

# JSW Energy | BUY

## Lighting up of a power house

JSW Energy has total locked-in generation capacity of 30.3GW, comprising 12.9GW operational, 12.8GW under-construction across thermal and renewable, and a pipeline of 4.6GW which will come online during ensuing power deficit periods. The company also has 29.4GWh of locked-in energy storage capacity through hydro pumped storage projects of 26.4GWh and battery energy storage system (BESS) of 3.0GWh. Given the proven execution capability, disciplined capital allocation, and expanding operating margin, we estimate gradual improvement in key performance parameters; Net Debt/EBITDA (6.2x in FY25 to 4.0x in FY30), Gross block/MW (INR 46.7mn/MW in FY25 to INR 63.3mn/MW in FY30) and RoE (8% in FY25 to 16% by FY30). We maintain BUY on the stock with a revised SOTP-based TP of INR 726 (earlier TP 571) rolling forward from Mar'27 to Sept'27, implying EV/EBITDA of 13.7x.

- **Foundation:** JSWEL was born in 2002, benefiting from power sector reform in India beginning 1991. With a modest capacity of 2x130MW thermal power plant at Toranagallu, Vijayanagar, it has adopted a strategy that is a good blend of acquisition of under-valued cash generating assets and organic build-up of large assets with assured long-term cash flows. Exhibiting benchmark execution capabilities, it has successfully turned around various acquisitions (1,391MW Karchan and Baspa Hydro, 1,753MW Mytrah wind, 700MW Utkal thermal, 4.7GW O2 Power, 1,800 MW KSK Thermal) without any cost and time overruns.
- **Green portfolio:** In 2023, JSWEL reorganised its businesses into green and grey whereby the existing and upcoming RE businesses across generation, energy storage, and green hydrogen / ammonia were housed under JSW Neo Energy. True to its genre, it has built 18.5GW of RE portfolios (7.1GW operational, 11.3GW under construction) by acquiring good quality but stressed assets and, swiftly executing awarded greenfield projects.
- **Fast & furious strategy:** The demand for power is growing. Peak demand has touched all time high 250GW. After a decade of muted growth, the thermal power sector has made a big comeback without diluting the country's long-term RE targets. The company has its Strategy 3.0 in place charting the course for FY30, with a stated goal to achieve 30GW power generation and 40GWh energy storage capacity by FY30, involving a capex of INR 1.3trln. It is developing 6x600MW KSK Mahanadi thermal (expansion), 1,500MW / 12,000MWh Bhavali and 1,500MW / 12,000MWh Sonebhadra pumped hydro energy storage projects and, 2 x 800MW Salboni super critical thermal power plant.
- **What's ahead:** JSWEL has total locked-in generation capacity of 30.3GW, comprising 12.9GW operational, 12.8GW under-construction across thermal and renewable, and a pipeline of 4.6GW along with 29.4GWh of locked-in energy storage capacity. Over the years, it has demonstrated strong execution capabilities as evident from earlier declared strategic targets. We believe net Debt/EBITDA will improve from 6.2x in FY25 to 4x in FY30. EBITDA/MW is estimated to rise from INR 5.4mn/MW to INR 10.3mn/MW over the same period. EBITDA margin is also likely to expand from 44% in FY25 to 60% in FY30. RoE will improve meaningfully from 8% in FY25 to 16% by FY30. (Exhibit 17).

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,14,859	1,17,454	2,25,430	2,48,966	3,00,303
Sales Growth (%)	11.2	2.3	91.9	10.4	20.6
EBITDA	53,818	52,208	1,15,097	1,35,288	1,79,458
EBITDA Margin (%)	46.9	44.4	51.1	54.3	59.8
Adjusted Net Profit	17,228	19,509	29,078	33,164	50,212
Diluted EPS (INR)	9.9	11.2	16.6	19.0	28.7
Diluted EPS Growth (%)	26.9	13.2	49.0	14.1	51.4
ROIC (%)	9.3	6.6	8.4	7.2	8.0
ROE (%)	8.7	8.1	9.3	9.1	11.8
P/E (x)	54.1	47.8	32.0	28.1	18.6
P/B (x)	4.5	3.4	2.7	2.5	2.0
EV/EBITDA (x)	21.8	26.0	13.3	12.7	10.6
Dividend Yield (%)	0.4	0.4	0.3	0.4	0.5

Source: Company data, JM Financial. Note: Valuations as of 07/Aug/2025



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	726
Upside/(Downside)	36.2%
Previous Price Target	571
Change	27.2%

### Key Data – JSW IN

Current Market Price	INR533
Market cap (bn)	INR931.4/US\$10.6
Free Float	25%
Shares in issue (mn)	1,747.8
Diluted share (mn)	1,747.8
3-mon avg daily val (mn)	INR1,982.6/US\$22.6
52-week range	805/419
Sensex/Nifty	80,623/24,596
INR/US\$	87.7

### Price Performance

%	1M	6M	12M
Absolute	4.6	10.0	-22.8
Relative*	8.6	6.2	-24.4

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

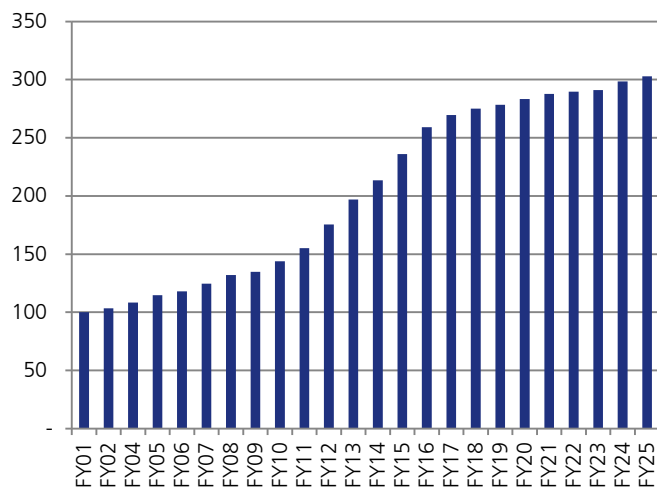
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## Lighting up of a power house

The government of India (GoI) initiated power sector reform in 1991 with the prime objective of improving the techno-commercial performance of the state-owned electricity utilities by empowering the central and state governments to finance and mobilise resources for generation capacity expansion and by making provisions for private investment in the power sector. Subsequent legislations, viz., Electricity Regulatory Commissions Act 1998, Electricity Bill 2001, Electricity Act 2003, National Electricity Policy 2005, National Tariff Policy 2006 and Rural Electrification Policy 2006 facilitated transformation of the sector.

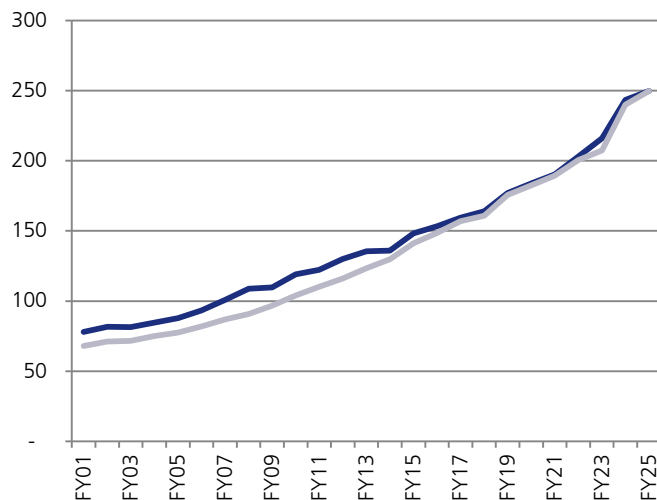
Conventional power generation capacity grew from 124GW in FY07 to almost 240GW in FY15 and then to 298GW in FY24 with private sector playing a huge role in capacity addition. Its share in generation capacity increased from 13% in FY07 to 37% in FY15 and then to 52% in FY24. As a result, energy/peak power demand-supply deficit sharply declined from 10%/16% in FY07 to 4%/5% in FY15.

**Exhibit 1. Installed conventional capacity**



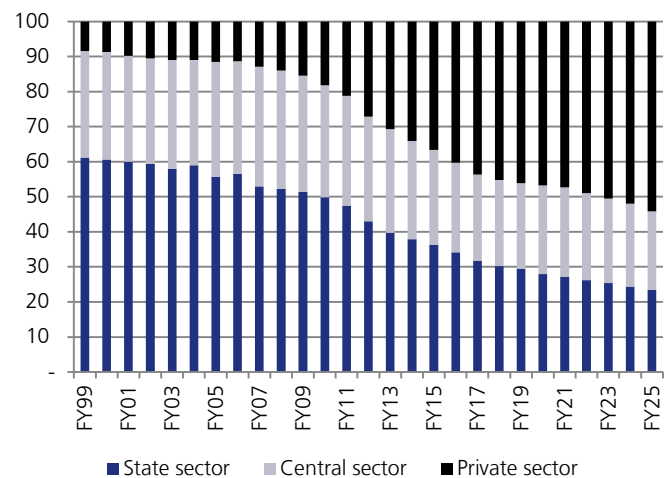
Source: CMIE, JM Financial

**Exhibit 3. Peak demand and Peak demand met (GW)**



Source: CMIE, JM Financial

**Exhibit 2. Ownership wise share (%) in installed capacity**



Source: CMIE, JM Financial

**Exhibit 4. Peak deficit (%)**



Source: CMIE, JM Financial

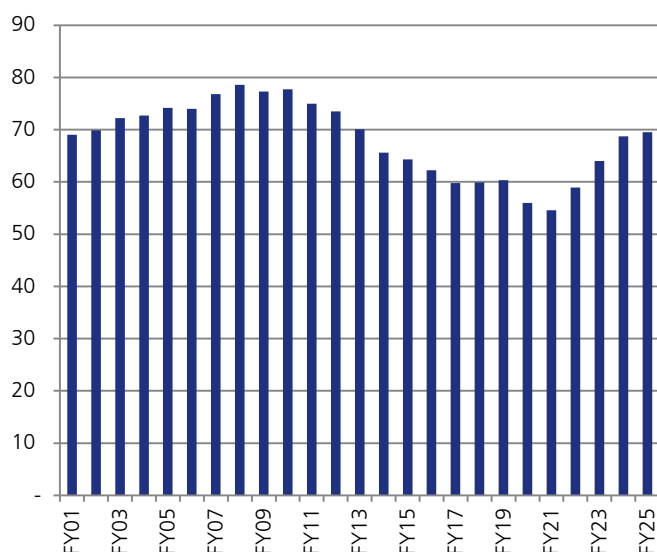
Amidst fast-growing opportunities, Jindal Thermal Power Company Ltd was born in 2002 with the commercial operations of its first 2x130MW thermal power plant at Toranagallu, Vijayanagar. The company was later renamed as JSW Energy Limited in 2005.

