

## [I] IPO Alert:NTPC Green files draft papers for 100-bln-rupee fresh issue

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MUMBAI – NTPC Green Energy Ltd, a wholly-owned subsidiary of NTPC Ltd, has filed a draft red herring prospectus with the Securities and Exchange Board of India for an initial public offering comprising a fresh issue of shares worth up to 100 bln rupees. The shares have a face value of 10 rupees each.

As of Aug 31, the company's operating capacity for solar projects was 3,071 MW and for wind projects was 100 MW across six states. As of Jun 30, the company's portfolio was 14,696 MW, which includes operating, contracted and awarded projects, and with 10,975 MW under the pipeline, NTPC Green said in the draft prospectus.

Of the total funds raised, 75 bln rupees will be used to partially or fully repay the borrowings of its wholly-owned subsidiary, NTPC Renewable Energy Ltd, the company said. Upon the repayment of loans, the total borrowings of the company on a consolidated level will fall to 87.35 bln rupees. The remaining funds will be used for general corporate purposes. Not more than 25% of the total proceeds will be used for general corporate purposes, the company said.

NTPC Green has two subsidiaries--NTPC Renewable Energy and Green Valley Renewable Energy Ltd. The company has a 50-50 joint venture with Indian Oil Corporation Ltd, named IndianOil NTPC Green Energy Pvt Ltd, which was incorporated on Jun 2, 2023.

Its earnings before interest, tax, depreciation, and amortisation margin for 2023-24 (Apr-Mar) was 89%, NTPC Green said. The company derived 93.77% of its total revenue in 2023-24 and 91.65% of its total revenue in Apr-Jun of the current financial year from its solar energy segment. NTPC Green said CRISIL Market Intelligence and Analytics expects additions of 137-142 GW of solar capacity in the next four years.

The company's total borrowings rose to 128 bln rupees in 2023-24 from 54 bln rupees in 2022-23. As of Jun 30, the company's total borrowings were 152.77 bln rupees. There are 13 direct tax proceedings totalling 15.37 bln rupees and 73 indirect tax proceedings aggregating to 9.07 bln rupees against its promoters, the company said.

NTPC Green's top off-taker, Telangana's distribution companies, contributed about 50% to the company's total revenue in 2023-24 (Apr-Mar). Any downturn in sales from the top customers could affect the business, the company said. About 62% of its total operating renewable energy projects are concentrated in Rajasthan. Any significant social, political, economic or seasonal disruption, natural calamities or civil disruptions in Rajasthan could affect the company's business, NTPC Green said.

The company reported a net profit of 1.4 bln rupees for the June quarter on revenue of 5.8 bln rupees. In 2023-24, the company reported a net profit of 3.45 bln rupees on revenue of 19.63 bln rupees, and its finance costs rose to 7 bln rupees

from 498 mln rupees a year ago. In 2022-23, a one-time gain of 1.19 bln rupees as deferred tax raised the company's net profit to equal its revenue of 1.7 bln rupees.

The offer will be made through the book-building process, in which at least 75% of the net issue size will be allocated to qualified institutional buyers. Non-institutional bidders will be allocated not more than 15% of the net issue size and retail bidders will be allocated not more than 10% of the net issue size. The book running lead mangers for the offer are IDBI Capital Markets and Securities Ltd, HDFC Bank Ltd, IIFL Securities Ltd and Nuvama Wealth Management Ltd. KFin Technologies Ltd is the registrar for the offer.  
(Ayushman Mishra)

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