1 August 2025

1QFY26 Result Update | Sector: Utilities

JSW Energy

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	JSW IN
Equity Shares (m)	1748
M.Cap.(INRb)/(USDb)	900.2 / 10.3
52-Week Range (INR)	805 / 419
1, 6, 12 Rel. Per (%)	2/-4/-29
12M Avg Val (INR M)	2187

Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	117.5	204.6	237.8
EBITDA	52.2	99.3	126.2
Adj. PAT	18.6	22.0	29.5
Adj. EPS (INR)	10.7	12.6	16.9
EPS Gr. (%)	1.6	18.4	33.9
BV/Sh.(INR)	156.8	167.9	183.0
Ratios			
Net D:E	1.6	2.0	2.2
RoE (%)	7.7	7.8	9.6
RoCE (%)	6.1	7.9	7.7
Payout (%)	18.8	23.8	17.7
Valuations			
P/E (x)	48.5	41.0	30.6
P/BV (x)	3.3	3.1	2.8
EV/EBITDA (x)	25.5	15.1	12.6
Div. Yield (%)	0.4	0.6	0.6

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	69.3	69.3	69.3
DII	11.4	10.9	9.2
FII	12.5	13.6	15.6
Others	6.8	6.2	5.9

FII Includes depository receipts

CMP: INR515 TP: INR620 (+20%) Buy

Strong 1Q amid higher-than-estimated generation

- JSW Energy's (JSWE) 1QFY26 revenue was 6% above our estimate at INR51.4b (+79% YoY), and EBITDA stood at INR27.9b (+97% YoY), beating our estimate by 24%. The strong beat was driven by higher than estimated contributions from recently acquired assets—KSK Mahanadi (1.8 GW) and O2 Power (1.3 GW)—alongside higher generation from the fully contracted Vijayanagar coal plant.
- In 1QFY26, the company commissioned 1.9GW (1.7GW from O2 Power and 200MW under its RE platform, JSW NEO) and reiterated its FY26 capacity addition target of 3-4 GW (excluding 1.3GW O2 Power). Capex for the quarter stood at INR24b, with full-year FY26 guidance maintained at INR150-180b. The 240MW Kutehr Hydro project is expected to be commissioned in the next few days.
- JSWE remains on track to reach 30 GW of generation and 40 GWh of storage capacity by FY30, targeting a 2.7x- 3x EBITDA increase over pro forma FY25 levels.
- We reiterate BUY with a TP of INR620/share.

Robust beat led by acquisitions and generation upside

Consolidated performance:

- JSWE's consolidated revenue was 6% above our estimate at INR51.4b (+79% YoY). EBITDA stood at INR27.9b (+97% YoY), beating our estimate by 24%. This strong beat was driven by higher-than-estimated generation on account of KSK Mahanadi (1.8GW) and O2 Power (1.3GW) additions, RE capacity additions, and higher generation at the Vijayanagar coal plant post long-term tie-up and incremental contributions from the same.
- Incremental EBITDA of INR8.67b was from KSK Mahanadi and INR2.19b from O2 Power (consolidated since 9 Apr'25).
- Adj. PAT was 31% above our estimate at INR7.4b (+42% YoY).

Operational highlights:

- Total installed capacity stood at 12.8GW at the end of 1QFY26, up ~70% YoY, with 1.9GW added during the quarter.
- Net generation rose 71% YoY to 13.5 BUs. RE generation rose 54%YoY to 5BUs, driven by organic wind capacity additions and contribution from O2 Power.

Other highlights:

- The KSK Mahanadi (1.8GW operational) plant generated 2.7BUs in 1QFY26, contributing INR8.67b to EBITDA, while the recently commissioned Utkal Unit-2 (350MW) ramped up operations during the quarter, generating 370 MUs.
- JSWE completed the acquisition of O2 Power, a 4.7GW renewable platform, on 9 Apr'25, with an operational capacity of 1,343MW as of 31 Mar'25.

