into hybrid projects, energy storage solutions, and innovative formats like agri-photovoltaics (Agri-PV), which integrate solar generation with agricultural land use to optimize dual productivity. As NTPC's vehicle for achieving a 60 GW renewable target by 2032, NGEL manages a robust portfolio that, as of Dec '25, includes over 7.9 GW of operational & 15 GW+ under-construction capacity, bolstered by joint ventures such as those with ONGC and state entities for diversified project pipelines.

### Valuation & Recommendation:

NGEL has emerged as a frontrunner in shaping India's renewable energy ecosystem, spearheading ambitious capacity additions at an anticipated pace of approximately 8 GW annually to realize its strategic target of 60 GW by 2032, thereby aligning seamlessly with the nation's broader clean energy transition objectives. The company enjoys a distinct competitive advantage through its access to lower financing costs—stemming from parental guarantees, strong credit ratings inherited from NTPC Limited, and favorable lending terms from public sector institutions—which enhances its operating margins, bolsters profitability, and fortifies overall financial resilience in a capital-intensive sector.

Although the sector grapples with persistent headwinds such as delays in transmission infrastructure connectivity, supply chain constraints for critical equipment, and land acquisition challenges, these are viewed as transitory hurdles rather than structural impediments, given the Central Government's unwavering commitment to fortifying the national power infrastructure, accelerating grid enhancements, and ensuring ubiquitous access to affordable and reliable electricity across the country. We anticipate robust revenue visibility to materialize from FY28E onwards, driven by accelerated commissioning schedules and normalized plant load factors (PLFs), enabling the company to deliver healthy return ratios on its capital expenditure and deployed debt.

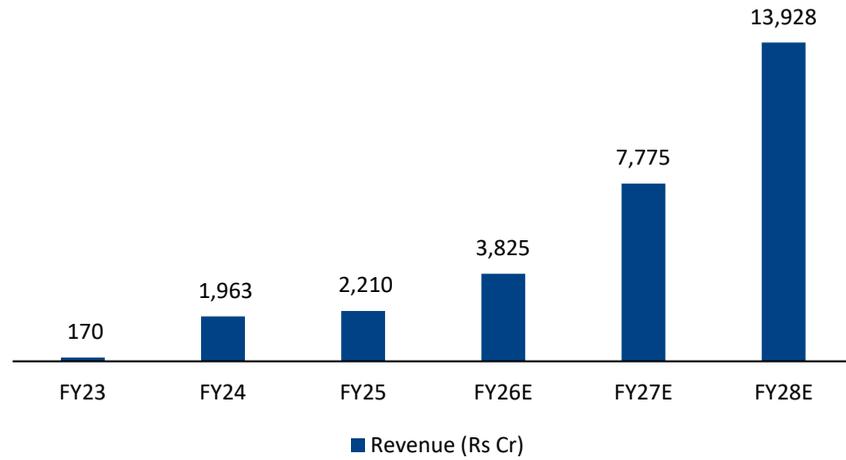
**We recommend investors owning the stock, to HOLD the stock and buy on dips of Rs 83-86 with a Fair Value of Rs. 93.5 (24.7x FY28E EPS)** as we expect NGEL to report Revenue/EBITDA/PAT CAGR of 90.8%/90.5%/111.6% over FY26E-FY28E. Although commissioning timelines may experience delays in the near term, the company's long-term trajectory for capacity additions and revenue visibility with sustainable margins remains on track.

