



EQUITY RESEARCH REPORT

JSW ENERGY

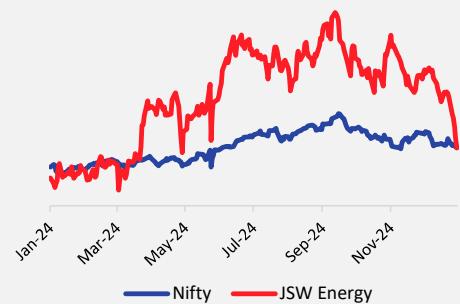
High Capex, Focus on Green Energy

Recommendation	: xxx
CMP	: Rs 437.10
Target Price	: xxx

Stock Data (As on Feb 14, 2025)

NIFTY	: 22929.00
52 Weeks H/L (INR)	: 26277.35
Market Cap (In Crs)	: 76403.20
O/S Shares (Crs)	: 164.47
Dividend Yield (%)	: 0.46%
NSE Code	: JSWENERGY

Relative Stock Performance - 1Y



Absolute Returns

3 Months	1 Year	3 Year
-25.97%	16.02%	70.01%

Shareholding Pattern (As on Jan 10, 2025)

Promoters	: 69.32%
FII	: 14.92%
DII	: 09.78%
Public	: 05.81%
Others	: 00.15%

Absolute Returns

In INR Crs	FY 24	FY 25 E	FY 26 E
Net Revenue	11,485.91	14,585.00	17,355.00
YoY Growth %	11.17%	26.98%	18.99%
EBITDA	5,381.78	7,624.00	9,468.00
EBITDA %	63.98%	41.66%	24.19%
PAT	1,725.00	3,485	4,213.00
YoY Growth %	16.55%	41.00%	21.80%
EPS (In INR)	10.47	21	25.53
ROE %	8.40%	8.70%	11.30%
Debt/Equity	1.1	1.5	1.5

About the Company:

Incorporated in 1994, JSW Energy Limited (JSWE) is a prominent entity within the \$24 billion JSW Group, a diversified conglomerate with operations in energy, infrastructure, steel, cement, paints, and electric vehicles. JSWE is a key player in India's power generation sector, with operations spanning 11 states and a current installed capacity of 7.7 GW. The company has a locked-in portfolio of 24.7 GW, of which ~20.9 GW is focused on renewable energy.

JSWE is aggressively expanding its renewable energy footprint, targeting 12 GW of installed capacity by June 2025 following its acquisition of the 4.69 GW O2 Power platform. The company has set an ambitious goal of achieving 20 GW of total installed capacity by 2030. It is also investing in innovative energy solutions such as Floating Solar and Distributed Renewable Energy (FDRE), hybrid power plants, energy storage systems, and green hydrogen initiatives, reinforcing its commitment to sustainability and India's clean energy goals.

Valuation Rationale:

JSW Energy, under its Strategy 2.0 plan, targets 20 GW of power generation and 5 GW/40 GWh of energy storage capacity by FY30, with its locked-in capacity rising to 25 GW after acquiring O2 Power. The company's focus on disciplined bidding, efficient project execution, and self-managed operations ensures strong returns. Trading at 15.7x 12-month forward EV/EBITDA, above its long-term average of 9.5x, JSWE commands a premium valuation due to its diversified business, ambitious growth plans, and proven execution capabilities.

Recent Highlights:

- ✓ Total Revenue increased moderately by 2% YoY at 3,459 cr attributed through higher sales, expansions, and better pricing strategies.
- ✓ While the total revenue has grown, but reported EBITDA declined by 5% YoY to 1,907 cr, suggesting rising costs or operational inefficiencies.
- ✓ Company has maintained its net profit at 853 cr with 3% growth YoY despite the declining EBITDA indicating effective tax planning.
- ✓ JSW Energy tops rivals Adani, NTPC as highest bidder for KSK Mahanadi Power, Chhattisgarh emerging as the highest bidder offering 15,985 cr on Oct 29 2024. The acquisition includes a 3,600 MW thermal power plant.
- ✓ JSW Energy appointed Feby Koshy as Executive Vice President - Head Of Thermal, which was effected from Dec 30 2024. Koshy comes with over 32 years of experience in the power sector, including 13 years of experience at JSW Energy only.
- ✓ JSW Energy acquired 125 MW of renewable energy assets from Hetero Group for a value of about 630 cr comprising wind projects located in Andhra Pradesh & Maharashtra on Jan 10 2025.

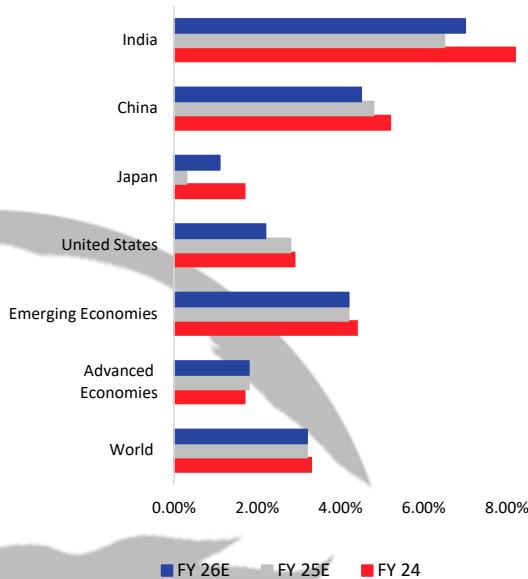
Global Economy:

As of January 2025, the global economy exhibits a mixed outlook, with growth forecasted at 3.3% for 2025 and 2026, slightly below the pre-pandemic average of 3.7%. Key economies like the U.S. are witnessing resilience, with growth revised upward to 2.7%, supported by robust consumer spending. However, European growth remains sluggish, with Germany and France facing headwinds from weakened manufacturing activity and policy uncertainties. Inflation continues its downward trajectory, expected to stabilize at 3.5% by 2026, aided by tighter monetary policies and easing supply chain pressures.

Geopolitical shifts, including Donald Trump's re-election, are likely to add volatility to global trade and investment, given his historical stance on protectionist policies and realignment of trade agreements. Additionally, China's steady recovery, with 5% growth in 2024, provides some stability, although challenges persist due to its high debt levels and evolving policy environment. Risks such as rising trade barriers, fiscal constraints in developing nations, and elevated energy prices underline the fragile nature of global recovery.

This complex landscape underscores the importance of monitoring macroeconomic indicators and geopolitical developments as they unfold.

Global GDP Predictions (%)



Source: World Economic Outlook, IMF

Indian Economy:

Indian economy is demonstrating robust growth prospects, with the International Monetary Fund (IMF) projecting a 6.5% real GDP increase for both 2025 and 2026, aligning with the nation's potential output.

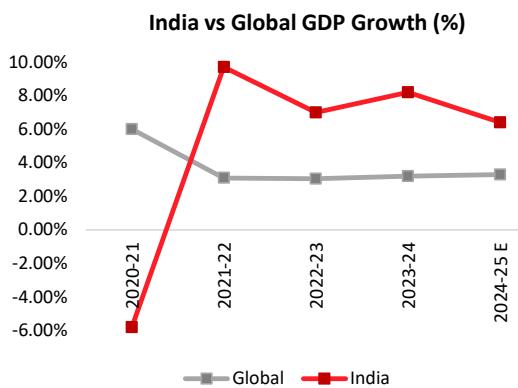
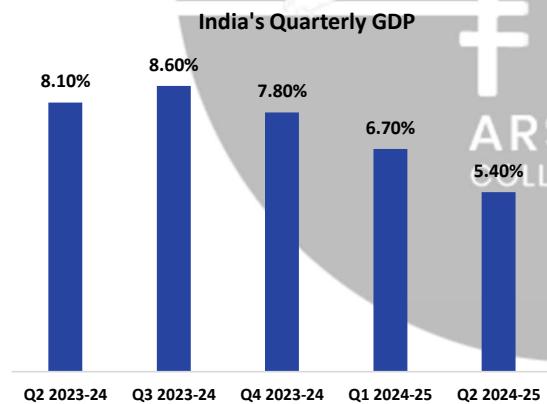
The Reserve Bank of India (RBI) anticipates a GDP growth rate of 6.2% for the October-December quarter of 2024, up from 5.4% in the previous quarter, reflecting strengthening domestic demand. Rural demand is bolstered by favorable agricultural conditions, while public infrastructure investments are expected to stimulate key sectors.