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- The company secured PPAs totaling 605MW during the quarter, comprising 250MW of wind and 355MW of hybrid capacity. Additionally, after the quarter-end, it signed PPAs for a 350MW FDRE project and a solar (100MW) + BESS (100MWh) project.
- JSW Neo secured a USD675m ECB, backed by strong credit ratings.
- Short-term thermal sales rose 63% YoY to 1,630 MUs in 1QFY26, driven by a shift toward domestic coal-based capacities at Utkal and KSK Mahanadi.
- The company secured storage agreements for 12.5GWh during the quarter, followed by an additional 680MWh after the quarter-end, bringing the total locked-in storage capacity to 29.4GWh.
- The company has commenced trial runs for its 3,800 TPA green hydrogen project located in Vijayanagar.

Highlights of JSWE's 1QFY26 performance

- Total installed capacity rose to 12.8 GW, reflecting a 70% YoY increase, driven by recent acquisitions and organic capacity additions.
- Net generation stood at 13.5 BUs, up 71% YoY, led by the contribution from newly acquired and operational assets.
- The 1.8 GW KSK Mahanadi plant operated at full capacity during the quarter, generating 2.7 BUs (~20% of total generation) and contributing INR8.6b to consolidated EBITDA (~28% share). The plant is showing further upside potential, with plans to complete the partially built 600MW fourth unit (currently ~45% completed). While tariffs are expected to vary annually, management remains confident that annual EBITDA will not fall below INR24b.
- Capex for 1QFY26 stood at INR24b. The company has retained its full-year capex guidance at INR150-180b.
- O2 Power has achieved an installed capacity of 1.8 GW, with plans to scale up to 4.7 GW by Jun'27. Planned capex for this expansion is estimated at INR130-140b.
- As of 1QFY26, only 8% (974MW) of the total capacity remains untied. Of this, just 10% is linked to imported coal, with the remainder based on domestic coal.
- Notably, all 13 GW of under-construction capacity has been fully tied up under long-term PPAs, enhancing forward earnings stability.
- The company has reiterated its FY26 commissioning target of 3-4 GW (excluding the 1.3 GW of O2 Power acquired during the year).
- A 5 GWh/year battery assembly plant is under development in Pune, with an initial capex of INR1.65-1.8b. Trial runs are expected to commence by the end of 2QFY26. Battery cells will be imported from China for initial operations.
- A 3,800 TPA green hydrogen plant is expected to be commissioned in 2QFY26, marking JSWE's foray into clean fuels and energy diversification.

Valuation and view

- The valuation of JSWE is based on SoTP:
- Thermal is valued at 8.5x FY27E EBITDA and renewable energy at 12x FY27E EBITDA (FY28E EBITDA discounted by one year).
- Hydro is at 2x FY27E book value and green hydrogen equity at a 2x multiple.
- Additionally, the company's stake in JSW Steel is valued at a 25% discount to the current market price, acknowledging the strategic significance of this holding while incorporating a conservative valuation approach.
- By aggregating the values from these different components, the total equity value of JSWE was determined, leading to a TP of INR620/share.

Consolidated performance (INR b)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Var.	YoY	QoQ
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	%	(%)	(%)
Net Sales	**28.8**	**32.4**	**24.4**	**31.9**	**51.4**	**57.4**	**47.5**	**48.2**	**117.5**	**204.6**	**48.5**	**6%**	**79**	**61**
YoY Change (%)	-1.7	4.8	-4.1	15.7	78.6	77.3	94.8	51.2	3.8	74.2	68.6			
Total Expenditure	14.6	15.5	15.3	19.8	23.5	27.0	25.8	28.9	65.2	105.2	26.0			
EBITDA	**14.2**	**16.8**	**9.1**	**12.0**	**27.9**	**30.4**	**21.7**	**19.3**	**52.2**	**99.3**	**22.5**	**24%**	**97**	**132**
Margin (%)	49.2	52.0	37.5	37.8	54.2	53.0	45.6	40.1	44.4	48.6	46.4			
Depreciation	3.8	3.9	4.1	4.8	7.4	6.5	6.7	6.9	16.5	27.5	6.2	**18%**	97	53
Interest	5.1	5.2	5.6	6.8	13.1	12.3	13.4	10.3	22.7	49.1	9.9	**31%**	155	93
Other Income	1.6	2.2	2.0	2.1	2.7	2.5	2.2	1.5	7.9	8.8	1.8	**48%**	64	29
PBT before EO expense	**6.9**	**10.0**	**1.4**	**2.6**	**10.1**	**14.1**	**3.8**	**3.7**	**20.9**	**31.6**	**8.1**	**24%**		
Extra-Ord income/(exp.)	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0			
PBT	**6.9**	**10.0**	**1.4**	**3.6**	**10.1**	**14.1**	**3.8**	**3.7**	**21.9**	**31.6**	**8.1**	**24%**	**46**	**185**
Tax	1.6	1.3	-0.1	-0.5	1.8	3.7	1.0	1.0	2.3	7.4	1.9	**-6%**		
Rate (%)	23.6	12.9	-5.1	-15.1	17.7	26.0	26.0	27.3	10.5	23.5	23.5			
Minority Interest	0.1	0.2	-0.1	0.1	0.9	1.0	0.2	0.2	0.3	2.4	0.6			
Share of JV & associates	0.0	0.1	0.1	0.1	0.0	0.1	0.1	0.1	0.2	0.2	0.0			
Reported PAT	**5.2**	**8.5**	**1.7**	**4.1**	**7.4**	**9.4**	**2.6**	**2.5**	**19.5**	**22.0**	**5.7**	**31%**	**42**	**82**
Adj PAT	**5.2**	**8.5**	**1.7**	**2.9**	**7.4**	**9.4**	**2.6**	**2.5**	**18.4**	**22.0**	**5.7**	**31%**	**42**	**154**
YoY Change (%)	80.0	19.0	-27.4	-16.6	42.4	10.6	56.4	-13.3	15.6	20.0	8.8			
Margin (%)	18.1	26.4	6.9	9.2	14.4	16.4	5.5	5.3	15.6	10.8	11.7			