To address the growing stress, the company came out with IPO in 2009, prior to which it had a Net Debt/EBITDA of 7.3x. It improved to 5.6x post-listing, supported by EBITDA contributions from the commissioning of 600MW capacity at Vijayanagar and cash inflows from IPO proceeds.

During FY11-15, JSW Energy added substantial generation capacity including 1,200MW Ratnagiri and 1,080MW Barmer, taking its total capacity to 3,140MW. It maintained net debt ~INR 74bn-84bn. This led to a reduction in Net Debt/EBITDA to 2.2x by FY15.

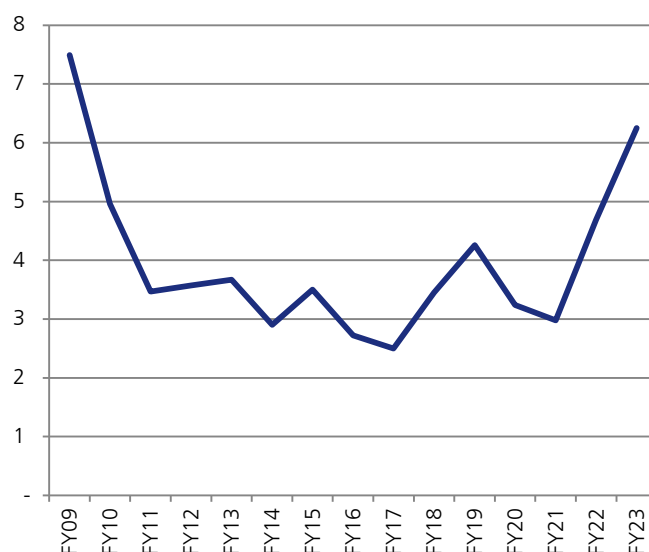
However, by the end of FY15, India was construed as a power surplus nation with huge power generation capacity idling for want of demand. Utilisation of the thermal power plants (PLF) came down from 77% in FY07 to 64% in FY15. The merchant power tariff also softened from the peak of INR 7.41/kWh in FY09 to INR 3.5/kWh in FY15.

**Exhibit 5. Thermal PLF (%)**



Source: CMIE, JM Financial

**Exhibit 6. Merchant rates (INR/KWh)**



Source: CMIE, JM Financial

At that time, in 2015, the legally binding international treaty on climate change 'Paris Agreement' was adopted by 195 Parties at the UN Climate Change Conference (COP21) in Paris. Its overarching goal was to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels." This brought new and more ambitious perspective on renewables globally. India pledged to reduce emissions intensity per unit GDP by 33-35% of 2005 levels. It also aimed to reach 40% of installed capacity from non-fossil fuels and targeted 175GW of renewable energy generation by 2022.

## Insatiable desire for growth, but with a strategy

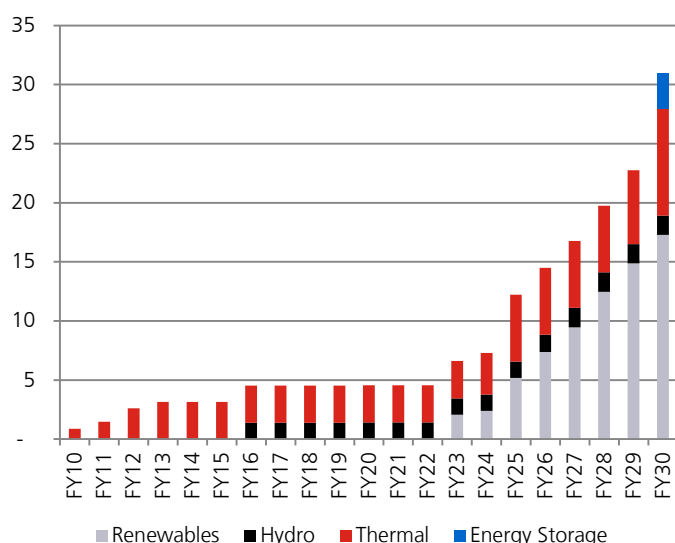
Sensing global developments and demand-supply mismatch in the home country, JSWEL consciously stayed on the fence in respect of thermal power capacity addition while many of the industry peers were adding. The company, with insatiable desire for growth, kept its thermal power capacity the same for 8 years from FY13 to FY20.

However, it continued to hunt for undervalued assets that were in alignment with its strategy. One such opportunity came in 2014. It bought 300MW Baspa II Hydro Electric Plant and 1,091MW Karcham Wangtoo Hydro Electric Plant from Jaiprakash Power Ventures Ltd. (JPVL) located in Himachal Pradesh. Both plants were operational, with Karcham commissioned in 2011 and Baspa in 2003. With this, JSWEL's operational capacity rose to 4,531MW in FY16 with the beginning of portfolio diversification to green and grey. However, the acquisition of the Karcham Wangtoo and Baspa hydro projects in FY16–18 marked a shift, pushing leverage higher and taking Net Debt/EBITDA to 4.2x by FY18.

Following this, the company refocused on deleveraging, bringing the ratio down to 1.8x by FY20. This was a short-lived phase, as JSW Energy embarked on another aggressive expansion cycle post-FY21, driven by a string of inorganic acquisitions including Mytrah Energy, Vaspert wind assets, O2 Power, and KSK Mahanadi, which led to a sharp rise in debt. As a result, Net Debt/Equity and Net Debt/EBITDA rose significantly from 0.3x / 1.8x in FY22 to 1.5x / 6.2x in FY25.

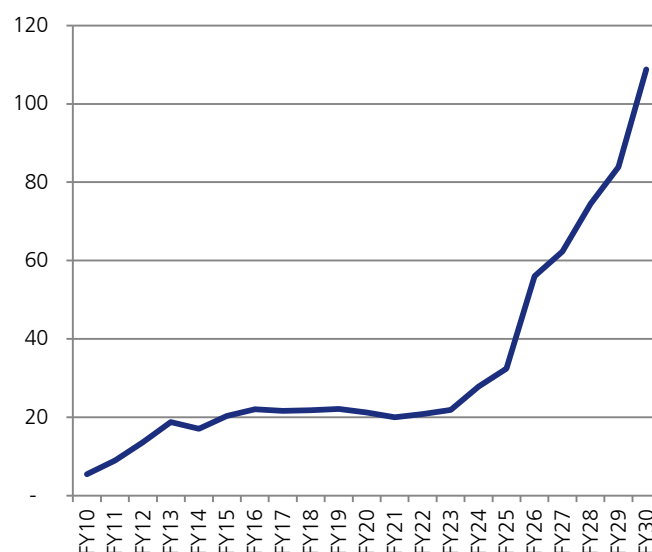
To further build and streamline the renewable portfolio, the company in 2023 reorganised its businesses into green and grey whereby the existing and upcoming renewable energy businesses across generation, energy storage, and green hydrogen / ammonia and its derivatives were housed under JSW Neo Energy. True to its genre, it acquired a portfolio of 1,753MW of RE generation capacity from stressed Mytrah Energy consisting of 10 Wind SPVs with a generation capacity of 1,331MW and 7 Solar SPVs with a capacity of 422MW (487 MWp DC). The transaction was valued at an enterprise value of INR 105.3bn, after adjusting for net current assets. This was the largest acquisition made by JSW Energy since inception, and helped it in leapfrogging its operational capacity by over 35% - from 4,784MW to 6,537MW.