## Financial Summary

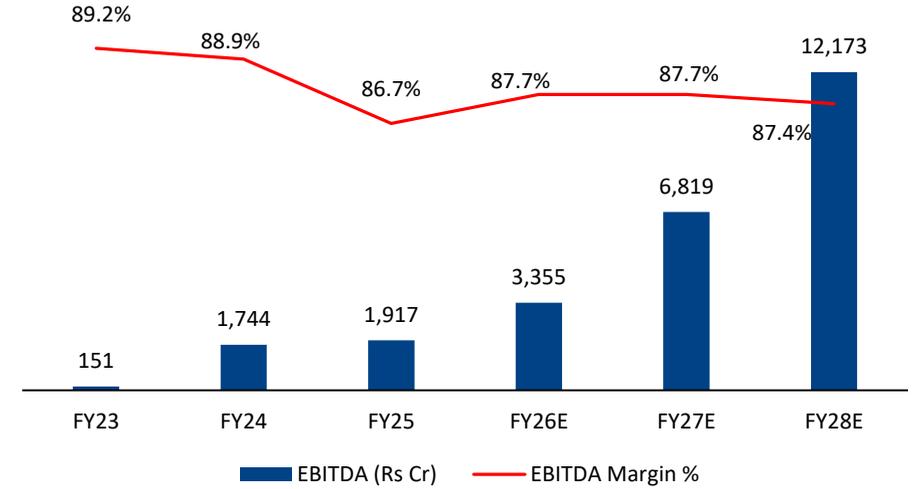
Particulars (Rs Cr)	Q3FY26	Q3FY25	YoY-%	Q2FY26	QoQ-%	FY25	FY26E	FY27E	FY28E
Total Operating Income	653	505	29.3%	612	6.7%	2,210	3,825	7,775	13,928
EBITDA	567	424	34.0%	530	7.1%	1,917	3,355	6,819	12,173
PAT	17	66	-73.6%	86	-79.9%	474	638	1,156	2,858
Diluted EPS (Rs)	0.02	0.08	-73.6%	0.1	-79.9%	0.7	0.8	1.4	3.4
RoE %						3.8	3.4	5.9	13.2
P/E (x)						35.3	29.5	28.1	25.2
EV/EBITDA (x)						39.2	25.4	19.2	15.5

(Source: Company, HDFC sec)

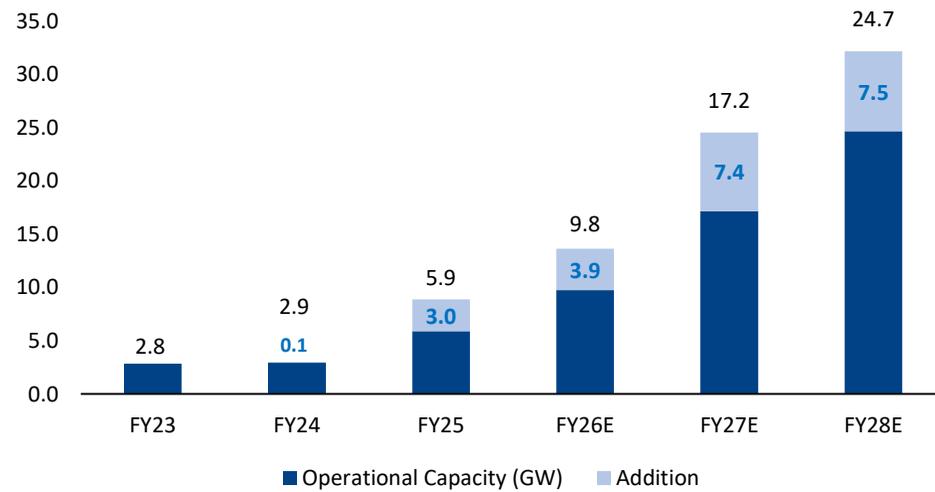
Revenue to grow multi-fold backed by robust capacity addition (Rs cr)



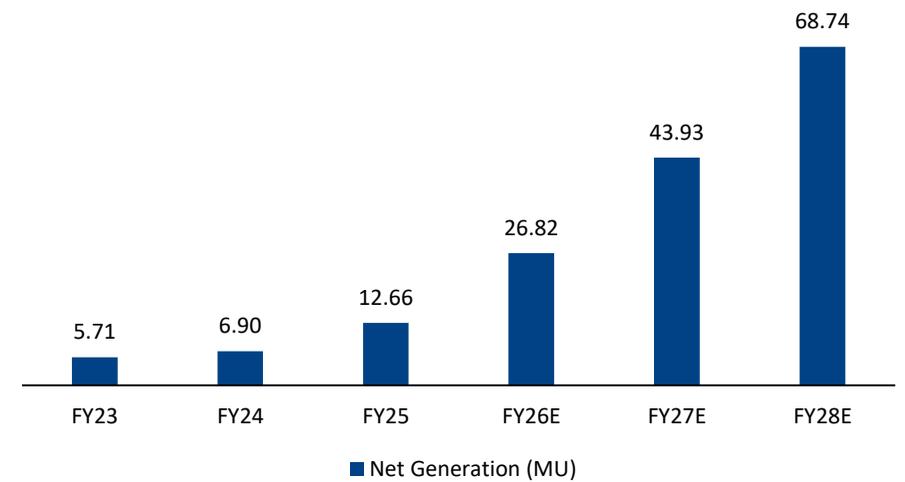
EBITDA margins to marginally decline due to rising finance costs