JSWE SoTP valuation

Particulars	Units	Metric	Metric type	Valuation multiple	Amount
Thermal	INR m	46,398	EBITDA - FY27	8.5	3,94,387
Hydro	INR m	50,864	BV - FY27	2	1,01,728
Renewables	INR m	1,01,583	EBITDA - FY27	12	12,18,992
Green Hydrogen	INR m	1,438	Equity	2	2,875
EV	**INR m**				**17,17,981**
Less: Net Debt	INR m		FY27		6,91,397
Market cap	**INR m**				**10,26,584**
JSW Steel stake*	INR m				55,029
Total Equity value	**INR m**				**10,81,613**
Target price	**INR/Share**				**620**
CMP	INR/share				518
Upside/(Downside)					20%

**at a 25% discount*

CONFERENCE CALL

Highlights from the management commentary

- **Capacity Expansion and Operational Performance**
  - The company commissioned 1.9GW during the quarter, comprising 1.7GW from O2 Power (1.3 GW operational, followed by an additional 400MW) and 200MW RE capacity in JSW NEO.
  - Total installed capacity rose to 12.8 GW, marking a 70% YoY growth.
  - Net generation increased to 13.5 BUs, up 71% YoY.
  - KSK Mahanadi operated fully during the quarter, generating 2.7 BUs (~20% of total generation); it contributed INR8.6b to consolidated EBITDA (~28%).
  - Wind CUF improved to 30% in 1QFY26 due to higher wind speeds and the addition of more efficient turbines.
  - Solar PLF declined to 21% (vs. 24% YoY) due to lower radiation from early monsoons.
- **Financial Performance**
  - The company achieved record-high quarterly EBITDA of INR30.5b (+93% YoY).
  - Reported PAT increased 42% YoY to INR7.43b.
  - Net debt increased to INR593b, up INR150b QoQ due to O2 Power acquisition and ongoing capex, of which INR129b is under CWIP.
  - Weighted average cost of debt declined 15-20bp during the quarter, and the company expects it to reduce further.
  - Receivables stood at INR37b, with a DSO of 58 days.
- **Capex Guidance**
  - Capex for 1QFY26 was INR24b; full-year guidance was maintained at INR150-180b.
- **Strategic Acquisitions & Asset Performance**
  - O2 Power now has an installed capacity of 1.8 GW, targeted to scale up to 4.7GW by Jun'27, with a planned capex of INR13-140b.
  - The acquired KSK Mahanadi (1.8 GW) plant is showing an upside potential; plans are underway to complete the fourth 600MW unit (~45% work completed). Tariff trajectory will vary yearly but management remains confident that its EBITDA will not go below INR24b in any year.
- **Reduced Merchant & Import Coal Exposure**
  - The company saw a 92% YoY rise in generation at the imported coal-based Vijayanagar plant (1.4 BU), primarily due to a PPA tie-up with JSW Steel, reducing exposure to the merchant market and imported coal volatility.
  - As of 1QFY26, only 8% (974MW) of capacity remains untied; of this, just 10% is linked to imported coal, with the remainder being domestic coal-based (Utkal and Mahanadi).
  - All under-construction capacity of 13GW has been tied up under PPAs, ensuring forward earnings stability.
- **Thermal & Renewable Development Plans**
  - Total capacity addition target for FY26 is 3-4GW (excluding 1.3GW of O2 Power).
  - Salboni greenfield thermal project (1.6 GW) has signed PPAs and secured 100% land; environmental clearance is in progress.
  - The company remains committed to a 30GW capacity by 2030, with a 2/3rd renewable and 1/3rd thermal mix.
- **Renewables, Storage, and Green Hydrogen Initiatives**
  - The company has signed a PPA with UPPCL for 12 GWh of a pumped storage project. A total of 29.4GWh locked-in capacity is under development.
  - The Kutehr Hydro plant (3units × 80MW) is nearing full commissioning in the next few days.