**Exhibit 7. JSW energy's installed capacity (GW)**



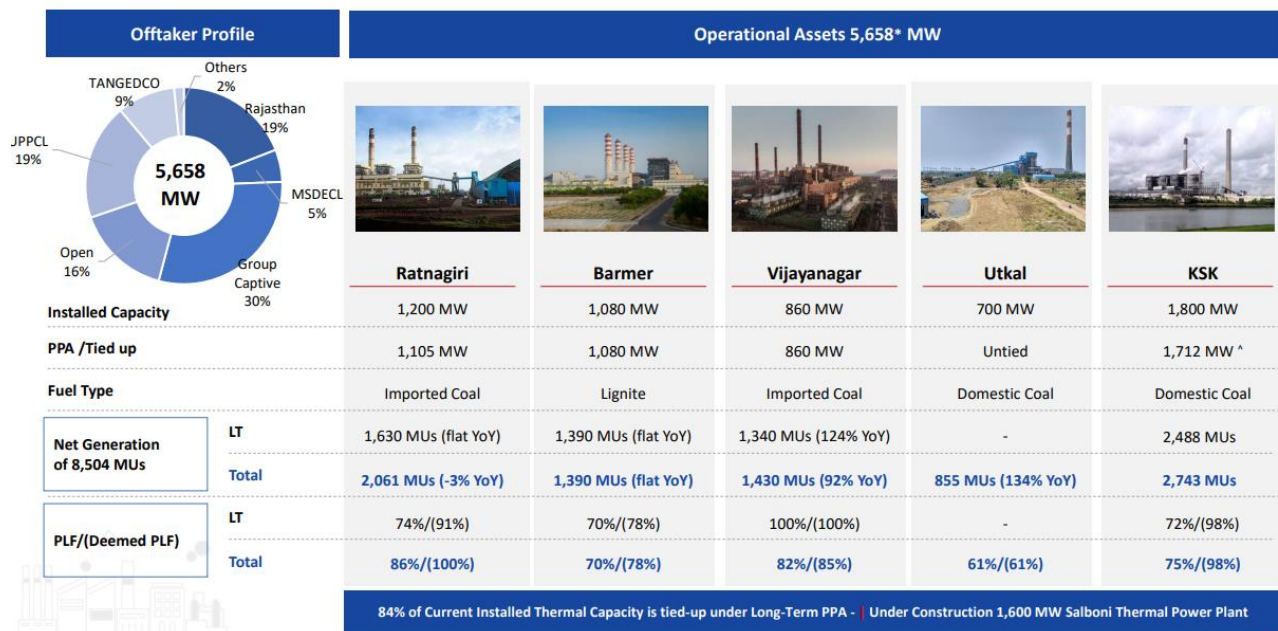
Source: Company, JM Financial

**Exhibit 8. JSW energy's generation (BUs)**



Source: Company, JM Financial: \*FY25 onwards BU calculations based on standard operating parameters

## Exhibit 9. Thermal assets



Source: Company, JM Financial

## Exhibit 10. Renewable assets

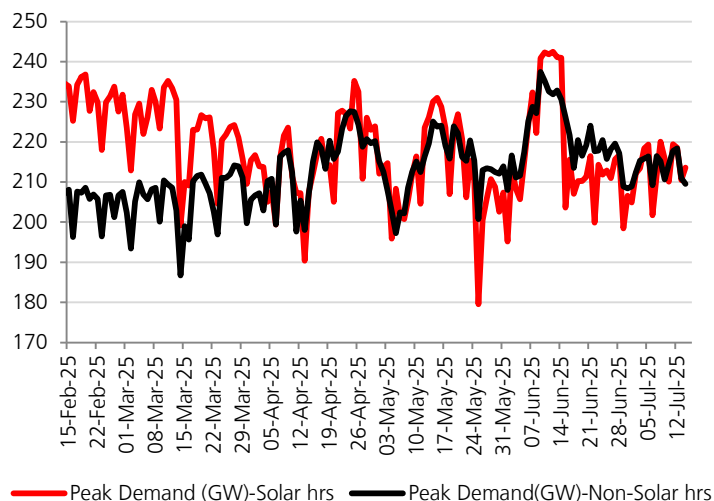


Source: Company, JM Financial

## When nobody believed in thermal, it bought

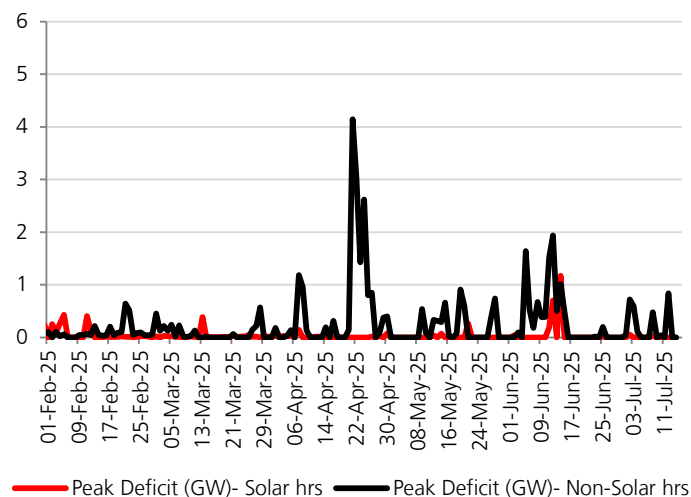
The seeming 'zero power deficit' in India during FY15 brought complacency into the sector and new capacity addition was skewed towards solar only. New drivers of demand like households' electrification, 24x7 availability of power, extreme weather and economic growth were overshadowed by the pain of Covid. Capacity additions remained subdued. But, the demand for power, both energy and peak power, in India was growing at an unprecedented level of 7.5% (FY20-25) vs. the historical average of 4.5-5.5% and the overall conventional energy generation growth of 6%. The excess capacity in the system was largely absorbed. The PLF of thermal power plants was steadily growing, from 55% in FY20 to 69% in FY25. It is estimated that India will face power deficit at least during non-solar hours beginning the next 2-3 years.

**Exhibit 11. Peak demand (GW)- solar & non-solar hours**



Source: JM Financial, Grid India

**Exhibit 12. Peak deficit (GW)- solar & non-solar hours**



Source: JM Financial, Grid India

Once again, the company took right move at the right time with a sense of urgency.

Sensing the deficit in future, it acquired 2x350MW Ind-Barath thermal power plant under the NCLT's corporate insolvency resolution process at an enterprise value of INR 10.5bn in Dec'22. The Unit-I was commissioned in 2016 but was non-operational since then due to financial stress. Unit-II was yet to be commissioned. The company, in Jan'25, fully revived and synchronised the entire 700MW (2x350 MW) capacity in 24 months with an additional capex of INR 16.5bn. It generated EBITDA of INR 2.64bn in 1QFY26.

During these emerging return-accretive opportunities in conventional power, the company didn't lose sight of its 'green' strategy.

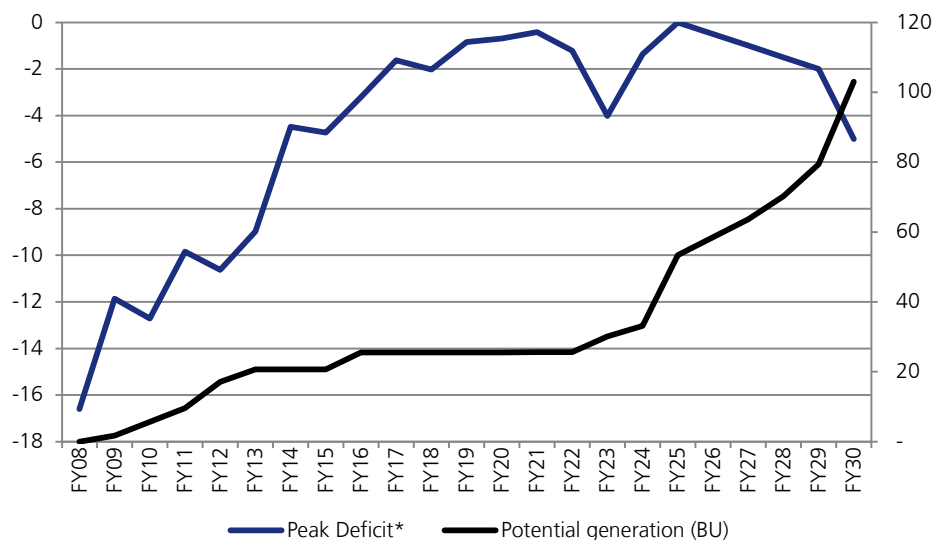
In Dec'24, it acquired the 4,696MW RE platform from O2 Power, a platform jointly established by EQT Infrastructure & Temasek at an enterprise valuation of INR 124.68 bn. Its portfolio included 2,259MW nearing operational, 1,463MW under construction, and an additional 974MW in the pipeline with a blended average tariff of INR 3.37/KWh.

In Sep'23, India's peak power demand reached an all-time high of 243.27GW. Subsequently, the government went into firefighting mode to add capacities, revive stranded assets, re-start gas power plants and postpone R&M of old plants etc. to increase generation. The faster growing peak power demand touched 250GW on 30<sup>th</sup> May'24. ([A deep-dive into power demand: FY25 and FY26](#))

So, after a decade of muted growth in new projects, India's thermal power sector made a big comeback to meet growing electricity demand and much-needed balancing of energy security and sustainability.

Now, the government has targeted an additional minimum of 97 GW coal-based capacity by FY32. (['Power' vision for Modi 3.0](#))

**Exhibit 13. Peak deficit (%) in India and generation (BU) at JSWEL**



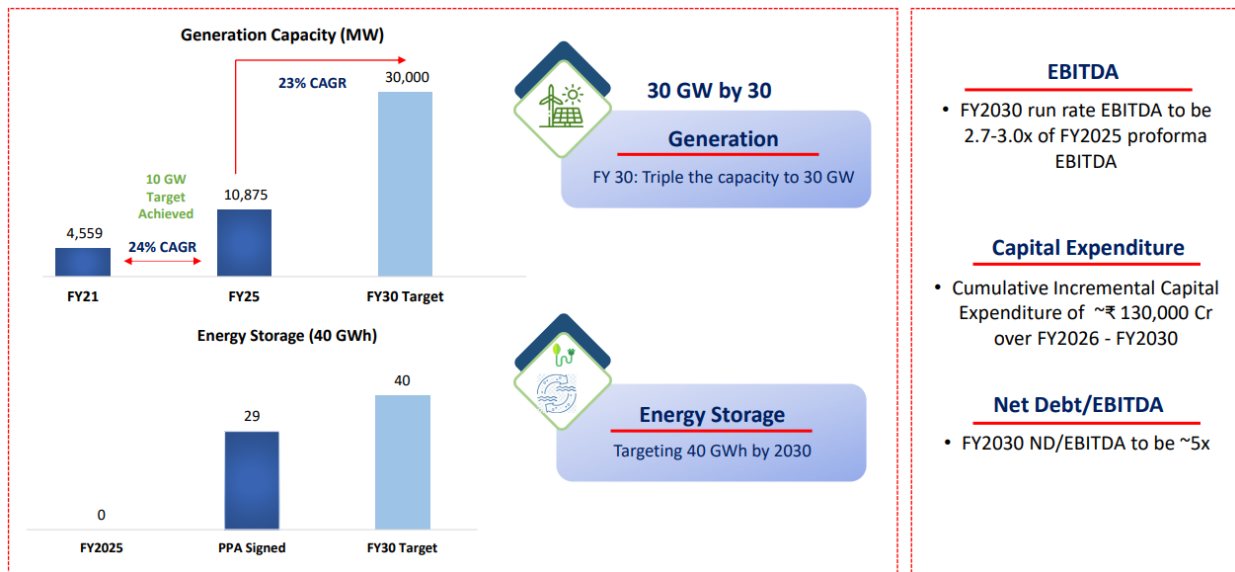
Source: CMIE, JM Financial

## Advent of 'fast & furious strategy'

Today, there is a race among developers to add thermal power capacities and capitalise on the ensuing 'deficit' years.

