

JSW Energy (JSW) - SELL

Q1FY27 Result Update

Current Market Price (CMP) Rs.562	Fair Value (FV) Rs.475
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Rationale:

- JSW Energy reported modest 3% yoy growth in Q1FY27 EBITDA to ~Rs2873.2cr, despite a 1.8 GW capacity addition in the past 12 months.
- Generation was impacted at thermal (one-off shutdowns) and hydro plants (lower PLF).
- Now aiming for 3 GW addition in FY27E YTD addition of 1.1 GW is tracking on target.
- Stock remains expensive at 2.6X P/B (2028E).
- Maintain SELL with a revised FV of Rs475 (from Rs455).

Positives:

- Higher realization owing to lower hydro (lower tariff) generation.
- The recent QIP and stake sale in JSW Steel have improved the balance sheet, with net debt easing to Rs613 bn (4.95x EBITDA).
- 32.4 GW of locked-in capacity (incl. 4 GW pipeline capacity).
- 13.6 GW of PPA-signed under-construction projects and 4.3 GW of future pipeline (installed capacity basis).

Negatives:

- Net profit of Rs471 cr ((-)37% yoy, +27% qoq) was impacted by higher interest (+16% yoy) and depreciation (+20% yoy) charges and lower other income ((-)14% yoy).
- Mahanadi, Ind-Barath and hydro plants led the earnings decline.
- Missed the 3.8 GW capacity addition target in FY26 (2.6 GW actual).
- The flat performance (yoy basis) was due to lower generation/PLF at thermal, hydro and wind projects during the quarter.

(EBITDA: Earnings Before Interest, Tax, Depreciation & Amortization GW: Giga Watt, PLF: Plant Load Factor, YTD: Year to Date, P/B: Price To Book Value, QIP: Qualified Institutional Placement, PPA: Power Purchase Agreement)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com).Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY

– We expect the stock to deliver more than 15% returns over the next 12 months
- ADD

– We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE

– We expect the stock to deliver -5% - +5% returns over the next 12 months
- SELL

– We expect the stock to deliver < -5% returns over the next 12 months
- NR

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– We advise investor to subscribe to the IPO.
- RS

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- NA

– **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM

– **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE

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