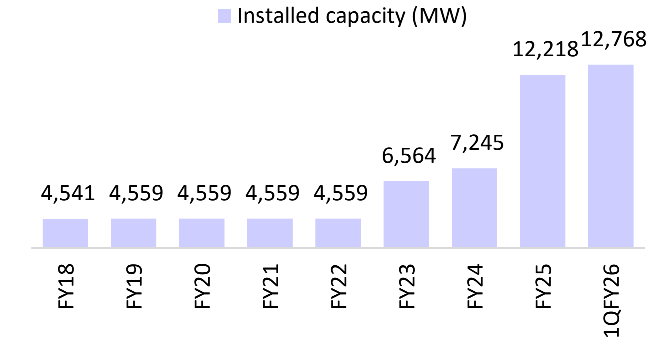
- A 20MW floating solar project is under construction in Karnataka, scheduled for commissioning by 2QFY26.
- The battery assembly plant in Pune with 5GWh/year capacity (initial capex: INR1.65-1.8b) is expected to begin trial runs by end-2QFY26. Cells will be imported from China.
- The green hydrogen plant (3,800 TPA) is targeted for commissioning in 2QFY26; it is expected to deliver mid-to-high teens IRR, amortized over seven years.

- **Strategy and & Regulatory Developments**
- Two wind blade manufacturing units are under development in western and southern India, set for commissioning by FY26. Strategic focus remains on reducing LCoE across renewable projects.
- Supreme Court ruling on Hydro asset free power obligation: The company is supplying 18% free power to the Himachal Pradesh government from 19th July'25. Discussions are ongoing to finalize the supply of an additional 6% free power during 14th Sep'23-18th July'25.

- **Market Trends and Sectoral Shifts**
- Merchant market prices remained stable at INR4.41/unit despite the rising RE capacity.
- India's total power capacity stands at 485 GW, with 46 GW added in the past 12 months.
- A structural shift has been observed in India's power procurement, with a growing preference for competitive bidding by states, particularly for thermal capacity.

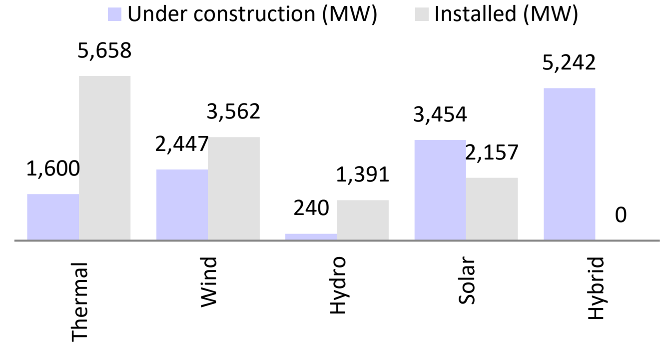
Story in charts – 1QFY26

Exhibit 1: Installed capacity (MW)