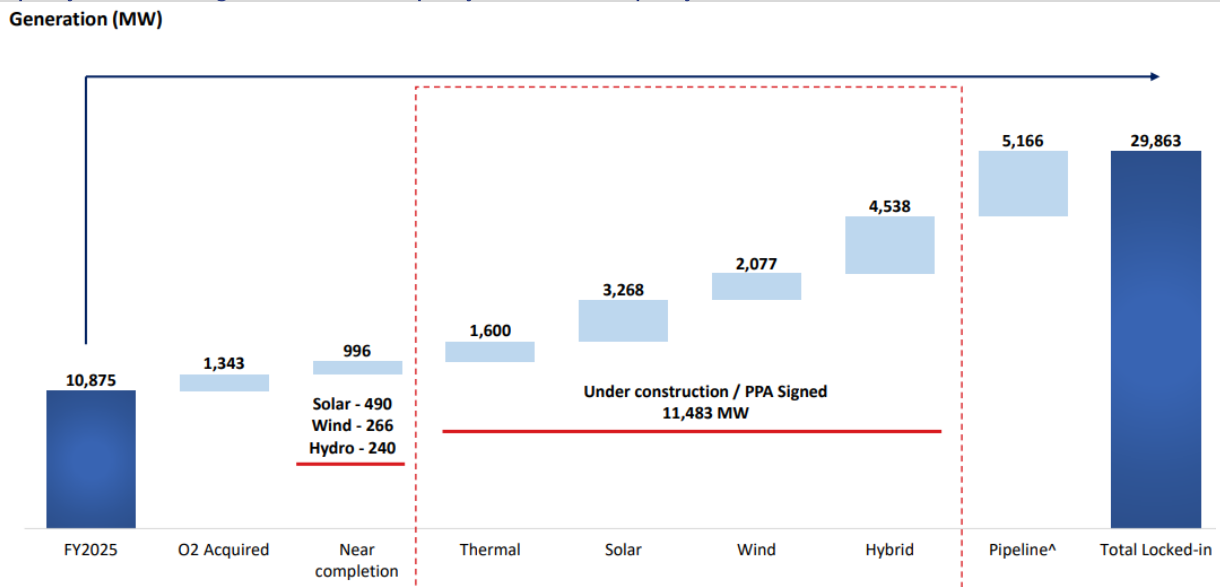
The company's installed capacity more than doubled over the past 3 years – from 4.6GW in FY22 to over 10GW by FY25. It now has its Strategy 3.0 in place charting the course for FY30, with a stated goal to achieve 30GW power generation and 40GWh energy storage capacity by FY30, and become carbon neutral by 2050. The company intends to undertake INR 1.3trln of capital expenditure under Strategy 3.0 between FY26 and FY30.

### Exhibit 14. Strategy 3.0



Source: Company, JM Financial

### Exhibit 15. Capacity addition bridge from installed capacity to locked-in capacity



Source: Company, JM Financial

In a swift strategic move, JSW Energy acquired 74% stake in 6x600MW KSK Mahanadi Power plant under the NCLT's insolvency resolution process. At the time of acquisition, the 1,800MW Phase-I was operational with 95% tied up under long- and medium-term PPA along with fuel security. The Phase-II 1,800MW (600 MW x 3 units) is under construction out of which one unit (600MW) is 40% completed and the balance of plant is in place for the entire 3,600MW. The transaction valued the asset for the resolution amount of INR 160.9bn for KMPCL. This was the largest acquisition of a thermal power asset under the IBC process in India.

We view the strategy of the company as a good blend of acquisition of under-valued cash generating assets and organic build-up of large assets with assured long-term cash flows.

#### Exhibit 16. Acquisitions

Particulars	Capacity (MW)	Technology	Acquisition Year	Enterprise Value (INR bn)	Tariff (INR KWh)	Current Status
Karcham Wangtoo & Baspa	1391	Hydro	FY16	INR 92.75 bn	RTM	- Plant is generating more than design energy - 91 MW of capacity for merchant market
Mytrah RE assets	1753	Solar & Wind	FY23	INR 101.50bn	4.82	- Successful turnaround of both wind and solar assets - One of the largest refinancing package in RE sector
Vashpet wind assets	45	Wind	FY25	INR 1.32bn	-	- Assets successfully integrated
Hetero RE Assets	125	Solar & Wind	FY25	INR 6.3bn	5.22	- Entire wind portfolio having remaining life of ~15 years
Utkal Thermal (Ind-Barath)	700	Thermal	FY23	INR 10.48bn	Merchant	- Both Unit 1 & 2 commissioned - Fastest revival of stalled power plant
O2 Power	4700	Solar & Wind	FY26	INR 124.68bn	3.37	- Lacked in resources like connectivity beyond 4.7GW and land bank for 40% of under construction & pipeline projects
KSK Mahanadi	3600	Thermal	FY25	INR 160bn		- Balance of plant in place for 3600MW - Operational 1800MW capacity is 95% tied up in long and medium term PPA - EBITDA for FY25 at INR 23.8bn

Source: Company, JM Financial

## The new greenfield ventures

It is developing a 1,500MW / 12,000MWh Bhavali pumped hydro energy storage project for Maharashtra State Electricity Distribution Company (MSEDCL) with a capex of around INR 110 bn.

The project will supply energy storage capacity to MSEDCL for 40 years, receiving a fixed capacity charge of INR 8.46mn per MW annually.

It has also signed power procurement agreement with Uttar Pradesh Power Corporation Ltd. for supplying 1,500MW / 12,000MWh energy storage capacity for a period of 40 years at a fixed capacity charge of INR 7.7mn per MW per annum.

JSW Energy has recently signed a PPA with West Bengal State Electricity Distribution Company Limited for developing a greenfield 2 x 800MW Salboni super critical thermal power plant with a capex of INR 160bn. This is the company's largest greenfield project till date.

Today, JSW Energy has total locked-in generation capacity of 30.3GW, comprising 12.9GW operational, 12.8GW under-construction across thermal and renewable, and a pipeline of 4.6GW.

The company also has 29.4GWh of locked-in energy storage capacity through hydro pumped storage projects of 26.4GWh and battery energy storage system of 3.0GWh. It aims to reach 30GW generation capacity and 40GWh of energy storage capacity by FY 2030 and achieve carbon neutrality by 2050.

The journey of JSW Energy is the saga of converting challenges into opportunities that have emerged from the dynamics of demand and supply after enactment of National Electricity Policy 2005 with audacious vision coupled with calculated risk and focussed execution.

### Exhibit 17. Status of major projects

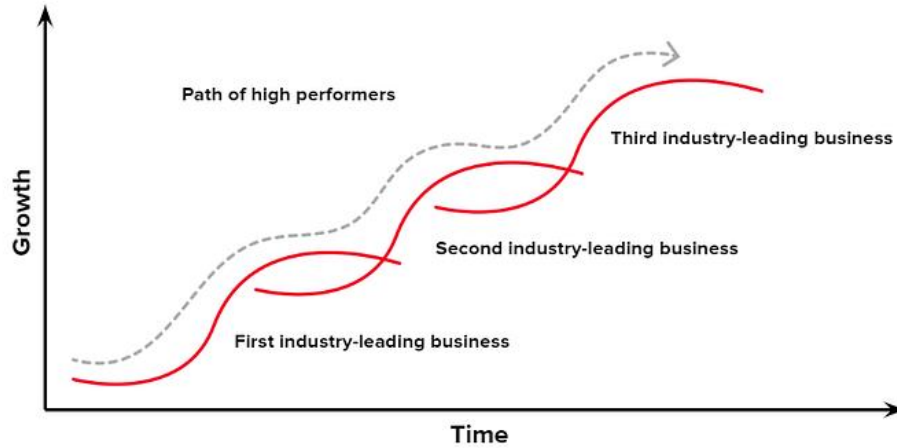
Major project	Key date	Contact	Status
1600 MW WBSEDCL Salboni	PPA signed in Mar'25	5 years	Equipment ordering expected soon
1.5 GW/12 GWh MSEDCL PSP	PPA signed in Oct'24	48 months	Contract awarded to L&T
1.5 GW/12 GWh UPPCL PSP	PPA signed in May'25	6 years	Recent
300 MW/2.4 GWh PCKL Karnataka	LOI received in Apr'23	NA	Unlikely as per our channel checks
1800 MW KSK Mahanadi extension	Mar'25	NA	Part work done; We expect company to win one project under DBFOO

Source: Company, JM Financial

## The company is poised for next level of growth

In business growth strategy, the S-curve tracks how a company or industry grows over its lifecycle. There comes a point in the lifecycle when growth inflects, driven by a structural change. It is the tailwind created by the structural change that assists a company to deliver and create wealth. The resulting graph looks like an elongated 'S'.