Inflation has moderated to 5.22% in December 2024, though persistent food inflation necessitates vigilant monitoring.

Concerns of a potential slowdown are emerging, driven by weak corporate earnings, negative momentum in industrial production, and declining exports. Core sector growth slowed to 2.8% in November 2024, the lowest in eight months, signaling stress in key industries.

High-frequency indicators, including electricity generation and rail freight, also reflect mixed trends.

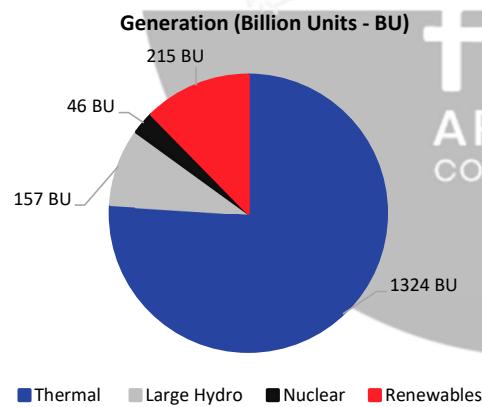
Despite these challenges, India's gross fixed capital formation remains strong, driven by public capex and private sector participation. Proactive measures by the government to enhance rural consumption and stabilize fiscal deficits are expected to offset global headwinds and sustain the country's growth trajectory.



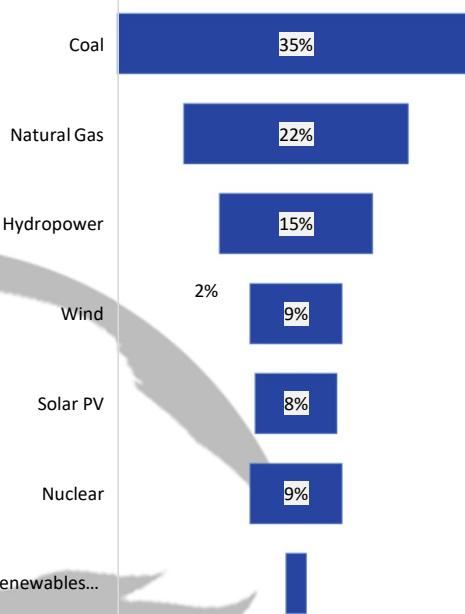
Source: OECD, IMF, MOPS Report

Global Power Industry:

The global power sector is undergoing a transformative shift, driven by the twin forces of energy transition and rising electricity demand. As of 2023, the energy transition market was valued at USD 1,769.80 billion, projected to grow at a CAGR of 15.41%, reaching USD 6,474.40 billion by 2032. Despite this rapid transition, coal-fired power still dominates the global electricity mix at 36%, with natural gas at 23% and nuclear power at 9.8%, underscoring the continued reliance on conventional baseload generation. However, renewables are gaining momentum, supported by falling costs, improved storage technologies, and aggressive policy backing. The International Energy Agency (IEA) forecasts a 60% surge in global renewable capacity by 2026, exceeding 4,800 GW, equivalent to today's total fossil fuel and nuclear capacity. Solar PV alone is expected to drive over half of this expansion, aided by an 80% reduction in installation costs since 2010. Meanwhile, global energy consumption is growing at 1-2% annually, fueled by economic expansion and population growth. While the transition to a greener power mix is inevitable, challenges persist, including infrastructure bottlenecks, intermittency issues, and geopolitical uncertainties affecting energy security. The power sector's future will likely be defined by a balancing act between sustainability, reliability, and affordability as nations navigate the complexities of decarbonization while ensuring stable electricity supply.



Global Electricity Generation Mix 2024

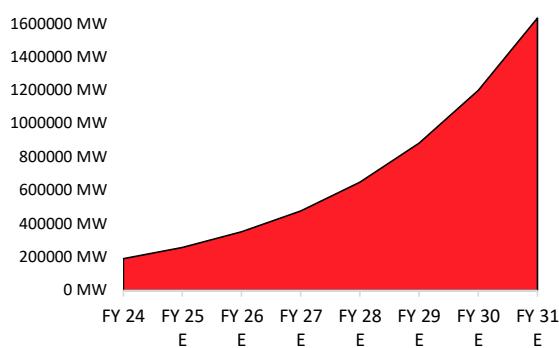


Source: International Energy Agency (IEA)

Indian Economy:

India's power sector is undergoing a significant transformation, driven by policy initiatives aimed at enhancing efficiency, promoting competition, and increasing the share of renewable energy in the country's energy mix. In the fiscal year 2023-24, India's total electricity generation reached approximately 1,949 TWh, with utilities contributing 1,734 TWh. The national electric grid's installed capacity stood at 442.0 GW as of March 31, 2024, with renewable energy sources, including large hydroelectric power plants, accounting for 43% of this capacity. Despite the growing emphasis on renewables, coal remains a dominant energy source, accounting for 75% of electricity generation in 2023. However, the government has outlined plans to halt new fossil fuel power plant constructions, aside from those already underway, signaling a shift towards cleaner energy. The National Electricity Plan 2023-2027 projects that non-fossil fuel generation will constitute approximately 44.7% of total electricity generation by 2029-30. This transition is supported by India's ranking as the fourth-largest globally in renewable energy installed capacity, with significant advancements in solar and wind power. The country's solar energy sector has experienced a compound annual growth rate of 36.5% over the past 11 years, bolstered by favorable government policies and substantial project uptake. Additionally, the government has set an ambitious target to source half of its installed electricity capacity from renewable sources by 2030, a goal that could be achieved as early as 2026-27. These developments underscore India's commitment to a sustainable and diversified energy future.

Renewable Energy Capacity Forecast



Source: Ministry of Power, GOI



JSW ENERGY

Company Analysis:

JSW Energy Ltd., one of India's leading power generation companies, operates a diverse portfolio of thermal, hydro, and solar power plants with a total installed capacity of over 6 GW. The company has a strong operational presence across key states, including Maharashtra, Karnataka, Rajasthan, and Himachal Pradesh, ensuring a balanced mix of energy sources. With a growing focus on renewable energy, JSW Energy aims to achieve 10 GW of installed capacity by 2025 and become a net-zero carbon emitter by 2050. Its operational efficiency and emphasis on sustainable growth position it as a significant contributor to India's energy transition.

Thermal Power Generation

JSW Energy's thermal power segment is its largest contributor, with an installed capacity of approximately 3,158 MW, spread across Maharashtra (Ratnagiri), Karnataka (Vijayanagar), and Rajasthan (Barmer). The company strategically locates its thermal plants near coal supply sources and industrial belts, optimizing logistics and operational costs. However, dependency on coal raises concerns about regulatory risks, fluctuating fuel prices, and environmental compliance, especially with India's focus on transitioning to cleaner energy. While thermal power remains critical for base load requirements, diversifying away from coal will be key for long-term growth and sustainability.



Ratnagiri Thermal Power Plant

Hydroelectric Power

JSW Energy operates a hydroelectric capacity of 1,391 MW in Himachal Pradesh, a stable and environmentally friendly segment. Hydroelectric plants provide a reliable energy source, particularly during peak demand periods, and contribute significantly to the company's renewable portfolio. However, hydropower is subject to seasonal variations and geographic constraints, which may impact consistent output. This segment highlights the company's commitment to maintaining an energy mix that balances sustainability with profitability.



Vijayanagar Thermal Power Plant

Renewable Energy (Wind and Solar)

JSW Energy's renewable capacity of 1,765 MW underlines its push toward sustainability, with plans to expand to 10 GW by 2030. While renewable energy aligns with India's green targets, land acquisition and grid integration remain key challenges for scaling operations effectively.



BASPA Hydro Power Plant

Power Trading and Transmission

The company's trading and transmission operations enable efficient supply-demand management and optimize revenue from excess generation. These services complement its generation portfolio by ensuring seamless power delivery.

Energy Storage and Green Hydrogen

JSW Energy is exploring energy storage and green hydrogen to tackle renewable energy intermittency and support industrial decarbonization. While still in the development phase, these technologies present significant growth opportunities in the long term.



Karchham Wangtoo Hydro Power Plant



JSW ENERGY

Management Analysis:

Leadership:-

Below are the details of Management



Mr. Sajjan Jindal- Chairman and Managing Director

Mr. Sajjan Jindal began his career in 1982 at a steel plant and served as the Chairman of the World Steel Association in 2021-22.