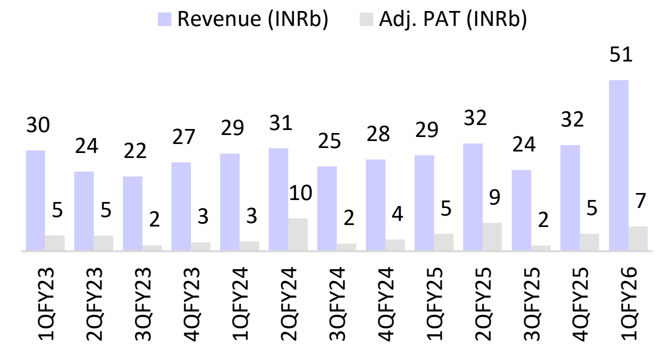
Source: Company, MOFSL

Exhibit 2: Capacity breakdown by 1QFY26 end



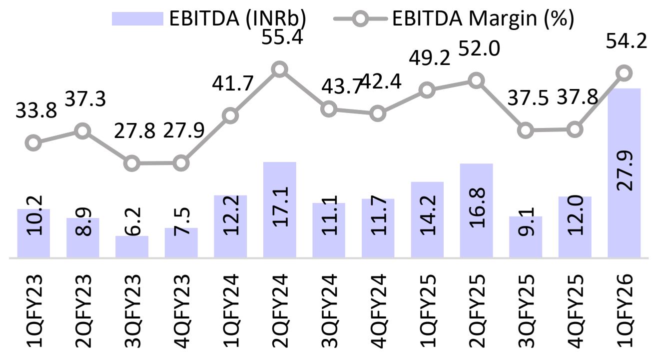
Source: Company, MOFSL

Exhibit 3: Consolidated revenue and Adj. PAT



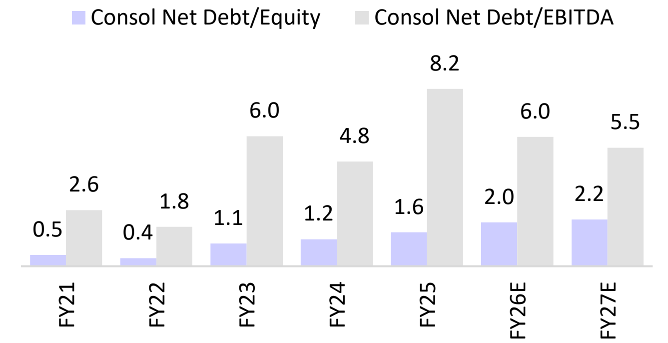
Source: Company, MOFSL

Exhibit 4: Consolidated EBITDA and EBITDA margin



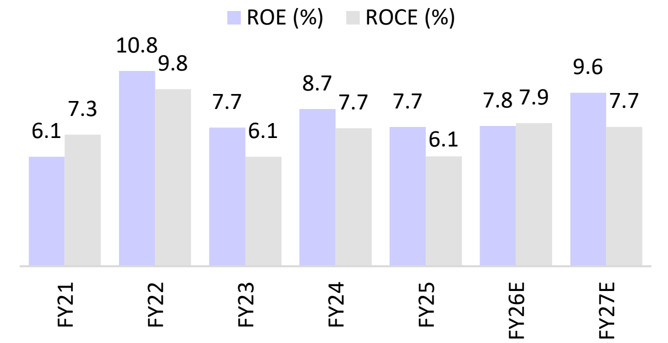
Source: Company, MOFSL

Exhibit 5: Consol. net debt/equity and net debt/EBITDA



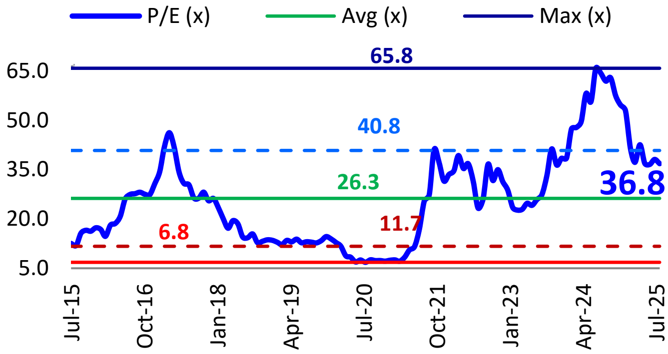
Source: Company, MOFSL

Exhibit 6: Consol. ROE and ROCE



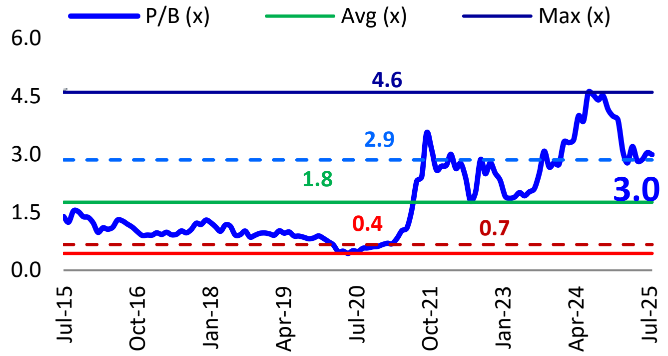
Source: Company, MOFSL

Exhibit 7: JSWE one-year FWD P/E



Source: Company, MOFSL

Exhibit 8: JSWE one-year FWD P/B



Source: Company, MOFSL

Financials and valuations

Consolidated Income Statement						(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Net Sales	**81,672**	**1,03,318**	**1,14,859**	**1,17,454**	**2,04,590**	**2,37,781**
Change (%)						
Total Expenses	45,982	70,500	61,041	65,246	1,05,250	1,11,607
Gross Profit	45,930	43,945	67,789	71,490	1,21,746	1,52,218
EBITDA	**35,690**	**32,818**	**53,818**	**52,208**	**99,340**	**1,26,173**
% of Net Sales	*43.7*	*31.8*	*46.9*	*44.4*	*48.6*	*53.1*
Depreciation	11,311	11,692	16,334	16,546	27,516	45,888
EBIT	**24,380**	**21,126**	**37,484**	**35,662**	**71,824**	**80,285**
Net Interest	7,769	8,443	20,534	22,691	49,059	52,523
Other income	5,687	5,352	4,554	7,941	8,836	12,796
PBT before EO	**22,297**	**18,036**	**21,504**	**20,912**	**31,600**	**40,558**
EO expense	0	-1,200	0	-1,000	0	0
PBT after EO	**22,297**	**19,236**	**21,504**	**21,912**	**31,600**	**40,558**
Tax	4,948	4,627	4,423	2,310	7,426	9,531
Rate (%)	*22.2*	*24.1*	*20.6*	*10.5*	*23.5*	*23.5*
JV	-85	193	165	228	228	228
Minority	149	-24	-19	-320	-2,367	-1,740
Reported PAT	**17,286**	**14,778**	**17,227**	**19,509**	**22,035**	**29,514**
