kotak neo

Dated: 23 July 2026

JSW Energy (JSW) - SELL

Q1FY27 Result Update

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

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)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

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 – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

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 – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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