Currently, he leads JSW, ranked fourth in the energy sector behind Tata, Adani, and Reliance. He is a board member of IIM Indore and was appointed the Chairperson of the Board of Governors at IIT Tirupati in 2023.

He shares close political ties with his brother, Naveen Jindal, a Member of Parliament from the Indian National Congress. Under his leadership, JSW Cement is targeting an IPO by 2025.



Mr. Parth Jindal- Non executive, Non independent director

Parth Jindal, passionate about sports since childhood, represented India in squash.

He built JSW's brand value through sports, launching the Sports Excellence Program (SEP) in 2012. He acquired Bengaluru FC, Haryana Steelers, and a 50% stake in Delhi Capitals IPL team. Parth revived JSW Cement and JSW Steel USA and is a co-owner of Delhi Capitals and MD of JSW Paints.

He was awarded the Rashtriya Khel Protsahan Puraskar in 2018.



Mr. Sharad Mahendra-Joining Managing Director and CEO

With expertise in organizational strategy, business growth, sales, and marketing, Sharad has held key roles across industries.

Before his current role, he served as the CEO of JSW Steel Coated Products Ltd. Joining JSW Energy in 2017 as COO, he oversaw power sales, mining, and legal functions, delivering notable achievements like advancing the Kutehr Hydroelectric Project and driving performance improvements.

He was recognized as the Best Marketing & Communication Professional in 2013 and inducted into the Hall of Fame in London.



Mr. Pritesh Vinay- Director of Finance

With 22 years of diverse experience in corporate finance, fundraising, investor relations, M&A, and equity research, he has held key roles in the financial sector.

Prior to joining JSW Energy, he was Vice President of Corporate Finance at JSW Steel Ltd and Head of Group Investor Relations for JSW Group.

His career also includes positions as Group Management Trainee at Aditya Birla Management Corporation, Manager of Equity Research at Edelweiss Capital, and Executive Director at Goldman Sachs Securities.



JSW ENERGY

Management Analysis:

Leadership-:

Below are the details of Management



Mr. Ashok Ramachandran- Whole time director and COO

With over 10 years of experience, Mr. Ashok has led businesses in both mature and emerging markets.

Currently President and CEO at Schindler India, he was previously Managing Director at Schindler Malaysia and Vietnam. Awarded ET 40 Under Forty in 2019, he is also a motivational speaker and mentor, inspiring youth with entrepreneurial skills.



Ms. Rupa Devi Singh- Independent Director

Ms. Rupa is the Founder, Managing Director, and CEO of Power Exchange India Ltd., with over four decades of experience in commercial and investment banking at SBI, as well as strategic consulting and overseas marketing with CRISIL.

A reputed finance specialist, she was awarded 'The Leading Woman CEO' in 2011 and recognized for 'Outstanding Contribution to the India Power Sector.' She was also nominated as a finalist for the Asia Power Woman Award in 2012.



Mr. Sunil Goyal- Independent director

Mr. Sunil is a qualified Chartered Accountant and Founder and Managing Partner of Kreston SGCO Advisors LLP, he is also the founder and mentor of SGCO & Co., leading a team of over 300 professionals.

He is also the former member of Global Board of Kreston International Ltd, UK, where he did specialization in financial and business consultancy, including fundraising, M&A, and strategic alliances.

He is also Chairman at Ladder op Finance Ltd, an independent director at Epsilon Carbon and Indigo Paints, and President of RVG Educational Foundation.



Mr. Munesh Khanna- Independent Director

A Chartered Accountant with over 30 years of experience in corporate advisory and financial services, Mr. Khanna is a Board member and Advisor to several companies.

Formerly the Country Head of N M Rothschild & Sons, he is currently a Director at Blackbay Advisors Pvt Ltd.

He brings extensive expertise in strategic thinking, corporate finance, and structuring across various industries. He also serves as an Independent Director at Gulf Oil Lubricants India, JM Financial ARC, and JM Financial Products Ltd.



JSW ENERGY

Management Analysis:

Leadership-:

Below are the details of Management



Mr. Rajeev Sharma- Independent Director

Rajeev Sharma has over 35 years of experience in the power sector, with strong technical and financial expertise.

He has worked with Energy Efficiency Services Ltd, Power Financial Corporation Ltd, Rural Electrification Corporation Ltd, Power Grid Corporation of India Ltd, and the Ministry of Power. Awarded Best CEO in the PSV Category by Business Today in 2016, he also serves as an advisor and director on the boards of several companies in the sector.



Mr. Desh Deepak Verma- Independent Director

Mr. Verma is a retired 1978-batch IAS officer, he has held prestigious roles in both state and central government.

He served as Chairman of the UP Electricity Regulatory Commission, Secretary General of the Rajya Sabha, and Principal Secretary in key UP departments. At the central level, he worked as Joint Secretary in the Ministry of Environment & Forest, Additional Secretary in the Ministry of Consumer Affairs, and Director General of the Sports Authority of India.

He has also published articles in reputed publications and engaged with leaders like CM Yogi Adityanath and Finance Minister Nirmala Sitharaman over social media.

ARSD COLLEGE



Mr. Rajiv Chaudhry- Independent Director

With over 35 years of experience in investment management, he is the Founder and CEO of Sunsara Capital. Previously, he was the Founder and President of Digital Century Capital for 15 years, an early investor in companies like AOL, Yahoo, eBay, and Google.

He has also been a financial and strategic advisor to major tech companies like Motorola, Intel, and Micron. He served as Co-Vice-Chair of the World Policy Institute's Board of Directors.



Mr. Ajoy Mehta- Independent Director

Mr. Mehta is an IAS officer from the 1984 batch, he has over 10 years of experience in the power sector, including a 4-year stint as Chairman and Managing Director of Maharashtra State Power Generation Company Ltd.

He also served as Chairman and Managing Director of Maharashtra State Electricity Distribution Company Ltd for 6 years and Chairman of Maharashtra Real Estate Regulatory Authority.

Additionally, he has held key positions as Collector, Municipal Commissioner, and Chief Secretary of Maharashtra.



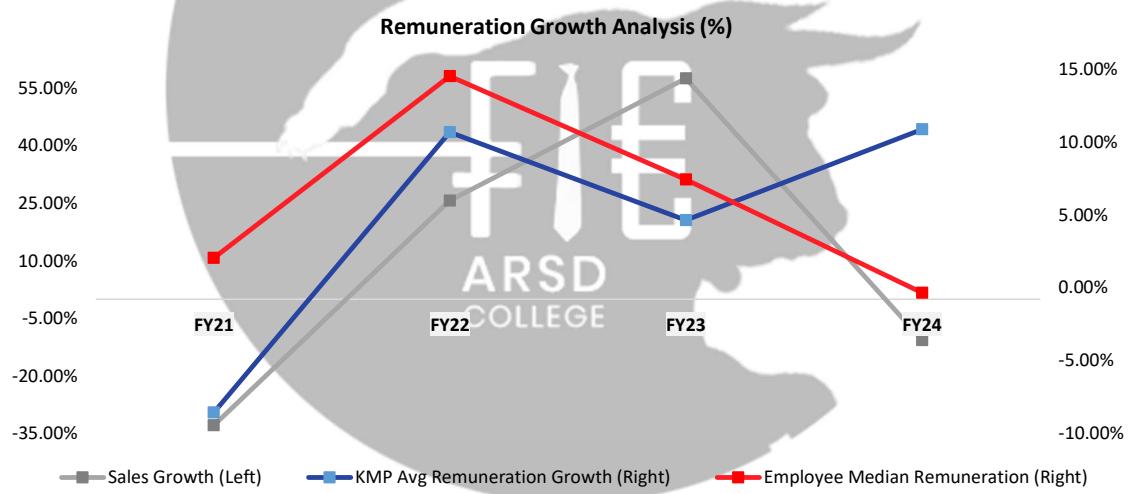
JSW ENERGY

Key Managerial Remuneration Details

Name	Ratio of Remuneration with median employee	Designation	FY 24	FY 23	Growth in Remuneration	Sales Growth YoY%	Net Profit Growth%
Mr. Sajjan Jindal	90.95	Chairman & MD	13.4	11.9	12.07%	-10.63%	320.95%
Mr. Sharad Mahendra	27.41496	Joint MD & CEO	4.03	4	0.75%	-10.63%	320.95%
Mr. Pritesh Vinay	19.2157	Director of Finance	2.83	2.32	21.98%	-10.63%	320.95%