**Exhibit 18. S-curve of growth**



Source: Medium

India is emerging as a global powerhouse in electricity generation, ranking third in power capacity growth worldwide over the past five years. Only China and the United States have seen higher absolute increases in power generation during this period, according to International Energy Agency (IEA). This remarkable performance underscores the rapid evolution of India's energy landscape, driven by soaring domestic demand, a strong pivot toward clean and renewable energy sources and, now balancing of the energy security and sustainability objectives. Rising urbanization, improved access to energy, proliferation of household appliances, especially air conditioners and gradually building momentum in manufacturing, have significantly contributed to the rise in electricity demand.

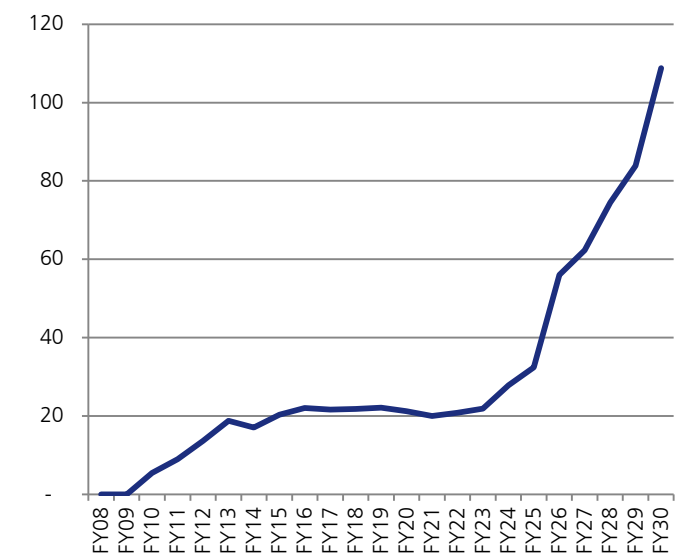
**Exhibit 19. Investments required for meeting climate related targets in India**

Agency	Target & Timeline	Investment Estimate
International Energy Agency (2023)	Net zero by 2070	US\$160 billion per annum
BloombergNEF (2023)	Net zero 2050; non fossil sources of energy with ~80% share of generation	Total US\$4800 billion in power grid and generation (~US\$192 billion per annum)
McKinsey & Company (2022)	Net Zero by 2070	US\$44 billion per annum until 2030
		US\$154 billion per annum 2030 onwards, and US\$440 billion per annum from 2040 onwards
Central Electricity Authority - National Electricity Plan (2023)	NDC by 2030	Total Rs. 17 trillion (US\$200 billion at current exchange rate) or ~US\$50 billion per annum

Source: India Infrastructure Report, JM Financial

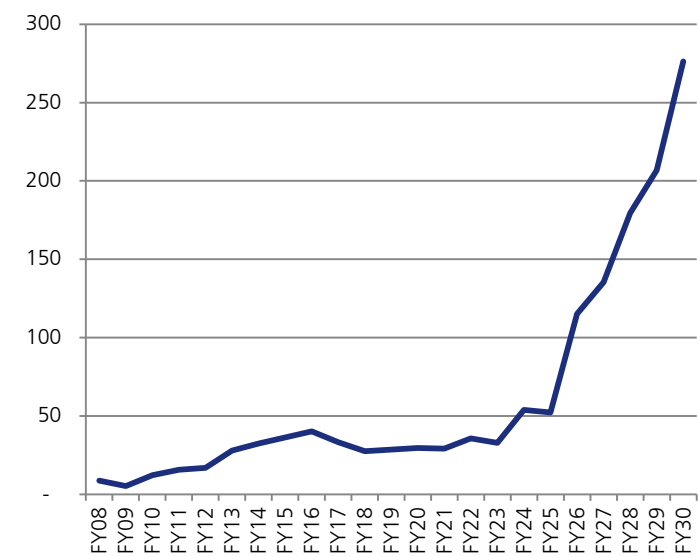
Looking at the S-curve and strong industry tailwinds, we believe JSW Energy is on an inflection point of next level of growth trajectory.

Exhibit 20. JSWEL's Generation (BU)



Source: Company, JM Financial

Exhibit 21. EBITDA (INR bn)



Source: Company, JM Financial

## Sense of urgency with 'Arjun's eye' on execution

Over the years, JSW Energy has demonstrated strong execution capabilities. It has done fairly well vis-à-vis industry peers in executing challenging wind energy projects.

**Exhibit 22. Clean energy capacities of key utilities as of Feb'25**

Company	Total Operational Capacity (MW)	Total Operational RE Capacity (MW)	Operational Hydro Capacity (MW)	Operational Solar Capacity (MW)	Operational Wind Capacity (MW)	Year of First Wind installation	Organic Wind (MW)	Inorganic Wind (MW)	Comments
ReNew Power	10,800	10,800	99	5,800	4,900	2011	3,275	1,625	Private equity 472 MW+ 103 MW from KCT+ 990 MW Ostro Energy + 60 MW SREI
JSW Energy	8,400	4,892	1,391	675	2,826	2023	1,326	1,501	Mytrah 1331 MW + 45 MW Vaspet +125 MW Hetero
Adani Green	12,341	12,341	-	9,762	2,579	2016	1,655	924	150 MW from Inox, Rest is plain vanilla wind and hydrid from SB Energy
Tata Power	15,567	6,249	880	4,335	1,034	2005	858	176	Welspun RE 137 MW wind capacity and 39.2 from AES Saurashtra Windfarms
Torrent Power	4,754	1,662	-	741	921	2012	715	206	156 MW Wind Power Plants from CESC Limited and 50 MW wind from Inox Green
NTPC Green	3,475	3,475	-	3,375	100	2023	100	-	

Source: Various reports, JM Financial

Most recently, it has successfully commissioned the second 80MW Unit of its 240MW (3 x 80MW) Kutehr Hydroelectric Power Plant. The plant is situated in Chamba district of Himachal Pradesh and is one of the fastest built greenfield hydro projects in India.

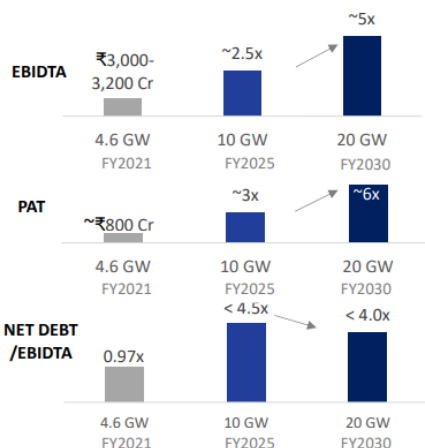
**Exhibit 23. Target vs. Delivery**

## Growth Targets: Promise versus Delivery



### Strategy 1.0 2021

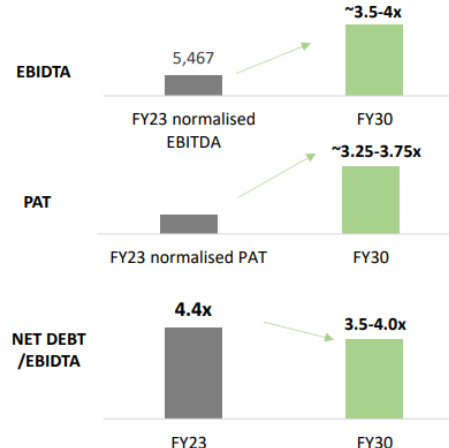
10 GW Generation by 2025 and 20GW by 2030



- Growth through internal accruals
- Target mid teen returns
- >₹75,000 Cr capital expenditure envisaged

### Strategy 2.0 2023

20 GW Generation + 40 GWh of Storage by FY30



- Balance Sheet growth at 22% CAGR
- Internal accrual + mid teen returns
- >₹115,000 Cr of capital expenditure envisaged

### Promises Delivered

- Installed Capacity**  
Surpassed 10 GW by FY25
- EBITDA**  
FY25 exit run rate met EBITDA target for FY25
- PAT**  
FY25 exit run rate met PAT target for FY25
- ND/EBITDA**  
<4.5x on sustained normalised basis (excluding CWIP) for FY25

Source: Company

## Quick to recalibrate strategy

- JSWEL in 2015 planned to acquire the 500MW Bina thermal power plant in a deal valued at INR 27bn. There were months of delay in getting necessary approvals from lenders. However, it dropped the idea of acquisition due to a combination of factors, including a significant drop in power demand and the impact of Covid.
- JSWEL, in Mar'23, was allocated Performance Linked Incentive for the quoted manufacturing capacity of 1GW (Wafer + Cell + Module) under 'National Programme on High Efficiency Solar PV Modules'. However, it has again put its solar module manufacturing plans on hold, citing a record fall in prices of solar panels.

In hindsight, all these strategy recalibrations appear farsighted and prudent.

- The company, in Mar'23, entered into a technology licensing agreement with SANY Renewable Energy, China, for the manufacture of 3.XMW wind turbine generators in India for captive usage by the company.

Similarly, it is currently establishing a battery assembly plant in Pune with a rated capacity of 5GWh per annum, dedicated to supporting Battery Energy Storage Systems.

Given the developing business environment; we believe that above two non-core strategic moves will also be reviewed.

## Financial performance outlook

Going ahead driven by its robust project pipeline and an ambitious target of achieving 30 GW of generation capacity by FY30. We expect JSW energy's revenue/EBITDA/PAT to grow at CAGRs of 32%/40%/35% during FY25 to FY30. Achieving this growth will require an estimated capex of ~INR 1.3 trln by FY30 (Gross block/MW is expected to increase from INR 46.7/MW in FY25 to INR 63.3/MW in FY30), leading to an increase in net debt from INR 407 bn in FY25 to ~INR 1.1 trln by FY30. While this expansion requires significant leverage, we do not see it as a drag on profitability given the strong group parentage. EBITDA margins are expected to expand from 44% in FY25 to 60% in FY26, while EBITDA/MW is projected to nearly double from INR 5.4 mn/MW in FY25 to INR 10.3 mn/MW. The progressive commissioning of projects should drive substantial EBITDA contribution, improving the company's Net Debt/EBITDA from 6.2x in FY25 to 4x in FY30. At the bottom line, PAT margins are expected to rise from 17% in FY25 to 19% in FY30, indicating JSW Energy's ability to maintain profitability despite higher finance costs arising from increased borrowings.