Capacity commissioning likely to be slower than guidance



Net Generation to improve amid capacity commissioning



(Source: Company, HDFC Sec)

## Key Triggers

**Strong Cash Flows to fund CAPEX:** NGEL demonstrates robust cash flow generation capabilities, underpinned by stable revenues from long-term power purchase agreements (PPAs) and efficient operational metrics across its expanding renewable portfolio, positioning it well to fund its ambitious capital expenditure plans through debt and equity (70:30 ratio) of approximately Rs 30,000 Cr in FY26 and close to Rs 45,000 Cr in FY27. These cash flows, augmented by proceeds from its recent IPO and access to low-cost debt facilitated by strong parental backing from NTPC Limited, provide substantial liquidity headroom to support aggressive capacity additions without undue reliance on external equity dilutions or high-cost borrowings. This financial flexibility not only mitigates execution risks associated with the Rs 75,000 Cr cumulative capex outlay but also enhances return on capital employed (ROCE) over the medium term, as commissioned assets begin contributing annuity-like earnings from FY28 onwards, aligning with the company's 60 GW renewable target by 2032.

**Locked-in Capacity with PPA provides revenue visibility:** NTPC Green benefits from exceptional revenue visibility, derived from its substantial locked-in capacity secured under long-term power purchase agreements (PPAs) with creditworthy government-backed off-takers such as state utilities and central agencies, which typically span 25 years and ensure predictable, annuity-like cash flows insulated from merchant market volatility. As of late 2025, over 96% of NGEL's commissioned capacity—encompassing more than 7 GW across solar and wind projects—is backed by these PPAs, providing a robust earnings pipeline that aligns commissioned assets with contracted revenues even amid execution delays, while the company's 13+ GW of awarded projects further extend this visibility into FY28 and beyond.

## Key Concerns

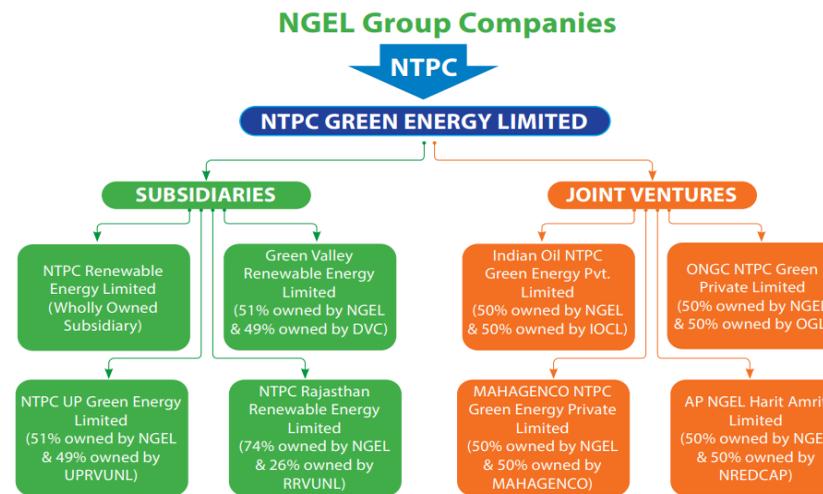
**Executorial delays creating overhang on financials:** The renewable energy sector in India continues to grapple with significant execution challenges, including prolonged delays in transmission infrastructure and substation connectivity, acute shortages of critical equipment such as transformers and other high-voltage components, and protracted land procurement issues, all of which have collectively contributed to widespread deferrals in project commissioning timelines. These bottlenecks result in the accumulation of substantial debt during the construction phase—without corresponding revenue generation to service interest obligations—thereby straining liquidity, elevating leverage ratios, and compressing return metrics. While these headwinds are anticipated to dissipate in the near term, buoyed by accelerated government-led grid augmentation initiatives and policy interventions to streamline land acquisition and supply chains, any prolongation or recurrence of such impediments could materially impair the company's financial profile, manifesting in heightened debt burdens, subdued revenue recognition, and diminished profitability amid its aggressive capacity expansion plans.