KMR's Peers Comparison

Particulars	JSW Energy	Adani Power	NTPC	JP Power
Average 5 Years KMR Growth %	8.51%	6.11%	.08%	33.64%
Average 5 Years Employee Remuneration Growth %	6.55%	14.17%	18%	7.00%



Source: Company Annual Report & Analysis

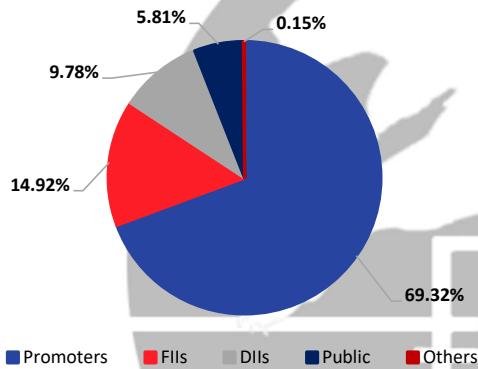
Commentary:

The remuneration structures of JSW Energy, Adani Power, NTPC, and JP Power reflect their corporate governance, financial health, and managerial priorities. Adani Power and JSW Energy have witnessed significant KMP remuneration growth over the last five years, aligning with aggressive expansion and profitability trends. In contrast, NTPC, being a PSU, maintains a relatively stable and regulated remuneration framework, ensuring moderate growth in executive pay. JP Power, struggling with financial stress, has seen restrained remuneration growth. The ratio of KMP remuneration to average employee salary highlights stark differences—private players like Adani Power and JSW Energy exhibit a higher multiple, indicating a strong incentive-driven leadership approach, whereas NTPC maintains a lower ratio, reflecting public-sector constraints. This trend underscores how remuneration policies align with business strategies, impacting talent retention, cost efficiency, and investor perception in the power sector.

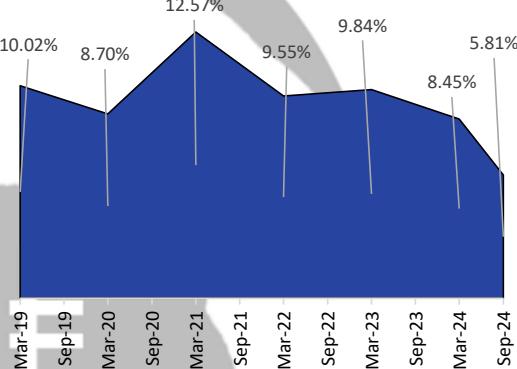
Source: Company Analysis

	Share Holding Pattern (%)						
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Sep-24
Promoters	74.95%	74.89%	74.68%	74.66%	74.66%	73.67%	69.32%
FIIs	6.67%	7.49%	5.55%	5.36%	5.18%	8.37%	14.92%
DILs	8.35%	8.89%	7.17%	10.16%	10.06%	9.29%	9.78%
Public	10.02%	8.70%	12.57%	9.55%	9.84%	8.45%	5.81%
Others	0.01%	0.03%	0.03%	0.27%	0.25%	0.21%	0.15%
No. of Shareholders	1,29,960	1,19,622	1,50,877	2,35,644	2,65,138	3,60,241	4,41,927

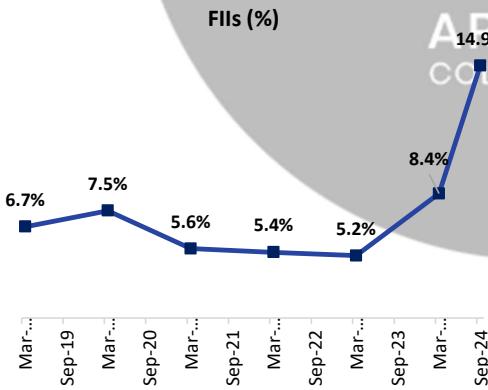
Shareholding Pattern (As on Sept 2024)



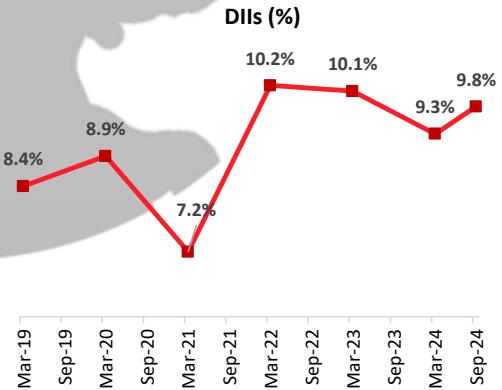
Public Holding Trend (%)



FIIs (%)



DILs (%)



Source: Company Reports

Commentary:

In Q2 FY 2024-25, JSW Energy's shareholding structure saw a notable shift, with promoters reducing their stake by 4.35% to 69.32%, potentially indicating lower confidence or strategic reallocation. Meanwhile, FIIs sharply increased their stake to 14.92% (+11.05%), reflecting strong optimism about growth prospects or an attractive valuation. DILs showed a modest rise to 9.78% (+0.49%), while public shareholding declined to 5.81% (-2.64%), suggesting retail investors may be exiting due to market volatility or profit booking. The total number of shareholders surged by 81,686 to 4,41,927, pointing towards growing institutional participation, even as promoters and retail investors adjusted their positions.

Source: Company Analysis



JSW ENERGY



Concall Analysis: Q3 FY25

Operational Performance

JSW Energy demonstrated strong operational growth in Q3 FY25, with thermal generation increasing by 8% YoY, driven by higher power demand and improved plant performance. Additionally, the company saw an 18% YoY growth in renewable energy (RE) generation, with notable contributions from wind and hydro. Wind generation saw a robust 38% YoY increase, while hydro generation grew by 14% YoY, contributing significantly to the overall rise in renewable generation. The company's total generation capacity rose by 10% YoY, underlining its continued focus on both renewable and thermal sectors. Moving forward, JSW Energy is expected to sustain this growth trajectory, with major projects underway, including the acquisition of 125 MW wind projects from Hetero Labs and Hetero Drugs Ltd, and a 12 GWh pumped hydro storage facility agreement with MSEDC, which will enhance its renewable energy footprint and storage capabilities. This strategic focus on diversifying energy generation sources positions JSW Energy for continued growth in the coming quarters.

Financial Performance

Despite a solid increase in power generation, JSW Energy's revenue for Q3 FY25 remained flat at ₹2,640 Cr, as the gains from new RE capacity additions and Utkal Unit-1 were offset by lower short-term realizations at Ratnagiri and Vijayanagar, particularly impacted by volatile power prices and a competitive market environment. The company's EBITDA margin stood at a healthy 50% for the first nine months of FY25, although it registered a 9% YoY decline, signaling margin pressure despite higher generation. Net Debt to Equity remained stable at 1.0x, while Net Debt to EBITDA (excluding Capital WIP) stood at 2.8x, indicating a manageable debt level but reflecting ongoing financial commitments. PAT for Q3 FY25 was ₹168 Cr, with Cash PAT at ₹507 Cr, indicating that while profitability was impacted by lower realizations, cash generation remained solid. The company's growth momentum seems to be slowing, influenced by flattening yield curves and macroeconomic headwinds such as rising inflation and slower industrial activity, which could potentially affect future earnings unless power demand accelerates.



Sustainability Performance

JSW Energy is advancing toward Net Zero 2050, with a 291 MW RE addition in Q1 FY25. It continues 100% ash utilization across plants via cement industry partnerships. In Q3 FY25, CO2 emission control upgrades, advanced monitoring, and hydro risk analysis improved sustainability metrics. Water security measures have reduced groundwater dependence, while biodiversity efforts align with its 'No Net Loss' by 2030 goal. These ESG-driven initiatives strengthen JSW Energy's competitive position in the power sector.