Adjusted PAT	**17,286**	**13,866**	**17,227**	**18,614**	**22,035**	**29,514**
Change (%)	*117.3*	*-19.8*	*24.2*	*8.1*	*18.4*	*33.9*

Consolidated Balance Sheet						(INR m)
Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Share Capital	16,397	16,405	16,412	17,453	17,453	17,453
Reserves	1,57,752	1,69,883	1,91,905	2,56,162	2,75,643	3,01,978
Net Worth	**1,74,149**	**1,86,288**	**2,08,317**	**2,73,614**	**2,93,096**	**3,19,430**
Minority Interest	21	1,054	1,825	17,236	19,603	21,344
Total Loans	90,246	2,48,172	3,13,266	4,96,213	6,79,489	7,59,489
Deferred Tax Liability	8,923	10,784	13,390	30,834	32,572	34,803
Capital Employed	**2,73,338**	**4,46,298**	**5,36,798**	**8,17,898**	**10,24,760**	**11,35,066**
Gross Block	2,16,025	3,29,615	3,85,207	6,53,843	8,33,523	10,02,014
Less: Accum. Deprn.	74,116	85,809	1,02,143	1,18,689	1,46,205	1,92,094
Net Fixed Assets	**1,41,908**	**2,43,807**	**2,83,064**	**5,35,154**	**6,87,318**	**8,09,920**
Capital WIP	20,906	47,795	1,02,851	1,02,809	1,52,809	1,64,319
Goodwill	6,398	6,485	6,398	6,398	6,398	6,398
Investments	51,946	49,616	59,458	76,537	76,537	76,537
Curr. Assets	**88,166**	**1,39,714**	**1,30,920**	**1,78,491**	**1,97,122**	**1,81,120**
Inventories	9,010	9,871	8,307	9,053	12,331	11,726
Account Receivables	12,147	16,314	10,205	13,198	11,210	13,029
Cash and Bank Balance	25,265	50,850	52,957	67,968	85,308	68,092
Others	41,745	62,679	59,452	88,272	88,272	88,272
Curr. Liability & Prov.	**35,986**	**41,119**	**45,893**	**81,492**	**95,424**	**1,03,228**
Account Payables	9,562	12,741	13,437	14,095	28,026	35,830
Provisions & Others	26,424	28,378	32,456	67,398	67,398	67,398
Net Curr. Assets	**52,180**	**98,595**	**85,028**	**96,999**	**1,01,698**	**77,892**
Appl. of Funds	**2,73,339**	**4,46,298**	**5,36,798**	**8,17,898**	**10,24,760**	**11,35,066**