### Exhibit 24. Key Financial and operational parameters

Key Metrics	FY25	FY26	FY27	FY28	FY29	FY30
<b>Installed capacity (MW)</b>	<b>12,218</b>	<b>14,498</b>	<b>16,758</b>	<b>19,758</b>	<b>22,758</b>	<b>30,958</b>
Renewables	5,169	7,369	9,469	12,469	14,869	17,269
Hydro	1,391	1,471	1,631	1,631	1,631	1,631
Thermal	5,658	5,658	5,658	5,658	6,258	9,058
Energy Storage	-	-	-	-	-	3,000
<b>Generation (BU)</b>	<b>32.38</b>	<b>55.99</b>	<b>62.27</b>	<b>74.51</b>	<b>83.9</b>	<b>108.77</b>
<b>Key Financial metrics</b>						
Revenue (INR mn)	117,454	225,430	248,966	300,303	340,864	462,097
Realisation (INR/ KWh)	3.6	4.0	4.0	4.0	4.1	4.2
EBITDA (INR mn)	52,208	115,097	135,288	179,458	206,876	276,341
EBITDA Margin (%)	44%	51%	54%	60%	61%	60%
EBITDA/MW	5.4	8.6	8.7	9.8	9.7	10.3
PAT (INR mn)	19,509	29,078	33,164	50,212	53,056	87,601
PAT Margin (%)	17%	13%	13%	17%	16%	19%
Net Debt (INR mn)	407,190	583,731	773,599	961,210	1,106,210	1,094,186
Net Debt/ EBITDA	6.2	4.3	5.0	4.8	5.0	4.0
Net Debt/ Equity	1.5	1.7	2.0	2.0	2.1	1.8
Gross Block/MW	46.7	57.6	57.7	59.2	59.8	63.3
ROE (%)	8%	9%	9%	12%	11%	16%
ROCE (%)	6%	8%	7%	8%	8%	9%
Capex (INR mn)	-67,086	-297,051	-268,330	-333,250	-254,090	-143,490
Free cash flows (INR mn)	-28,701	-186,293	-143,895	-171,215	-64,756	100,452

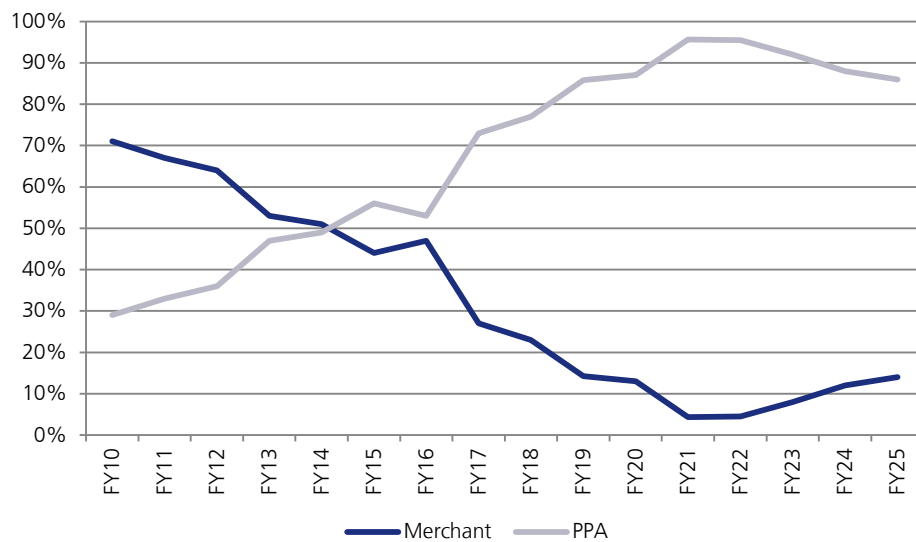
Source: Company, JM Financial

## What can go wrong

Vision for India's power infrastructure in 2047 envisages that India's peak power demand will reach 708GW with installed power capacity to increase fivefold by 2047 to 2,100GW. 90% of this capacity is planned to be sourced from non-fossil fuels such as renewable energy and nuclear power. This involves very active participation of the private sector. However, power infrastructure projects today are plagued with delayed grid connectivity, non-availability of RoWs and, policy uncertainty.

In past, we have witnessed many entrepreneurs suffering from similar issues in their ambitious power projects. However, we view the strategy of JSW Energy as a good blend of acquisition of under-valued cash generating assets and organic build-up of large assets with assured long-term cash flows. Gradually, it is also de-risking its portfolio by increasing the share of capacities with long-term PPAs, rather than relying on volatile merchant sales.

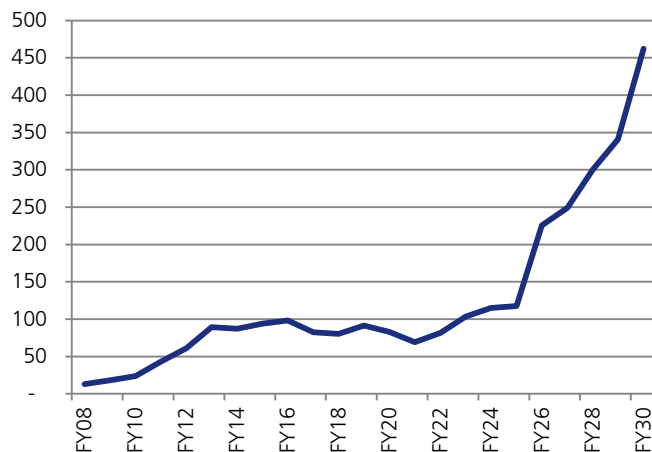
**Exhibit 25. Share (%) of merchant and PPA in net generation**



Source: Company, JM Financial

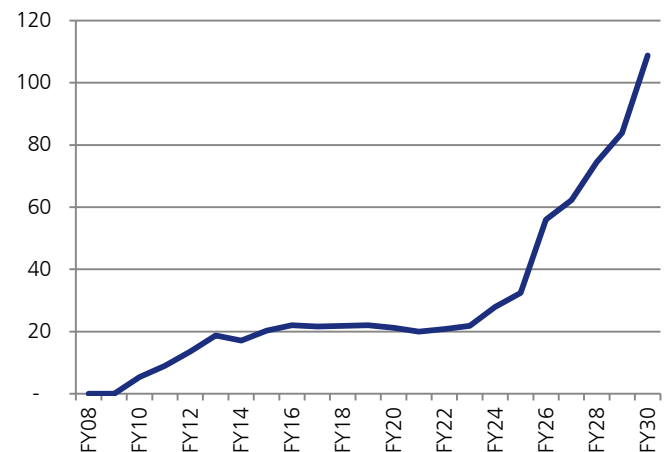
## Key Charts

Exhibit 26. Revenue (INR bn)



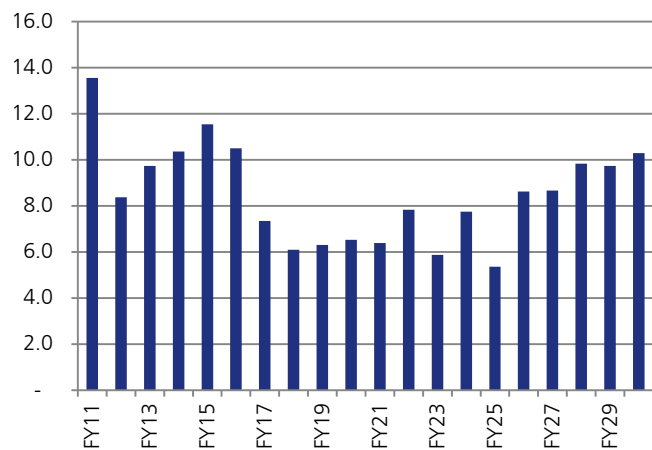
Source: Company, JM Financial

Exhibit 27. Generation (BU)



