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Quarterly Result Update

JSW Energy Ltd.

23nd July 2026

JSW Energy Ltd

Reco BUY

Industry	Utilities
LTP (22 July, 2026)	562
Buying Range	538-555
Add on Dips	487
Target	639
Time Horizon	4 Quarters

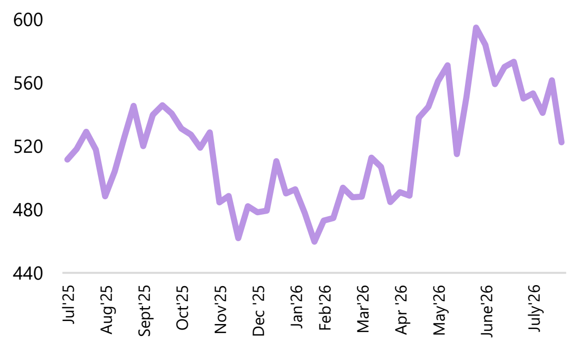
Stock Info

BSE Code	533148
NSE Code	JSWENERGY
Bloomberg	JSW IN
Equity Capital (Rs Cr)	1833
Face Value (Rs)	10
Equity Share O/S (Cr)	183.35
Market Cap (Rs Cr)	1,03,015
Book Value (Rs)	175
Avg. 52 Wk Volumes	33,60,488
52 Week High	617
52 Week Low	428

Share Holding Pattern (%) (Jun'26)

Promoters	66.5
Institutions	27.5
Government	0.1
Non-Institutions	5.9
Total	100.0

One Year Price Chart



* Refer at the end for explanation on Risk Ratings

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Mixed quarter; outlook remains intact

JSW Energy reported revenue growth of 1.2%/15.75% YoY/QoQ to Rs 4,967 Cr, led by a robust 1.1GW commissioning of renewable assets in the quarter. EBITDA numbers improved to Rs 2,833.6 Cr (+1.6%/26% YoY/QoQ), whereas EBITDA margins relatively improved to 54.4% against 54.2% in Q1FY26. The company noticed a significant decline in PAT numbers, de-growing -41%/-14% YoY/QoQ to Rs 493 Cr, primarily due to partial unavailability of thermal assets (primarily KSK Mahanadi and Utkal), lower Hydro output as well as rising depreciation and finance costs associated with the company's ongoing expansion.

Thermal: *Total Net Generation declined 6% YoY (LT generation -6% YoY, ST generation -3% YoY) to 8.0 BU (6.4 BU and 1.6 BU respectively), impacted by lower generation from Mahanadi and Ratnagiri plants as well as Utkal TPP's shift to LT-tie up. This also led to EBITDA falling by -11% YoY to Rs 1,392 Cr. Thermal PLF % came in at 63% against 79% in Q1FY26*

Renewables: *Company added a total of 873 MW in Q1FY27 (1,081 MW as of 8th July, 2026). Subdued Hydro generation led to a decline of -3% YoY Net generation of 4,840 MU. Nonetheless, Renewable revenues increased 17% YoY to Rs 1,740 Cr driven by contribution from both organic capacity additions and O2 Power RE portfolio.*

While we marginally lower our earnings estimate for FY27E and FY28E, we keep our rating on the stock unchanged to BUY with a target price of Rs 639, as we expect JSW Energy to report a Revenue/EBITDA/PAT CAGR% of 16.9%/21.2%/20.4%, valuing Thermal/Hydro/Renewables businesses at 11x/11x/12x FY28E EV/EBITDA.