Financials and valuations

Ratios

	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)						
EPS	**10.5**	**8.5**	**10.5**	**10.7**	**12.6**	**16.9**
Cash EPS	17.4	15.6	20.4	20.1	28.4	43.2
BV/Share	106.2	113.6	126.9	156.8	167.9	183.0
DPS	2.0	2.0	2.0	2.0	3.0	3.0
Payout (%)	19.0	23.7	19.1	18.8	23.8	17.7
Dividend yield (%)	0.4	0.4	0.4	0.4	0.6	0.6
Valuation (x)						
P/E	49.1	61.3	49.3	48.5	41.0	30.6
Cash P/E	29.7	33.2	25.3	25.7	18.2	12.0
P/BV	4.9	4.6	4.1	3.3	3.1	2.8
EV/EBITDA	25.6	31.9	20.6	25.5	15.1	12.6
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.6	0.6
Return Ratios (%)						
RoE	10.8	7.7	8.7	7.7	7.8	9.6
RoCE (post-tax)	9.8	6.1	7.7	6.1	7.9	7.7
RoIC (post-tax)	10.8	7.0	9.8	7.3	8.7	8.1
Working Capital Ratios						
Fixed Asset Turnover (x)	0.6	0.4	0.4	0.2	0.3	0.3
Asset Turnover (x)	0.3	0.2	0.2	0.1	0.2	0.2
Debtor (Days)	54	58	32	41	20	20
Inventory (Days)	40	35	26	28	22	18
Leverage Ratio (x)						
Net Debt/EBITDA	1.8	6.0	4.8	8.2	6.0	5.5
Debt/Equity	0.4	1.1	1.2	1.6	2.0	2.2

Consolidated Cash Flow Statement **(INR m)**

Y/E March	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
EBITDA	**35,690**	**32,818**	**53,818**	**52,208**	**99,340**	**1,26,173**
FX gain/loss	0	0	0	0	0	0
WC	-4,375	-11,336	10,085	-15,879	12,641	6,591
Others	2,593	2,833	2,290	5,346	2,594	1,968
Direct taxes (net)	-4,388	-3,473	-3,857	-3,291	-5,688	-7,300
CF from Op. Activity	**29,520**	**20,843**	**62,336**	**38,385**	**1,08,887**	**1,27,431**
Capex	-22,941	-42,363	-80,328	-67,086	-2,29,680	-1,80,000
FCFF	**6,580**	**-21,520**	**-17,991**	**-28,701**	**-1,20,793**	**-52,569**
Interest income	3,166	2,342	1,894	3,195	8,836	12,796
Others	5,852	-30,074	1,456	-1,61,717	0	0
CF from Inv. Activity	**-13,922**	**-70,095**	**-76,978**	**-2,25,608**	**-2,20,844**	**-1,67,204**
Share capital	-844	24	0	49,445	0	0
Borrowings	3,892	87,278	-1,77,098	1,84,252	1,83,276	80,000
Finance cost	-7,574	-10,758	-23,082	-27,207	-49,059	-52,523
Dividend	-3,287	-3,288	-3,468	-3,639	-4,920	-4,920
Others	0	18	2,20,397	-618	0	0
CF from Fin. Activity	**-7,813**	**73,275**	**16,748**	**2,02,234**	**1,29,297**	**22,557**
(Inc)/Dec in Cash	**7,785**	**24,023**	**2,106**	**15,011**	**17,340**	**-17,215**
Opening balance	17,480	26,828	50,850	52,957	67,968	85,308
Closing balance (as per B/S)	**25,265**	**50,850**	**52,957**	**67,968**	**85,308**	**68,092**

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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