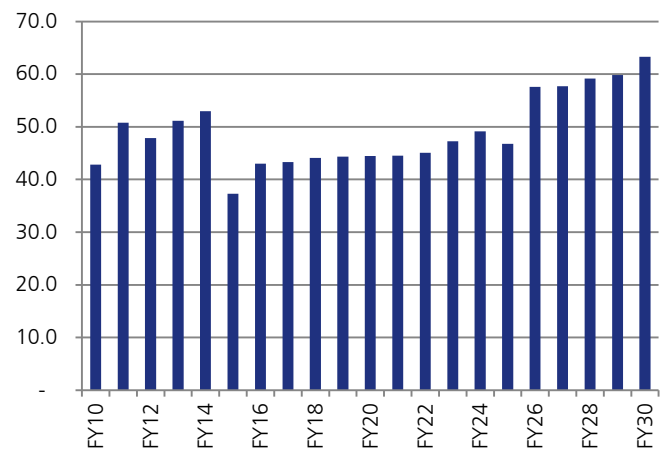
Source: Company, JM Financial

Exhibit 28. EBITDA/MW



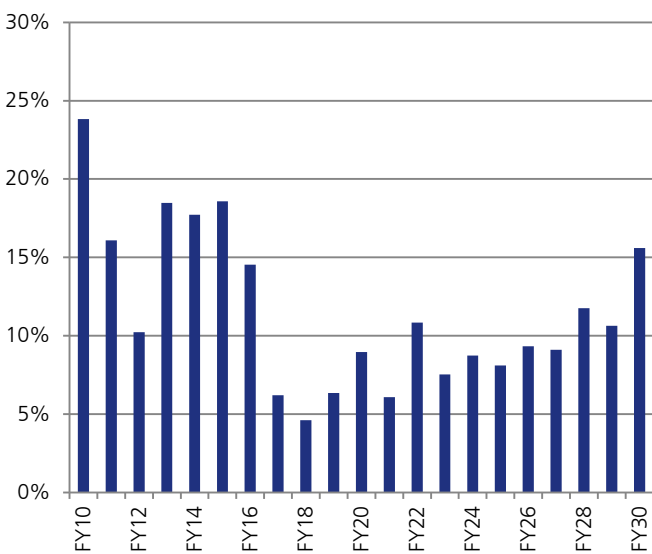
Source: Company, JM Financial

Exhibit 29. Gross Block/MW



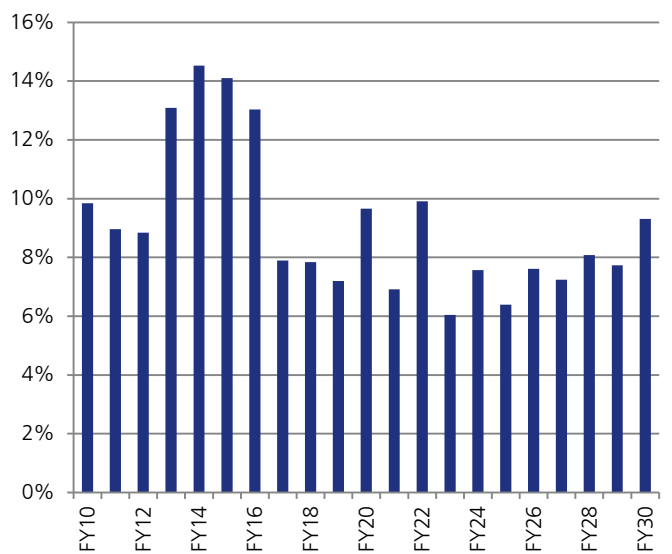
Source: Company, JM Financial

Exhibit 30. RoE (%)



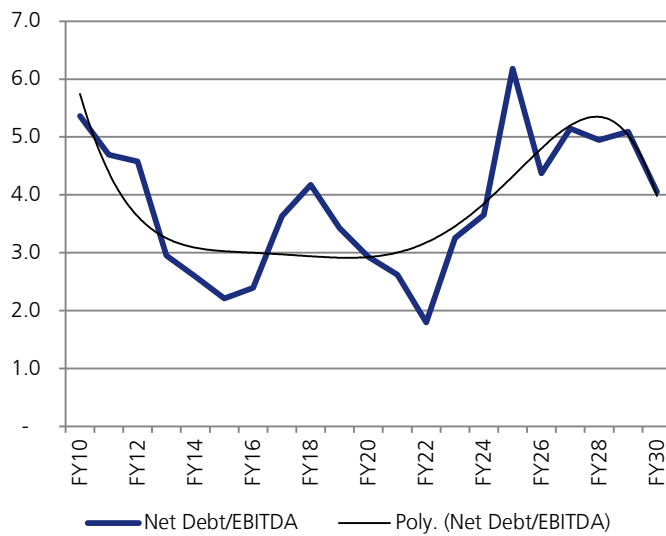
Source: Company, JM Financial

Exhibit 31. RoCE (%)



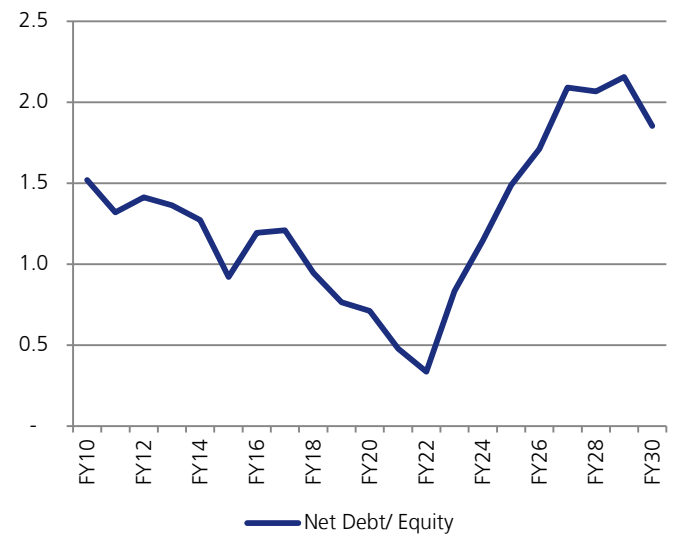
Source: Company, JM Financial

Exhibit 32. Net Debt/EBITDA



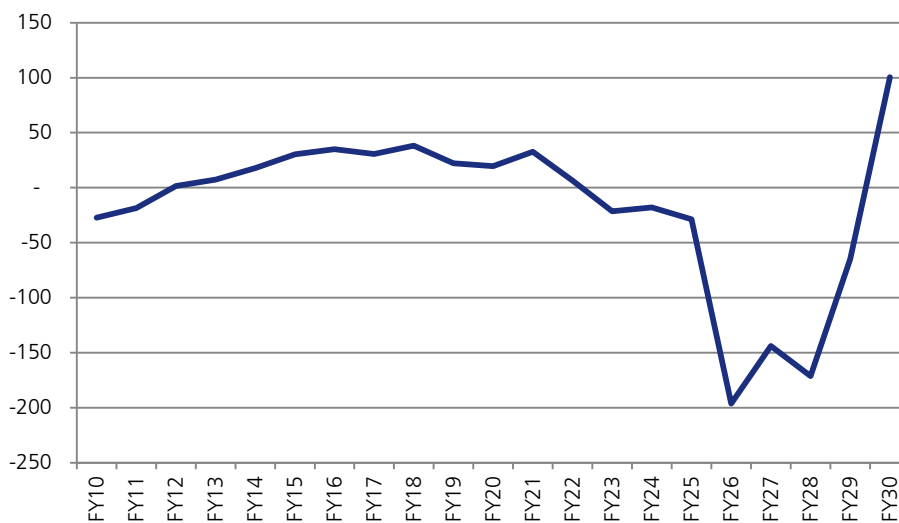
Source: Company, JM Financial

Exhibit 33. Net Debt/Equity



Source: Company, JM Financial

Exhibit 34. Free cash flows (INR bn)



Source: Company, JM Financial

**Exhibit 35. Valuation table**

Particulars	Capacity (Installed+ Under Construction+ Pipeline) (MW)	EBITDA (INR mn)	Basis	x	Total Value (INR mn)	INR/Sh
Thermal (Barmer, Ratnagiri, Vijaynagar, Utkal, KSK and Salboni)	5658+1600+1800	55,859	EV/EBITDA Sep'27	10	564,172	323
Hydro (Baspa, Karcham Wangtoo & Kutehr)	1391+240	12,604	EV/EBITDA Sep'27	14	176,463	101
Renewables (Incl O2 Power)	5719+11143	88,910	EV/EBITDA Sep'27	14	1,244,742	712
Net Debt (Post reduction of PSP debt)					790,475	452
Energy Storage			DCF		11,762	7
JSW Steel(70 mn shares)					73,330	36
<b>Equity Value</b>					<b>1,279,994</b>	<b>726</b>

CMP 533

Upside 36%

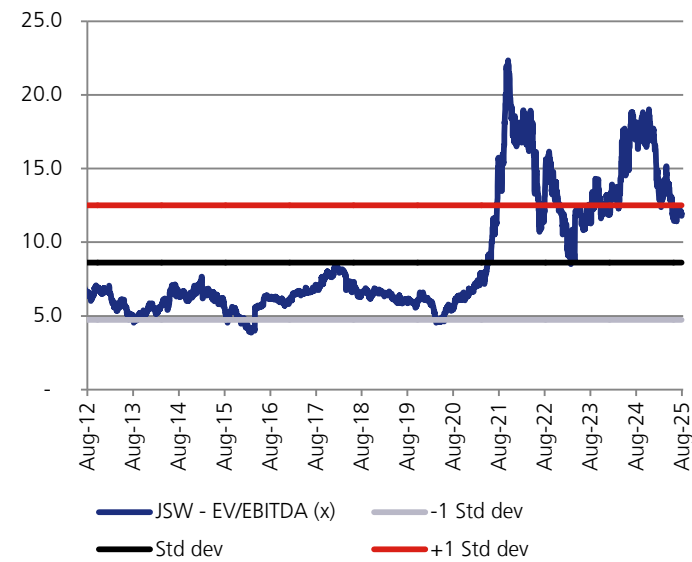
Source: Company, JM Financial

**Exhibit 36. Change in estimates**

Year-end Mar31 (INR mn)	FY26E	FY27E	FY28E
<b>Revenues</b>			
Old	227,455	253,294	308,460
New	225,430	248,966	300,303
Chg	-0.89%	-1.71%	-2.64%
<b>EBITDA</b>			
Old	118,729	141,023	188,525
New	115,097	135,288	179,458
Chg	-3.06%	-4.07%	-4.81%
<b>EBITDA Margins</b>			
Old	52.20%	55.68%	61.12%
New	51.06%	54.34%	59.76%
bps	-114bps	-134bps	-136bps
<b>PAT</b>			
Old	35,021	36,722	58,095
New	29,078	33,164	50,212
Chg	-16.97%	-9.69%	-13.57%
<b>FD EPS</b>			
Old	20	21	33
New	17	19	29
Chg	-16.97%	-9.69%	-13.57%