**Counterparty Credit Risk:** While NGEL operates on a long-term PPA model, majority of its offtakers are State DISCOMs that have weak financial credibility. If sectoral reforms fail to significantly improve the economic health of state power utilities, NTPC's collection performance could be adversely affected. However, the company derives reassurance from the tripartite agreement it has entered into along with the Government of India, state governments, and the Reserve Bank of India. This agreement safeguards the company against substantial payment delays by state distribution utilities by enabling direct recovery of dues from the states' funds held by the Reserve Bank of India, thereby mitigating payment risks and ensuring more timely collections. In addition to this, LPS (Late Payment Surcharge) Rules declared in 2022 protects the entity from any major credit risks.

### Company Background

NTPC Green Energy Limited (NGEL), branded as NTPC Green, is NTPC Ltd's dedicated renewable energy platform, housing the group's solar and wind portfolio. NTPC Green was incorporated on 7 April 2022 as part of a reorganization of NTPC's renewable energy business, following a strategy formulated with the Ministry of Power to ring fence and scale its green portfolio. NTPC transferred its renewable assets and its 100% stake in NTPC Renewable Energy Ltd (NREL) into NTPC Green, making it the umbrella company for NTPC's green initiatives, including future organic and inorganic expansion

The company develops, constructs and operates grid connected utility scale solar, wind, Hybrid and FRDE projects, largely under a turnkey EPC or EPC plus procurement model for solar, and OEM based EPC contracts for wind, with an ambitious target of establishing renewable capacity of 60GW by 2032, in-line with NTPC's target of achieving 144GW by 2029 and 244GW by 2037.



## Consolidated Financials

### Income Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Revenue From Operations</b>	170	1,963	2,210	3,825	7,775	13,928
<i>Growth %</i>		1056.6%	12.6%	73.1%	103.3%	79.1%
Employee Expense	3	37	64	107	218	390
Other Expenses	16	182	229	363	739	1,365
<b>EBITDA</b>	<b>151</b>	<b>1,744</b>	<b>1,917</b>	<b>3,355</b>	<b>6,819</b>	<b>12,173</b>
<i>Margin %</i>	89.2%	88.9%	86.7%	87.7%	87.7%	87.4%
Depri. & Amort.	50	643	758	1,613	3,073	4,819
<b>EBIT</b>	<b>101</b>	<b>1,101</b>	<b>1,158</b>	<b>1,741</b>	<b>3,746</b>	<b>7,354</b>
<i>Margin %</i>	59.8%	56.1%	52.4%	45.5%	48.2%	52.8%
Other Income	1	75	256	178	198	225
Finance Cost	50	691	761	1,102	2,519	3,952
Exceptional Items	-	-	-	-	-	-
Share of JV/(assoc)	-	-	(1)	41	129	214
Earnings Before Tax	53	486	653	858	1,554	3,842
Tax Expense	(119)	143	179	220	398	983
<b>Profit After Tax</b>	<b>171</b>	<b>343</b>	<b>474</b>	<b>638</b>	<b>1,156</b>	<b>2,858</b>
<i>Profit Margin %</i>	100.9%	17.5%	21.5%	16.7%	14.9%	20.6%
<i>Diluted EPS</i>	4.7	0.7	0.7	0.8	1.4	3.4