Growth Strategy

JSW Energy's growth strategy remains focused on capturing rising merchant market demand and expanding its renewable energy portfolio in line with India's long-term goal of adding 30-35 GW of renewable energy annually. The company is poised to achieve substantial growth with 1.3 GW of RE projects in the pipeline, which are expected to be signed soon, including storage solutions for captive use by JSW Group companies. The company's strategic focus is on wind energy as it continues to develop SECI wind projects and its under-construction wind plants, positioning itself as a leader in the sector. To fund its growth plans, JSW Energy has also secured board approval for issuing ₹30 billion in bonds, ensuring it has the necessary capital to execute on its renewable expansion and infrastructure investments. With its continued focus on scaling renewable energy, particularly wind, and its ongoing efforts to reduce its carbon footprint, JSW Energy is well-positioned to achieve its long-term growth targets. The company's disciplined approach to both project execution and financial management should enable it to meet its ambitious objectives, despite potential short-term challenges in the power sector.



JSW ENERGY



Concall Analysis: Q2 FY25

Operational Performance

JSW Energy recorded a net generation growth of 14% YoY during the quarter, with renewable energy generation rising by a robust 44% YoY, driven by the expansion of wind and solar capacities. Thermal energy generation also witnessed a 4% YoY increase, aided by operational efficiencies and strategic upgrades to thermal plants. The addition of 291 MW of wind capacity further solidifies the company's renewable energy portfolio, aligning with India's ambitious goal of achieving 500 GW of renewable capacity by 2030.

JSW Energy also highlighted a stronger focus on operational excellence, particularly in leveraging hybrid solutions to optimize wind and solar energy. This is complemented by improved performance metrics across its plants, reinforcing its commitment to meeting rising demand sustainably.

Financial Performance

Despite flattish total revenue at ₹3,043 crore due to lower fuel costs and reduced power generation, the company delivered stellar financial results.

- PAT surged 80% YoY to ₹522 crore, reflecting improved profitability across business segments.
- Cash PAT grew 29% YoY to ₹958 crore, indicating efficient cash flow management.
- JSW Energy reduced its net debt by ₹3,300 crore, supported by significant repayments, ending the quarter with a healthy cash balance of ₹6,100 crore.

The CWIP (Capital Work in Progress) debt-to-equity ratio remains at a conservative 2.2x, well below the industry standards of 3.5–4x, highlighting disciplined capital project financing. The company reiterated its focus on maintaining a balance between liability obligations and growth investments.

Sustainability Initiatives

JSW Energy continues to strengthen its commitment to sustainability, contributing to its "Net Zero by 2050" vision. During the quarter, the company expanded its renewable energy capacity, focusing on wind and solar energy projects. Additionally, all plants achieved 100% fly ash utilization, thanks to partnerships with cement manufacturers, reinforcing JSW Energy's dedication to reducing waste and environmental impact.

The addition of 291 MW to its renewable portfolio not only reduces greenhouse gas emissions but also improves its competitive standing among peers in the renewable energy space.

Growth Strategy

JSW Energy is actively capitalizing on the growing energy demand in India, driven by both merchant markets and national renewable energy goals. Key strategic initiatives include:

- Finalization of PPAs for 1.3 GW of renewable energy projects, including storage, primarily for JSW Group's captive use.
- Advancing the development of SECI wind projects, positioning itself as a leader in wind energy.
- The recent acquisition of O2 Power's subsidiaries for \$1.47 billion, adding 4.7 GW to its renewable portfolio. Of this, 2.26 GW is expected to be operational by June 2025, with the remainder scheduled by June 2027.

The management emphasized a renewed focus on innovative hybrid energy models, combining wind and solar generation to maximize efficiency and ensure sustainable growth. These steps collectively reflect the company's steady progress towards achieving its long-term objectives.

Outlook

JSW Energy's robust operational and financial performance, coupled with its strategic push into renewables and disciplined financial management, places it in a strong position to capture future growth opportunities in India's evolving energy market. By balancing sustainability, profitability, and growth, the company is poised to outperform its peers and achieve its ambitious targets in the coming years.



JSW ENERGY

Particulars	Quarterly Snapshot				
	Q4 FY 24	Q1 FY 25	Q2 FY 25	Q3 FY 25	Q4 FY 25 E
Net Revenue	2,756	2,879	3,238	2,439	2,851
Total Expenditure	1,587	1,462	1,553	1,525	1496
EBITDA	1,169	1,417	1,685	914	1355
EBITDA Margin (%)	42.41	49.21	52.03	37.47	47.52
Depreciation	427	375	392	406	400
Interest	533	511	518	564	553
Other Income	130	167	230	206	187
Profit Before Tax	339	698	1,005	150	589
Tax Rate (%)	-2%	24%	13%	-5%	13%
Net Profit	345	534	877	157	512
Net Profit Margin (%)	12.52	18.55	27.08	6.44	17.95

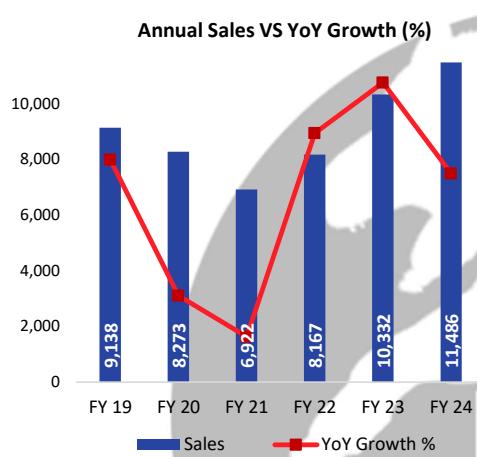
Particulars	Annual Snapshot					
	FY-2021	FY-2022	FY-2023	FY-2024	FY-2025E	FY-2026E
Net Revenue	6,922.20	8,167.15	10,331.81	11,485.91	14,585	17,355
Revenue Growth (%)	-16.32%	17.98%	26.50%	11.17%	26.98%	18.99%
Operating Expenses	4,015.62	4,598.06	7,049.97	6,104.13	6,961	7,887
EBITDA	2,906.58	3,569.00	3,281.84	5,381.78	7,624	9,468
EBITDA Growth (%)	-99.02%	0.23%	-8.05%	63.98%	41.66%	24.19%
EBITDA Margins (%)	41.99%	43.70%	31.77%	46.86%	52.28%	54.55
Other Income	237.45	568.69	535.24	455.43	388	402
Depreciation	1,167	1,131	1,169	1,633	2,104	2,505
EBIT	1,739.58	2,438.00	2,112.84	3,748.78	5,168	6,672
EBIT Margins (%)	25.13%	29.85%	20.44%	32.63%	34.02%	39.08%
Interest	896	777	844	2,053	2,423	3,152
Profit Before Tax	1,099	2,238	1,943	2,167	3,485	4,213
Net Profit	823	1,743	1,480	1,725	3,485	4,213
Net Profit Growth (%)	-0.24%	11.78%	-0.15%	16.55%	102.03%	20.89%
Net Profit Margins (%)	11.89	21.34	14.32	15.01	23.90%	24.28%

Source: Company Analysis

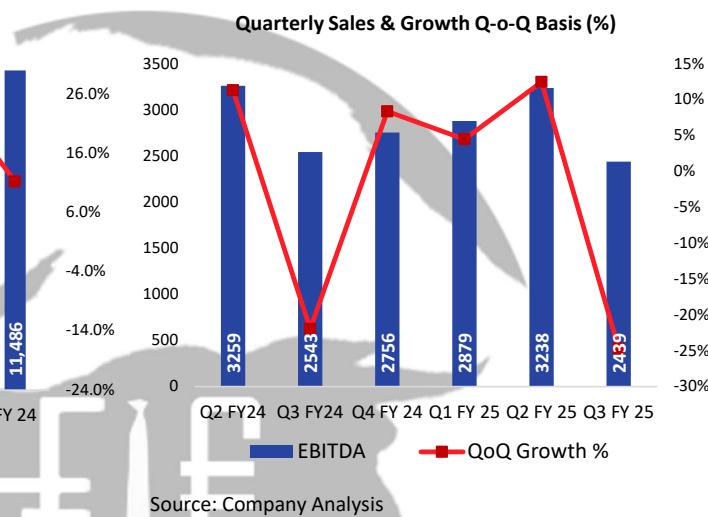


Revenue Analysis:

JSW Energy Ltd. has demonstrated a mixed revenue performance over the years. While the company faced a revenue decline of 9.47% during 2020 and 2021 due to the pandemic's economic impact, recovery commenced in 2022, achieving a 5% CAGR by March 2024. This recovery was driven by the company's strategic focus on renewable energy and technological advancements in the sector. However, in Q2FY25, revenue saw a marginal decline of 0.7%, attributed to hydroelectric tariff adjustments that impacted short-term sales. Despite this, net generation surged by 14% YoY, supported by higher output across thermal, wind, and hydroelectric segments. Looking ahead, the company's plans to diversify and expand its portfolio are expected to drive robust growth, particularly in the renewable energy domain, aligning with India's clean energy goals and rising energy demand.