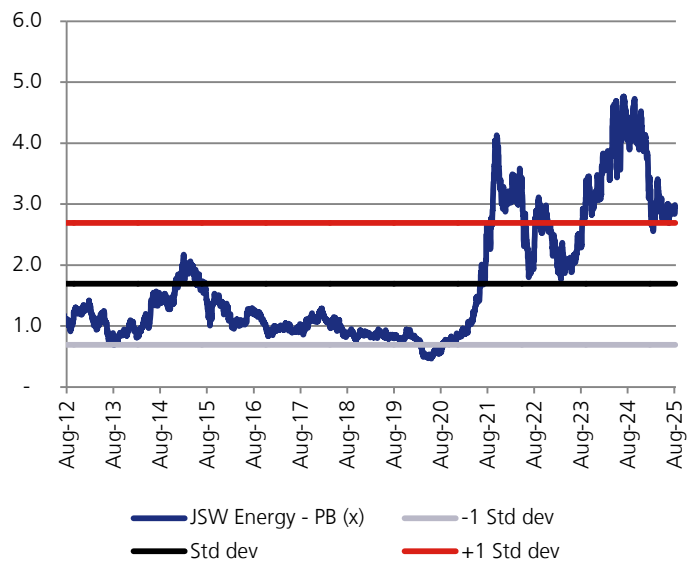
Source: Company, JM Financial

Exhibit 37. P/E (x)



Source: Bloomberg, JM Financial

Exhibit 38. P/B (x)



Source: Bloomberg, JM Financial

## Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,14,859	1,17,454	2,25,430	2,48,966	3,00,303
Sales Growth	11.2%	2.3%	91.9%	10.4%	20.6%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>1,14,859</b>	<b>1,17,454</b>	<b>2,25,430</b>	<b>2,48,966</b>	<b>3,00,303</b>
Cost of Goods Sold/Op. Exp	47,070	45,964	85,867	86,155	86,445
Personnel Cost	3,645	4,643	6,116	6,881	8,600
Other Expenses	10,326	14,639	18,349	20,643	25,800
<b>EBITDA</b>	<b>53,818</b>	<b>52,208</b>	<b>1,15,097</b>	<b>1,35,288</b>	<b>1,79,458</b>
EBITDA Margin	46.9%	44.4%	51.1%	54.3%	59.8%
EBITDA Growth	64.0%	-3.0%	120.5%	17.5%	32.6%
Depn. & Amort.	16,334	16,546	37,250	46,831	55,530
EBIT	37,484	35,662	77,847	88,457	1,23,928
Other Income	4,554	8,941	6,763	12,448	15,015
Finance Cost	20,534	22,691	47,213	58,269	74,450
PBT before Excep. & Forex	21,504	21,912	37,397	42,636	64,493
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	21,504	21,912	37,397	42,636	64,493
Taxes	4,423	2,310	8,227	9,380	14,188
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	184	547	547	547	547
Reported Net Profit	17,247	19,829	29,397	33,484	50,532
<b>Adjusted Net Profit</b>	<b>17,228</b>	<b>19,509</b>	<b>29,078</b>	<b>33,164</b>	<b>50,212</b>
Net Margin	15.0%	16.6%	12.9%	13.3%	16.7%
Diluted Share Cap. (mn)	1,747.8	1,747.8	1,747.8	1,747.8	1,747.8
<b>Diluted EPS (INR)</b>	<b>9.9</b>	<b>11.2</b>	<b>16.6</b>	<b>19.0</b>	<b>28.7</b>
Diluted EPS Growth	26.9%	13.2%	49.0%	14.1%	51.4%
Total Dividend + Tax	3,831	3,496	2,940	3,348	5,053
Dividend Per Share (INR)	2.2	2.0	1.7	1.9	2.9

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	21,669	22,139	37,397	42,636	64,493
Depn. & Amort.	16,334	16,546	37,250	46,831	55,530
Net Interest Exp. / Inc. (-)	18,303	19,361	40,450	45,821	59,435
Inc (-) / Dec in WCap.	10,085	-15,879	3,869	-1,492	-3,254
Others	-197	-492	19	19	19
Taxes Paid	-3,857	-3,291	-8,227	-9,380	-14,188
<b>Operating Cash Flow</b>	<b>62,337</b>	<b>38,385</b>	<b>1,10,758</b>	<b>1,24,436</b>	<b>1,62,035</b>
Capex	-80,328	-67,086	-2,97,051	-2,68,330	-3,33,250
Free Cash Flow	-17,990	-28,701	-1,86,293	-1,43,895	-1,71,215
Inc (-) / Dec in Investments	-4,981	-1,72,354	-1,616	-1,696	-1,781
Others	2,132	3,707	6,763	12,448	15,015
<b>Investing Cash Flow</b>	<b>-83,177</b>	<b>-2,35,733</b>	<b>-2,91,903</b>	<b>-2,57,578</b>	<b>-3,20,016</b>
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-3,468	-3,639	-2,940	-3,348	-5,053
Inc / Dec (-) in Loans	43,405	1,83,612	1,56,236	1,75,626	2,10,114
Others	-17,170	22,260	2,544	-58,377	-24,577
<b>Financing Cash Flow</b>	<b>22,767</b>	<b>2,02,234</b>	<b>1,55,841</b>	<b>1,13,900</b>	<b>1,80,484</b>
<b>Inc / Dec (-) in Cash</b>	<b>1,927</b>	<b>4,886</b>	<b>-25,305</b>	<b>-19,243</b>	<b>22,503</b>
Opening Cash Balance	40,139	42,066	46,952	21,647	2,405
Closing Cash Balance	42,066	46,952	21,647	2,405	24,908

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	2,08,317	2,73,614	3,49,751	3,79,567	4,74,726
Share Capital	16,412	17,453	17,453	17,453	17,453
Reserves & Surplus	1,91,905	2,56,161	3,32,299	3,62,114	4,57,273
Preference Share Capital	0	0	0	0	0
Minority Interest	1,825	17,236	17,236	17,236	17,236
Total Loans	2,80,252	4,54,142	6,05,378	7,76,004	9,86,118
Def. Tax Liab. / Assets (-)	13,390	30,834	30,834	30,834	30,834
<b>Total - Equity &amp; Liab.</b>	<b>5,03,784</b>	<b>7,75,826</b>	<b>10,03,200</b>	<b>12,03,641</b>	<b>15,08,914</b>
Net Fixed Assets	3,92,313	6,44,362	9,04,163	11,25,662	14,03,382
Gross Fixed Assets	3,58,300	5,71,095	8,34,555	9,66,645	11,69,135
Intangible Assets	28,580	84,422	84,422	84,422	84,422
Less: Depn. & Amort.	97,418	1,13,965	1,51,214	1,98,046	2,53,576
Capital WIP	1,02,851	1,02,809	1,36,400	2,72,640	4,03,400
Investments	80,849	1,01,957	1,01,957	1,01,957	1,01,957
Current Assets	1,09,529	1,53,069	1,52,298	1,39,468	1,74,038
Inventories	8,307	9,053	17,376	19,190	23,147
Sundry Debtors	8,442	13,198	27,793	30,694	37,024
Cash & Bank Balances	42,066	46,952	21,647	2,405	24,908
Loans & Advances	0	0	0	0	0
Other Current Assets	50,714	83,866	85,482	87,178	88,960
Current Liab. & Prov.	78,907	1,23,563	1,55,218	1,63,446	1,70,464
Current Liabilities	19,649	20,504	42,290	50,514	57,547
Provisions & Others	59,258	1,03,059	1,12,928	1,12,932	1,12,917
Net Current Assets	30,622	29,506	-2,920	-23,978	3,574
<b>Total - Assets</b>	<b>5,03,784</b>	<b>7,75,826</b>	<b>10,03,200</b>	<b>12,03,641</b>	<b>15,08,914</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	15.0%	16.6%	12.9%	13.3%	16.7%
Asset Turnover (x)	0.2	0.2	0.2	0.2	0.2
Leverage Factor (x)	2.7	3.1	3.3	3.5	3.6
RoE	8.7%	8.1%	9.3%	9.1%	11.8%

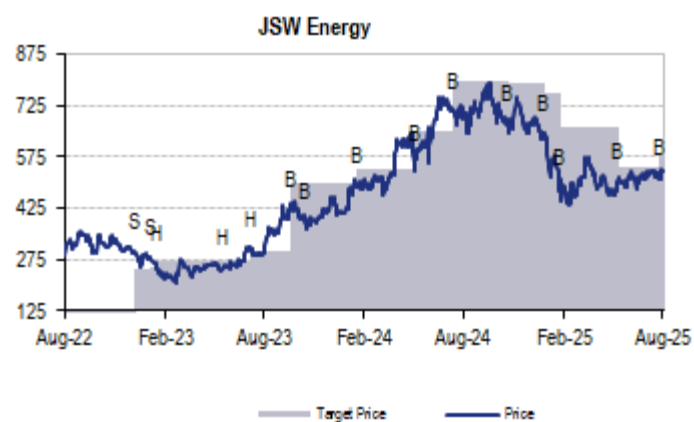
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	119.2	156.6	200.1	217.2	271.6
ROIC	9.3%	6.6%	8.4%	7.2%	8.0%
ROE	8.7%	8.1%	9.3%	9.1%	11.8%
Net Debt/Equity (x)	1.1	1.5	1.7	2.0	2.0
P/E (x)	54.1	47.8	32.0	28.1	18.6
P/B (x)	4.5	3.4	2.7	2.5	2.0
EV/EBITDA (x)	21.8	26.0	13.3	12.7	10.6
EV/Sales (x)	10.2	11.5	6.8	6.9	6.4
Debtor days	27	41	45	45	45
Inventory days	26	28	28	28	28
Creditor days	80	79	102	110	124

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
14-Dec-22	Sell	245	
11-Jan-23	Sell	250	2.2
21-Jan-23	Hold	270	8.0
24-May-23	Hold	270	-0.1
15-Jul-23	Hold	300	11.2
25-Sep-23	Buy	500	66.7
21-Oct-23	Buy	500	0.0
24-Jan-24	Buy	540	8.0
8-May-24	Buy	648	20.0
19-Jul-24	Buy	793	22.3
25-Oct-24	Buy	791	-0.2
1-Jan-25	Buy	759	-4.1
30-Jan-25	Buy	659	-13.2
16-May-25	Buy	543	-17.5
1-Aug-25	Buy	571	5.2

## Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

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