

Renewable firms likely to raise up to \$8 bn via IPOs

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RENEWABLE ENERGY (RE) companies are eyeing the public issue market like never before. About 8 to 10 companies are looking to raise between \$5 billion and \$8 billion (between ₹41,500 crore and ₹66,400 crore) through the initial public offerings (IPO) route in the next couple of years, according to the market estimates.

The number is significant especially when the renewable energy companies have raised just ₹3,570 crore since FY23, according to Prime Database.

State-owned companies will take the lion's share of these IPOs. While NTPC Green Energy, the RE arm of NTPC, is expected to hit the market next month with its ₹10,000-crore IPO, NLC India is looking to list its renewable arm NLC India Renewables by the first quarter of the next financial year and SVJN Green Energy is looking to list its renewable energy business next year. Solar Energy Corporation of India (SECI) is looking at an IPO in a year or two, the company's chairman RP Gupta said recently. ONGC Green and NHPC Renewable Energy are also reportedly looking at the IPO route.

These companies have serious expansion plans. For instance, NTPC is on the path to building an RE capacity of 60 GW by 2032. NLC is targeting 6 GW of the renewable business by 2030 from 1.4 GW at present. SVJN Green Energy is targeting 25 GW and 50 GW of RE



BIG MONEY

■ NTPC Green Energy's **₹10,000-cr** IPO likely next month

■ NLC looking at an IPO for its RE arm by Q1FY26

■ SVJN Green Energy plans to list its RE next year

■ SECI is looking at launching an IPO in a year or two

■ RE firms have raised just **₹3,570 cr** since FY23

by 2030 and 2040, respectively.

Not only big, but even smaller companies in module manufacturing and engineering, procurement and construction (EPC) companies in the RE space are looking at listing, sources said. Onix Renewables is looking at an IPO by the end of the year. Navitas Greens, a module manufacturer, and Cosmic PV Power, an EPC company in solar and wind energy are also exploring the IPO option, sources said. However, these companies could not be contacted for comments.

"We are likely to see an uptick in green business monetisation," Morgan Stanley said in a recent report.

IPOs are coming on the back of strong capex in the power

sector, particularly in renewables, experts said.

Axis Capital expects a strong capex growth in power generation -- ₹19 lakh crore over FY24-FY30, including ₹10 lakh crore in renewables, and in transmission and distribution capacity. It expects investment areas like green hydrogen, defence, solar modules, robotics, data centres and energy storage to add 60-80 bps to India's investment ratio.

The government's push is also expected to help RE companies. The Centre has set an ambitious target of having an installed renewable energy capacity of 500 GW by 2030.

Prateek Jhavar, managing director and head, of infrastructure and real assets at

Aventus Capital, said they expect renewable companies to come out with successful IPOs, get good valuations and deliver good returns. "There is enough capital available for good quality companies and RE companies have steady businesses," Jhavar said.

He added that RE is no longer a yield play. "They (RE firms) are into C&I (commercial & industrial), power trading, manufacturing, battery storage and so on. Their return profiles are much better," he said.

Pranav Haldea, managing director of PRIME Database Group, said, "There are talks of a few renewable energy firms from the public sector going for IPOs shortly. In the private sector, what we are seeing is a tremendous amount of investment from private equity investors, which shall eventually translate into IPOs in about 4-5 years, to provide an exit to these PE investors."

A senior executive of an audit and consulting firm agrees with Haldea. Many RE players grew with funding from pension and sovereign funds since 2010 and reached a level where they can monetise business through private or public placement. "Investors also need to exit or flip their assets. Markets are giving good valuations to these companies," he said.

"The renewable sector is experiencing several mega trends, including cost reduction, policy support, growing public-private investments, grid integration along with storage & hydrogen," Rahul Kothari, founder at Grit Equities, said.