Source: Company Analysis

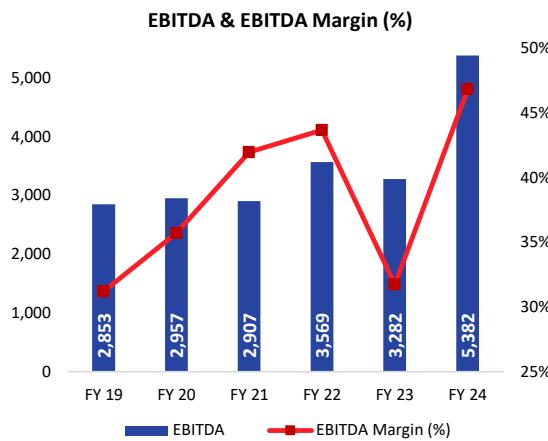


Source: Company Analysis

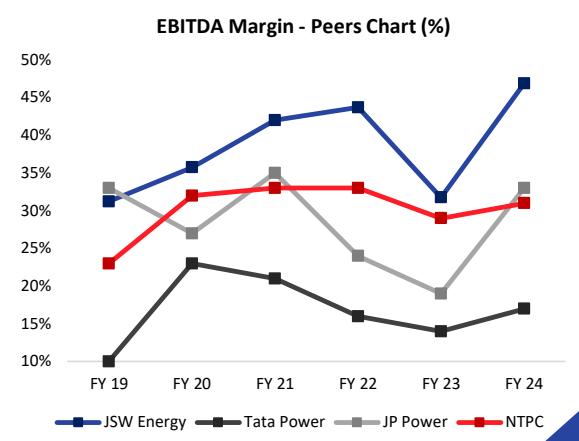
EBITDA Analysis:

As per estimates by ICICI Securities, JSW Energy's EBITDA margin for the last financial year stood at an impressive 50.6%, placing it in a much stronger position compared to its peers, including Tata Power, NTPC Ltd., and JP Power. The company achieved an EBITDA of ₹1,403 crores, aligning closely with its target of ₹1,600 crores, showcasing operational efficiency and strategic execution. JSW Energy also completed its QIP, marking the largest fundraise in the industry, which further strengthens its financial position and growth outlook.

The acquisition of Mytrah Energy's assets last year contributed to a 12% increase in generation, reflecting the company's focus on asset optimization and capacity enhancement. Additionally, JSW Energy secured LOA and LOI for a capacity of 3.6 GW, further boosting its overall generation capacity to 13.2 GW. These developments underscore the company's commitment to scaling operations and maintaining its leadership position in the renewable energy sector while achieving sustained growth in profitability.



Source: Company Analysis



Source: Company Analysis

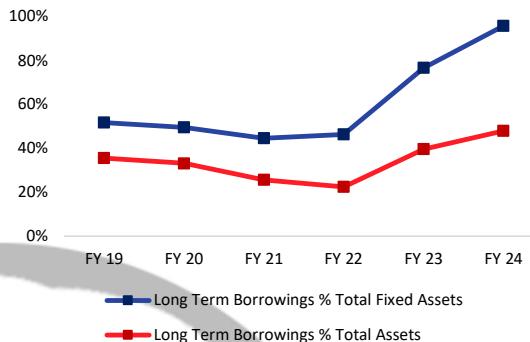
Borrowing Analysis:

The total borrowings of JSW Energy Ltd have exhibited a fluctuating trend between FY 2019 and FY 2024, with a marked increase in recent years. In FY 2019, total borrowings were ₹9,240.35 crore, which declined steadily to ₹8,280.74 crore in FY 2020 and further to ₹7,262.38 crore in FY 2021. However, this downward trend reversed as borrowings rose to ₹8,892.54 crore in FY 2022, surging significantly to ₹24,817.22 crore in FY 2023, and peaking at ₹31,326.61 crore in FY 2024.

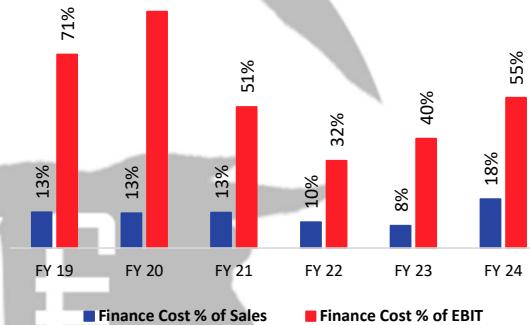
The sharp increase in long-term borrowings, particularly in FY 2023 and FY 2024, highlights the company's aggressive leveraging strategy, likely driven by its investments in capacity expansion and acquisitions. While such capital expenditures are essential for growth, the rising debt levels indicate a heightened reliance on external financing. This trend could elevate financial risks, particularly if revenue growth and operational efficiency fail to offset the increased financial obligations.

From a financial health perspective, the increasing debt levels suggest that JSW Energy Ltd is approaching an over-leveraged position. This could lead to reduced financial flexibility, increased interest obligations, and potential vulnerabilities in managing liquidity during periods of market volatility or economic downturns. It will be critical for the company to maintain a balance between debt-financed growth and profitability to ensure sustainable operations in the long term.

Borrowing vs Assets Comparison

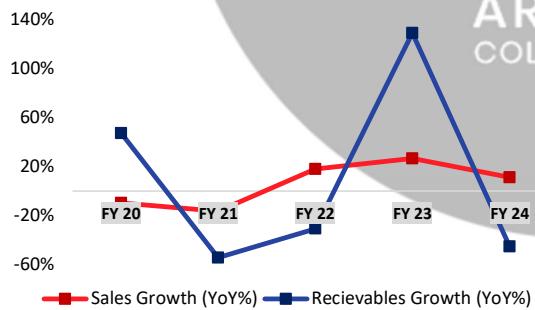


Finance Cost



Source: Company Analysis

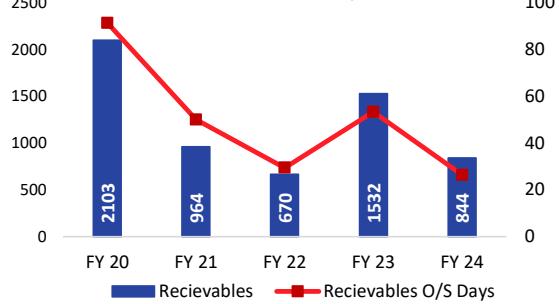
Sales vs Receivables Growth %



Receivables Analysis:

JSW Energy Ltd's sales declined during FY 2020 and FY 2021 due to adverse market conditions but rebounded strongly in FY 2022 and FY 2023, continuing to grow in FY 2024. Receivables displayed volatility, with a significant drop in FY 2021 and FY 2022, a spike in FY 2023, and a subsequent decline in FY 2024, reflecting improved collection efficiency. The consistent decrease in receivable days and a steady improvement in receivable turnover, which peaked in FY 2024, underscore faster collections and better credit control. These trends indicate disciplined debtor management and reduced credit risk exposure, positioning the company for sustained cash flow stability and lower future bad debts. Despite occasional fluctuations, the overall efficiency in receivables management reflects JSW Energy Ltd's focus on optimizing working capital and maintaining financial resilience. Additionally, the company's ability to manage receivables effectively despite market volatility showcases its robust internal processes and strategic initiatives in improving liquidity. By focusing on reducing outstanding receivables, JSW Energy Ltd is strengthening its financial position, which will further support its growth trajectory and mitigate risks related to cash flow disruptions.

