

About the Company

JSW Energy Ltd (JSWE) operates across the entire power sector value chain, with diversified assets across 11 states. The company is engaged in power generation, transmission, and emerging segments such as energy storage systems (ESS) and Green Hydrogen, positioning itself as a key player in the transition to sustainable energy solutions.

Investment Rationale

- **Acquisition of RE platform from O2 Power:** JSWE on 9th Apr'25 informed that it has completed the acquisition of 4,696 MW of RE platform from O2 Power. 2,259 MW of the O2 power assets are to be operationalised by Jun'25 and will contribute to a steady state EBITDA of Rs 1,500 Cr. Additionally, Rs. 13,500 Cr of capital expenditure will be incurred to reach the total operational capacity of 4,696 MW by Jun'27 post which the platform will have a steady state annualised EBITDA of Rs 3,750 Cr. The O2 power assets have a blended tariff of Rs 3.37/KWh with high-quality off-takers like SECI, SJVN, and NTPC.
- **Acquisition of KSK Mahanadi:** As of 4th March 2025, JSWE has completed the acquisition of KSK Mahanadi Power Company Limited. KSK Mahanadi's 1,800 MW is fully operational and tied up.
- **Capacity Expansion:** During Q4FY25, the company commissioned 284 MW of wind projects, 350 MW of the Utkal Unit-2 plant and completed the acquisition of 1,800 MW of the KSK Mahanadi Thermal Plant. Total operational capacity stood at 10.9 GW at the end of Q4FY25 (vs 8.1 GW during Q3FY25). The company's consolidated installed capacity is expected to be 14 GW by Jun'25. Its locked-in capacity has increased to 28.3 GW and is on track to achieve its target of 20 GW of installed capacity before the initial guidance of 2030.
- **Good results expected:** In Q4FY25, JSWE's Revenue/EBITDA is expected to grow YoY/QoQ (Revenue to grow 16.8% YoY and 31.9% QoQ while EBITDA to grow 10.1% YoY and 40.9% QoQ), led by improvement in power generation, addition of operational capacity and increase in merchant tariffs.
- **Pick-up in power demand:** Cumulative all-India electricity demand over Jan-Mar'25 stood at 416 BU as compared to 400 BU for the same period last year. In Q4FY25, electricity demand improved with the early onset of summer and peak demand reaching up to 238 GW during Q4FY25 in Feb'25 (vs. 224 GW during Q4FY24 in Jan'24). Improvement in demand is also reflected in improved merchant prices, as IEX DAM prices in Q4FY25 stood at Rs 4.4/KWH vs 3.7/KWH during Q3FY25. The company has ~28% of its portfolio available for sale in merchant markets and is expected to benefit from the increase in DAM Prices.

Valuation & recommendation:

- JSWE has an aspiration to reach 20 GW of generation and 5 GW/40 GWh of energy storage capacity by FY30 under its strategy 2.0 plan. After recent acquisitions, its locked-in capacity has increased to 28.3 GW. We believe that with the recent price corrections and expected pick-up in demand in the summer, **the current CMP provides a good entry point. We recommend a BUY rating on the stock with a target price of Rs 530/share, implying an upside of 10% from the CMP.**

Financial Summary

Y/E	Net Sales	EBITDA	Net Profit	EPS	PER	EV/EBIDTA	P/BV	RoE
March	(Rs Cr)	(Rs Cr)	(Rs Cr)	(Rs)	(x)	(x)	(x)	(%)
FY24	11,486	5,382	1,725	10.5	59.5	23.4	4.9	8.7
FY25E	14,082	7,438	2,593	14.8	33	15.5	3.1	10.6
FY26E	16,536	9,155	3,038	17.4	28.2	13.3	2.8	10.4
FY27E	19,280	11,222	3,806	21.8	22.5	11.4	2.6	11.9

The above financial summary is without considering the contribution from KSK Mahanadi and O2 Portfolio. Source: Axis Securities; CMP as on 9th April, 2025

Duration: 3-6 Months

CMP (Rs) 482

Target Price (Rs) 530

Upside (%) 10%

| Why JSW Energy Ltd

- ✓ **Growth through Acquisitions**
- ✓ **Capacity Expansion Plans on Track**
- ✓ **Good Results Expected**
- ✓ **Pick-up in Power Demand**

| Key risks

- ✓ **Delay in execution of projects and issuance of tenders**
- ✓ **Fluctuation in short-term realisations**
- ✓ **Delay in signing PPAs**

MARKET DATA

No. of Shares 175 Cr

Market Cap 84,277 Cr

52-week High / Low 805 / 419

BSE Code 533148

NSE Code JSWENERGY

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| OBJECTIVE



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| Axis PUNCH is strong research based idea based on



Events Based: Our recommendations are based on the following critical factors, providing a comprehensive approach to medium-term investment opportunities:

- **Company-Specific Events:** Recommendations consider significant company-specific events such as new orders, product launches, acquisitions, management changes, and the commissioning of new plants.
- **Commodity Price Fluctuations:** We analyze changes in commodity prices, including metals, cement, chemicals, and pharmaceutical materials.
- **Macro-Economic Events:** Key macroeconomic events such as RBI Monetary Policy, US Fed decisions, inflation rates, GDP figures, budget announcements, and changes in government policies are factored into our recommendations.
- **Sector Developments:** Material developments within sectors, including monthly production and sales numbers in industries like Auto, Cement, and Steel, as well as competitive landscape changes due to business actions or new entrants/exits, are considered.
- **Earnings Surprises:** We identify companies expected to report better-than-anticipated earnings in upcoming quarters.
- **Corporate Actions:** Corporate actions such as mergers and acquisitions, capital raising programs, and regulatory announcements that impact a company or its industry form crucial elements for our recommendations.

Strategic Insights: Benefit from insights based on a blend of critical business events, economic trends, and thorough company valuations.

Informed Decisions: Make well-informed investment decisions backed by the expertise of our dedicated research team.

Medium-term Horizon: Enjoy the medium-term investment strategy, perfectly suited for those looking to optimize returns over 3 to 6 months.

| Why to choose Axis PUNCH



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