Key Earnings Concall Takeaways

- The company is in the process of acquiring Maruti Clean Coal & Power at an enterprise value of Rs 1,410 Cr. The plant has a long-term PPA with Rajasthan DISCOM for 195 MW, 5% off-take to Chhattisgarh, and 64 MW under merchant capacity.
- Operations at the JSK Mahanadi thermal plant were impacted by a one-off evacuation availability issue due to force majeure, which lasted 17 days and led to lower generation of ~184 MU; operations have normalised since June'26.
- The transition of the Utkal thermal plant from short-term merchant sales to a long-term tie-up was the key reason for lower output from the unit.
- The company has guided for capex of Rs 20,000 Cr for FY27 and remains on track to add 3 GW of renewable assets in the current fiscal, with 1.1 GW already commissioned as of July'26.
- All upcoming projects are fully tied up with PPAs and have evacuation available under GNA, reducing the risk of evacuation constraints and curtailment.
- The company remains committed to keeping net leverage below 5x by 2030, even as it continues to step up growth investments, and expects the Utkal plant to deliver higher EBITDA on the back of stable operations under the PPA.
- JSW Salboni continues to progress steadily, with land already in possession, equipment orders placed, and the civil package awarded.
- KSK Mahanadi's 1,800 MW under-construction project has already completed one 600 MW unit, while BOP infrastructure is in place across all three units. Equipment order for one unit has been placed, and orders for the remaining two are under discussion
- BESS projects are expected to generate margins of $2-2.75/kWh, translating into close to $15 million (~Rs 140-150 Cr) of EBITDA annually.
- Management also plans to scale container size from 5 MWh to ~7 MWh, which should further improve economics in the segment.
- Renewable capacity increased by 1,081 MW as of July 8 (Solar +442 MW, Wind +108 MW, Hybrid +381 MW, Hydro +150 MW), taking total capacity to 14,535 MW.
- The 150 MW Tidong hydro plant was commissioned on June 12, ahead of its October'26 schedule. Of this, 75 MW has been tied up with UPPCL, while the balance will be sold on a merchant basis.
- Weak hydrology weighed on hydro generation, which led to a decline of 45% YoY to 1,059 MU, with PLF moderating to 36% in Q1FY27 from 66% in Q1FY26.
- Management anticipates significantly high teen IRRs for pumped storage projects and considers the Maruti Clean Coal acquisition very value accretive on an EV/EBITDA basis.

Valuation & Recommendation

JSW Energy's diversified portfolio across thermal, renewable and hydro segments provides earnings resilience, while a 96% tied-up installed capacity ensures strong visibility on near-term cash flows. With its entire upcoming renewable pipeline tied up under PPAs, growth visibility remains strong. Near-term margin pressure from expansion is likely to be partly offset by backward integration into boilers, wind turbines and BESS, supporting lower capital costs, better supply-chain control and improved execution. This integrated approach should also enhance operating efficiency over time, reinforcing confidence in the company's long-term growth trajectory.

While we marginally lower our earnings estimate for FY27E and FY28E, we keep our rating on the stock **unchanged to BUY with a target price of Rs 639**, as we expect JSW Energy to report a Revenue/EBITDA/PAT CAGR% of 16.9%/21.2%/20.4%, valuing Thermal/Hydro/Renewables businesses at 11x/11x/12x FY28E EV/EBITDA.

Risks & Concerns

- The company's aggressive capacity expansion, encompassing 14GW under construction and a 4.5GW pipeline, faces substantial execution risk given its reliance on 75–80% debt financing. The path to commissioning remains fraught with critical bottlenecks, including complex regulatory approvals, shifting policy frameworks, and land acquisition hurdles. Furthermore, securing timely grid connectivity and necessary environmental clearances represents a primary challenge to operational ramp-up. Any failure to navigate these technical and administrative obstacles will directly defer revenue generation and compress margins, threatening the anticipated project returns.
- The company carries substantial debt on its books, with management targeting a net debt-to-EBITDA ratio of 5x–5.5x by 2030, reflecting elevated leverage levels. Rising debt, coupled with steep interest costs that are likely to increase further with ongoing capex, could compress margins and suppress ROCE/ROE over the next few fiscals. Free cash flow generation may remain under pressure as JSW Energy continues to invest heavily in renewable, pumped storage and BESS projects, limiting its ability to deleverage quickly. Compared to pure-play renewable peers with stronger return ratios, JSW Energy's higher leverage and interest burden pose a risk to margin expansion and valuation re-rating unless execution improves and cash flows strengthen.

Financial Summary

Particulars (in Rs Cr)	Q1FY27	Q1FY26	YoY-%	Q4FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Total Operating Income	5,207	5,143	1.2%	4,498	15.8%	11,486	11,745	18,901	21,045	25,850
EBITDA	2,834	2,789	1.6%	2,250	26.0%	5,382	5,221	10,064	11,111	14,789
APAT	471	743	-36.6%	372	26.8%	1,723	1,951	2,239	1,703	3,244
Diluted EPS (Rs)	2.6	4.2	-39.3%	2.1	21.5%	10.5	11.2	12.8	9.7	18.5
RoE %						8.7	8.1	7.3	4.8	8.2
P/E (x)						53.5	47.8	43.8	58.0	30.4
EV/EBITDA (x)						24.2	28.4	17.3	15.2	11.0

(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

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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. This 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.

Disclosure:

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