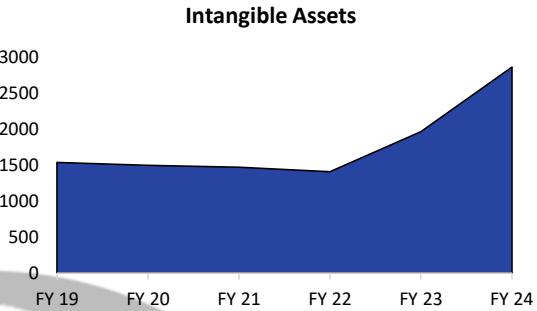
Receivables Analysis



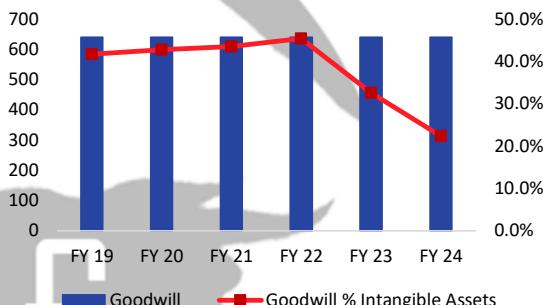
Source: Company Analysis

Intangible Analysis:

JSW Energy's Intangible Assets as a Percentage of Fixed Assets consistently declined from 3.06% in FY2019 to 1.68% in FY2024, underscoring the company's strategic emphasis on tangible, asset-intensive projects like plants, property, and equipment to fuel operational growth and improve efficiency. This trend aligns with JSW's ongoing investments in renewable and thermal energy expansion, focusing on infrastructure over intellectual property. Comparatively, peers like Tata Power (2.7%) leverage intangible assets for brand-driven growth, while NTPC (0.2%) and J.P. Power (0%) prioritize traditional power generation with minimal reliance on intangible assets. Meanwhile, JSW Energy's Goodwill as a Percentage of Intangible Assets increased from 41.7% in FY2019 to 45.4% in FY2022, reflecting a strategy of business acquisitions to enhance its portfolio, before dropping sharply to 22.4% in FY2024, indicating a shift toward organic growth and internal asset development. This shift is likely driven by the company's long-term goals of achieving self-sustained growth and aligning with India's renewable energy targets, positioning itself as a leader in the sector. The strategic allocation of resources reflects JSW Energy's efforts to maintain financial discipline while capitalizing on tangible asset-driven projects for future scalability.

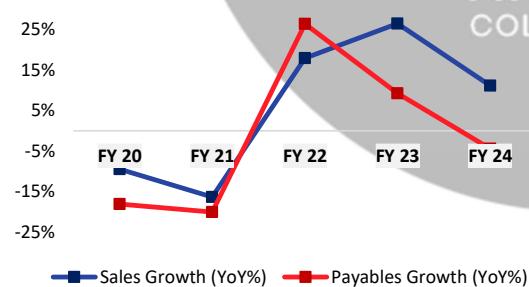


Goodwill Analysis



Source: Company Analysis

Sales vs Payables YoY Growth (%)



Payables Analysis:

JSW Energy's Trade Payables fluctuated between ₹1,600-₹2,500 crore, reflecting inconsistent payment patterns. Decreased payables indicate improved payment discipline but may also highlight weaker credit terms, while increased payables suggest liquidity pressures or deferred payments to support operations.

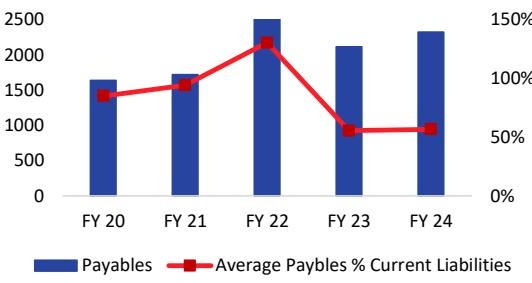
The trend in Current Liabilities—a decline from FY2019 to FY2022, followed by a sharp rise in FY2023 and a slight drop in FY2024—raises questions about short-term financial stability. The decline points to debt repayments, whereas the spike indicates possible liquidity challenges or reliance on short-term borrowings.

Average Payables as a Percentage of Current Liabilities also shows volatility, with fluctuations driven by repayments and elevated purchasing activity. This reflects inconsistent short-term financial planning.

Payable Days (EBITDA) declined from 328 days in FY2019 to 150 days in FY2024, signaling improved payment cycles. However, the spike in FY2022 hints at stress in managing payables, raising concerns about stability during operational fluctuations.

JSW Energy's working capital management has improved over time, but the irregular trends highlight potential vulnerabilities in supplier relations and financial planning.

Payables Analysis



Source: Company Analysis



JSW ENERGY

Cash Ratios	Ratio Analysis									
	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Free Cash Flow (Rs Cr)	545	247	1,513	862	-301	-1,066	1,866	510	84	3,534
Operating Cash Flow Growth	4.2%	8.9%	2.1%	-36.7%	-16.4%	77.7%	-20.2%	-29.4%	199.1%	
Free Cash Flow Growth	-54.8%	513.3%	-43.0%	-134.9%	254.5%	-275.0%	-72.7%	-83.5%	4093.2%	
FCF/Sales	6%	3%	18%	11%	-3%	-13%	27%	6%	1%	31%
CFO/Total Assets	17%	12%	14%	15%	10%	8%	14%	10%	4%	11%
CFO/Total Debt	37%	24%	27%	33%	24%	21%	44%	33%	8%	20%
Cash Interest Coverage	4.44	3.73	3.45	3.88	3.27	3.01	5.44	5.44	4.02	4.25
CFO/Capex	1.19	1.07	1.65	1.28	0.89	0.66	2.02	1.21	1.04	2.31

Particulars	JSW Energy	Tata Power	NTPC	JP Power
Current Ratio	0.58	0.44	0.92	1.82
Quick Ratio	0.47	0.19	0.82	1.52
Absolute Liquid Ratio/Super Quick Ratio	0.21	0.038	0.05	0.53
Debtor Turnover Ratio	49 (Days)	31(Days)	62 (Days)	33 (Days)
Inventory Turnover Ratio	78 (Days)	38 (Days)	54 (Days)	66(Days)
Debtor Holding Period	7.34	11.61	5.8	10.9
Inventory Holding Period	4.61	9.47	6.66	5.45

Commentary:

ARSD
COLLEGE

JSW Energy's liquidity position, alongside its cash flow metrics, presents a mixed picture. The current ratio (0.58) and quick ratio (0.47) below 1 suggest challenges in meeting short-term obligations, while the absolute liquid ratio (0.21) is stronger than Tata Power and NTPC. The debtor holding period (7.34 days) shows efficient receivables collection, and the inventory turnover ratio (78 days) and inventory holding period (4.61 days) reflect strong inventory management. In terms of cash flows, JSW Energy demonstrated significant free cash flow growth (4093.2%) in FY24, with a CFO/Capex ratio of 2.31 and CFO/Total Assets ratio of 11%, indicating improved operational performance. Despite this, dips in CFO/Total Debt ratio (20%) show struggles to balance debt and cash flow. The cash interest coverage (4.25) remains stable, but fluctuations in cash flow growth reflect volatility in cash management. Overall, JSW Energy displays efficiency in inventory and receivables but must improve liquidity and cash flow management to sustain growth and competitiveness.

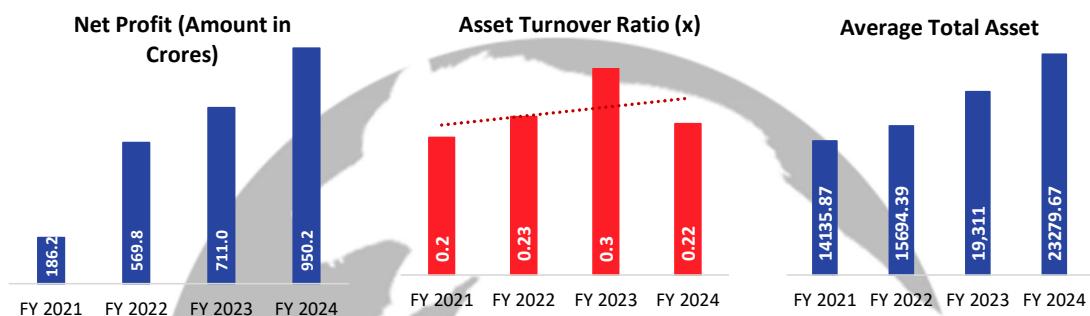
Analyst Outlook:

JSW Energy's financial position shows a mixed outlook. While the significant increase in **free cash flow** in FY24 (₹3,534 crore) reflects improved cash generation, the volatility in **FCF growth** and lower ratios like **CFO/Total Debt (20%)** indicate challenges in maintaining liquidity and managing debt. However, its efficient **inventory management** and strong **cash interest coverage (4.25)** offer positive signs of operational discipline. Recent improvements in **FCF/Sales (31%)** and **debtor holding period (7.34 days)** show promise in generating sustainable cash flows, but managing short-term liquidity risks remains key.