### Balance Sheet

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	4,720	5,720	8,426	8,426	8,426	8,426
Reserves and Surplus	168	513	10,014	10,652	11,809	14,667
<b>Shareholders Fund</b>	<b>4,887</b>	<b>6,232</b>	<b>18,440</b>	<b>19,079</b>	<b>20,235</b>	<b>23,094</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>92</b>	<b>92</b>	<b>92</b>	<b>92</b>
Borrowings	5,418	12,797	17,972	41,592	70,345	1,05,291
Trade Payables	102	62	89	141	270	505
Other Liabilities & Provisions	8,024	8,115	8,828	10,810	14,140	17,478
<b>Equity + Liabilities</b>	<b>18,431</b>	<b>27,206</b>	<b>45,421</b>	<b>71,713</b>	<b>1,05,082</b>	<b>1,46,459</b>
Net Fixed Assets	14,758	17,573	21,816	42,620	82,467	1,21,148
CWIP	1,749	7,138	13,983	21,566	13,646	15,146
Other Non-current Assets	1,130	1,242	5,317	5,622	5,622	5,972
<b>Total non-current Assets</b>	<b>17,637</b>	<b>25,953</b>	<b>41,117</b>	<b>69,808</b>	<b>1,01,736</b>	<b>1,42,266</b>
Cash & Bank Balances	73	472	3,517	323	534	1,243
Debtors	326	705	517	1,153	2,343	4,198
Other Assets	395.72	76.85	270.81	428.82	469.25	1,247.61
<b>Total Assets</b>	<b>18,431</b>	<b>27,206</b>	<b>45,421</b>	<b>71,713</b>	<b>1,05,082</b>	<b>1,46,459</b>

(Source: Company, HDFC Sec)

## Cash Flow Statement

Particulars (in Rs Cr)	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Earnings Before Tax</b>	53	486	653	858	1,554	3,842
Depri. & Amort.	50	643	758	1,613	3,073	4,819
Others	89	1,146	1,150	2,715	5,591	8,771
Inc (-)/Dec (+) in work cap.	(129)	(77)	127	(679)	(844)	(1,734)
Taxes Paid	-	(3)	(3)	(220)	(398)	(983)
<b>Cash Flow From Operations</b>	<b>17</b>	<b>1,616</b>	<b>1,999</b>	<b>2,675</b>	<b>5,904</b>	<b>9,895</b>
Capex	(751)	(9,553)	(11,985)	(28,387)	(31,927)	(40,181)
Free Cash Flow	(734)	(7,937)	(9,986)	(25,712)	(26,023)	(30,285)
Others	(9,553)	335	(5,808)	-	-	-
<b>Cash Flow from Investing</b>	<b>(10,304)</b>	<b>(9,218)</b>	<b>(17,793)</b>	<b>(28,387)</b>	<b>(31,927)</b>	<b>(40,181)</b>
Share Capital Issuance	5,083	1,000	11,780	-	-	-
Debt Issued /(Repaid)	10,410	8,330	16,893	23,620	28,752	34,946
Interest Paid	(50)	(685)	(1,240)	(1,102)	(2,519)	(3,952)
Others	-	-	-	-	-	-
<b>Cash Flow from Financing</b>	<b>10,360</b>	<b>7,645</b>	<b>15,715</b>	<b>22,518</b>	<b>26,234</b>	<b>30,994</b>
Net Cash Generated	73	43	(80)	(3,194)	211	709
<b>Closing Cash &amp; Bank Balances</b>	<b>73</b>	<b>472</b>	<b>3,517</b>	<b>323</b>	<b>534</b>	<b>1,243</b>

## Key Ratios

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Per Share Data (Rs)</b>						
Earnings Per Share (EPS)	4.7	0.7	0.7	0.8	1.4	3.4
Book Value Per Share (BVPS)	5.8	7.4	21.9	22.6	24.0	27.4
<b>Profitability Ratios (%)</b>						
EBITDA Margin	89.2	88.9	86.7	87.7	87.7	87.4
PAT Margin	100.9	17.5	21.5	16.7	14.9	20.5
RoE	3.5	6.2	3.8	3.4	5.9	13.2
RoCE	0.7	4.9	2.8	2.7	3.9	5.4
<b>Solvency Ratios (x)</b>						
Net Debt/EBITDA	35.3	7.1	7.5	12.3	10.2	8.5
Net Debt/Equity	1.1	2.0	0.8	2.2	3.4	4.5
<b>Valuation (x)</b>						
P/E	20.0	129.2	138.8	122.7	67.8	27.4
P/B	16.0	12.6	4.2	4.1	3.9	3.4
EV/EBITDA	553.0	52.0	48.4	35.7	21.7	15.0
EV/Sales	493.3	46.2	42.0	31.3	19.1	13.1

(Source: Company, HDFC Sec)

## One-year price chart



## HDFC Sec Prime Research rating description

### Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

### Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

### Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

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