JSW ENERGY

DU PONT ANALYSIS						
Particulars	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Net Profit	251.45	497.81	186.18	569.82	711.02	950.22
Average Shareholder Equity	10022.47	9783.8	10516.27	12560	13548	14359.23
Return On Equity(%)	2.51%	5.09%	1.77%	4.54%	5.25%	6.62%



Particulars	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Net Profit	251.45	497.81	186.18	569.82	711.02	950.22
Revenue	5118.33	4313.99	2897.53	3642.74	5739.23	5129.09
Net Profit Margin (A)(%)	4.91%	11.54%	6.43%	15.64%	12.39%	18.53%
Revenue	5118.33	4313.99	2897.53	3642.74	5739.23	5129.09
Average Total Asset	15711.04	14532.82	14135.87	15694.39	19,311	23279.67
Asset Turnover Ratio (B)(x)	0.33	0.3	0.2	0.23	0.3	0.22
Average total asset	15711.04	14532.82	14135.87	15694.74	19,311	23279.67
Average Shareholder Equity	10022.47	9783.84	10516.27	12560.02	13548	14359.23
Equity Multiplier (C)(X)	1.56	1.49	1.34	1.25	1.42537644	1.62123387
Return On Equity (A*B*C)(%)	2.50%	5.09%	1.77%	4.54%	5.25%	6.62%

Outlook:

JSW Energy has demonstrated a remarkable improvement in profitability, with its net profit margin surging from 4.91% in FY 2019 to 18.53% in FY 2024, directly fueling a higher Return on Equity (ROE) of 6.62%, the strongest among peers like Tata Power (5.09%), NTPC (4.54%), and JP Power (6.61%). This growth is largely attributed to cost optimization, higher operating efficiencies, and a strategic focus on high-margin businesses. The company's conservative capital structure, reflected in a stable equity multiplier (1.56 to 1.62) and limited reliance on debt, has strengthened margins, insulating it from financial stress while maintaining steady expansion. However, a fluctuating asset turnover ratio, declining from 0.33 in FY 2019 to 0.20 in FY 2021, suggests a need for improved asset utilization to unlock further revenue potential. Unlike its peers, which are more leveraged, JSW Energy has prioritized financial prudence, ensuring sustainable returns while mitigating risk. Going forward, enhancing asset productivity, expanding renewable energy capacity, and capitalizing on policy tailwinds could further bolster profitability and shareholder value, positioning JSW Energy as a resilient player in India's evolving power sector.



JSW ENERGY

Valuation - Discounted Cash Flow

JSW ENERGY LTD

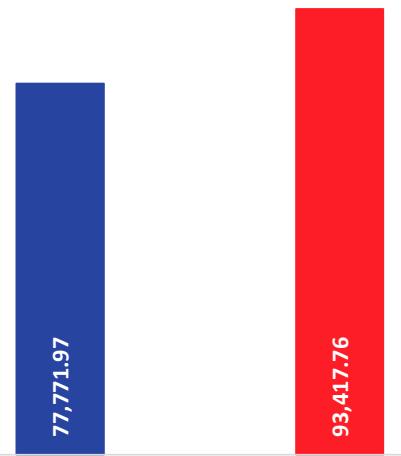
Figures in Crores (₹)

Period (t)	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33	Mar-34
Year	0	1	2	3	4	5	6	7	8	9	10
Free Cash Flow to Firm	6234.0	7169.1	8244.5	9481.1	10903.3	12538.8	14043.5	15728.7	17616.1	19730.0	22097.7
Discount rate (r)	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
PV of Cash Flows	6288.7	6343.8	6398.0	6455.6	6512.3	6398.0	6285.8	6175.5	6067.1	5960.7	
Key Assumptions											
Years	1-5	6-10									
FCF Growth Rate	15%	12%									
Discount Rate	14%										
Reverse DCF											
DCF Value	77772.0										
Current Market Cap	93417.8										
DCF as % of Mkt Cap	83%										
Value of 1 Equity Share											
Equity Value (As per DCF)	77772.0										
(÷) No. of Equity Shares (In Crores)	164.0536										
Value per Share	474.0643										
Stage 1: Sum of Present Values	62885.5										
Terminal Value											
Terminal Growth Rate	2%										
10th Year FCF x (1+g)	22539.6										
Terminal value	187830.03										
Stage 2: PV of TV	50666.0										
Enterprise Value (Stage 1 + 2)	113551.5										
Net Debt (Latest Year)											
Debt	31573.0										
Less: Cash	-4206.6										
Net Debt	35779.6										
DCF Value (Equity Value)	77772.0										

Commentary:

The Discounted Cash Flow (DCF) analysis of JSW Energy estimates an enterprise value of ₹113,551.5 crores and an equity value of ₹77,772 crores, with a per-share value of ₹474.06. The analysis assumes a **15% FCFF growth rate** for the first five years, reducing to **12%** in the next five years, with a **2% terminal growth rate**. The **discount rate** is set at **14%**, reflecting the company's cost of capital and operational risks. The DCF-derived equity value is **below the current market cap of ₹93,417.76 crores**, indicating potential undervaluation. However, this discrepancy could stem from market sentiment or speculative factors, as investor confidence and debt management will be key in realizing the projected growth. The analysis suggests JSW Energy might be undervalued in the market, offering long-term investment opportunities if it meets growth assumptions.

DCF Value vs Market Capitalization



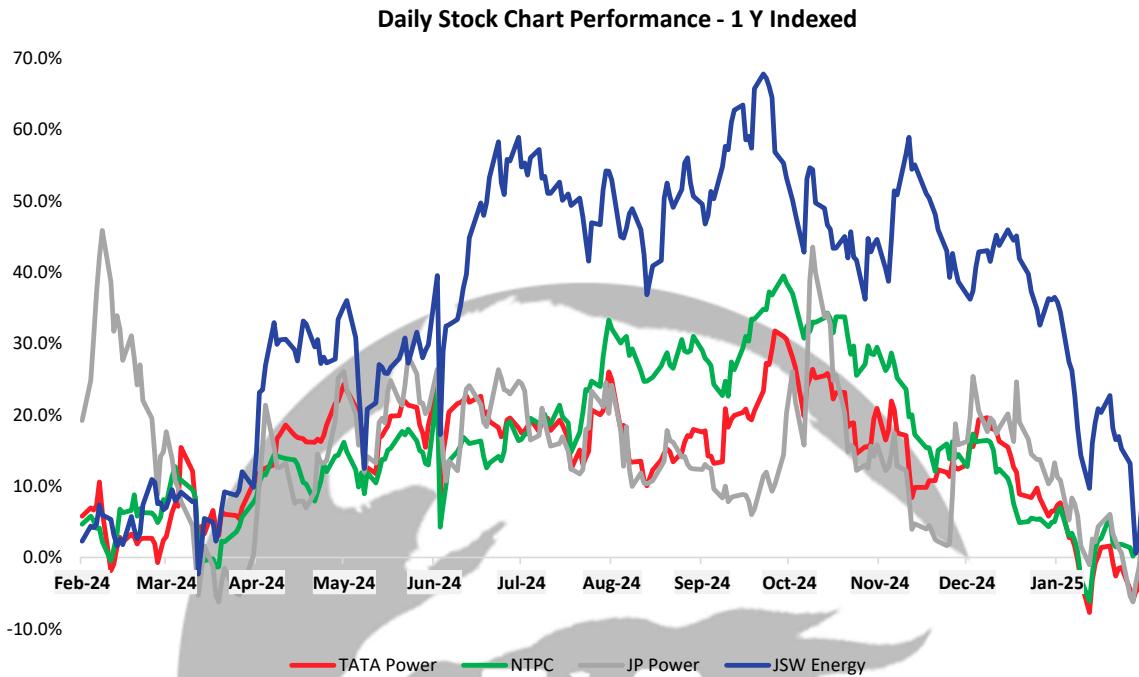
Source: Company Analysis

DCF Value

Current Market Cap



JSW ENERGY



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