

KEY HIGHLIGHTS

1. RESULTS OVERVIEW:

- JSW Energy Ltd Q2FY25 consolidated revenues came in at ₹3,238 Cr, -0.6% YoY & +12.5% QoQ.
- Op Profit for Q2FY25 stood at ₹1,685 Cr, -10.4% YoY & +18.9% QoQ.
- Op margins for Q2FY25 came at 52%, -565 bps YoY & +282 bps QoQ.
- PAT for Q2FY25 stood at ₹877 Cr, +2.3% YoY & +64.2% QoQ.

2. MANAGEMENT COMMENTARY:

- The company added 204 MW of RE capacity (mainly wind) in Q2 and secured new RE projects totaling 3.7 GW in the quarter.
- Focusing on energy storage, including signing a 12GWh Pumped Hydro Storage project PPA in Maharashtra and constructing Asia's largest BESS.
- Net generation increased by 14% YoY, driven by robust performances across both segments. Hydro generation saw a notable 21.6% YoY increase due to improved hydrology.

3. CONCALL SUMMARY

- Power Demand Growth:** India's power demand grew by 5.4% in H1 FY25, with a peak demand of 231 GW in September 2024. Strong demand is expected to continue, driven by robust economic activity.
- Thermal Segment Performance:** Thermal generation increased 14% YoY, supported by improved output from Ratnagiri and Vijayanagar plants and contributions from Utkal Unit-1. Long-term thermal generation rose 7% YoY, while short-term thermal generation surged 51% YoY.
- Merchant Market Trends:** Merchant volumes grew by 27% YoY due to steady monsoons boosting hydro and wind generation. However, day-ahead market prices dropped 24% YoY to ₹4.5 per unit, compressing margins in the short-term market.
- Strategic Partnerships:** JSW Energy is strengthening its renewable portfolio through partnerships, including advancements in wind turbine technology with SANY, which includes plans for blade manufacturing in India.
- Under-Construction Projects:** JSW Energy is on track to achieve 10 GW capacity by FY25, with 204 MW of wind commissioned in Q2 FY25, 29% of national additions. The 240 MW Kutehr Hydro Project resumed after Q1 delays, with all units expected by FY25. Utkal Unit-1 contributed 467 million units in Q2, and Unit-2 will synchronize in Q3. ₹4,500 crore in capex is allocated for these projects.
- Focus on Sustainability and Innovation:** JSW Energy is investing in green hydrogen and renewable-driven projects to align with India's energy transition goals, with a pilot green hydrogen plant with 3,800 TPA capacity scheduled for Mar'2025.

4. VALUATION AND OUTLOOK:

Driven by its strategic focus on renewable energy expansion, robust pipeline of under-construction projects, significant advancements in energy storage and green hydrogen, and disciplined financial management, positioning it well for long-term growth amid India's energy transition.

We reiterate a "BUY" rating on the stock & value the stock at 45x FY26E earnings to arrive at the target of ₹744.

RECOMMENDATION - BUY

CMP – 643

TARGET – 744 (~16%)

Industry	Energy
NSE CODE	JSWENERGY
BSE CODE	543720
Market Cap (₹ Cr)	112296.16
Shares Outstanding (in Cr)	174.78
52 wk High/Low (₹)	804.9 / 397.65
P/E	61.17
P/BV	4.28
Face Value (₹)	10.00
Book Value (₹)	160.05
EPS (FY24) (₹)	10.50
Dividend Yield (%)	0.38
Debt / Equity	1.51
Interest Coverage	2.06

SHAREHOLDING PATTERN

	Sep 24	Jun 24	Mar 24
Promoters	69.32	69.32	73.67
MF/ DII	1.48	1.18	0.89
FII/FPI	14.92	15.37	8.37
Retail & Others	5.98	6.10	8.66
Promoter Pledging	8.50	9.56	10.80

FINANCIAL SNAPSHOT (₹ Cr)

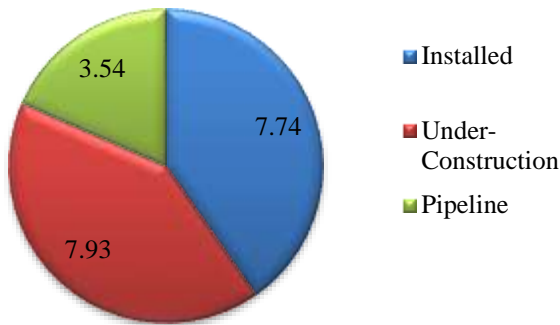
Y/E March	2024A	2025E	2026E
Crore			
Sales	11486	14280	18794
Sales Gr. (%)	11.17	24.33	31.60
EBITDA	5382	6977	9558
EBITDA %	46.87	48.86	50.86
PAT	1723	2428	2891
EPS (₹)	10.50	13.87	16.52
EPS Gr. (%)	16.53	32.18	19.08
Valuation			
P/E (x)	50.39	46.36	38.92

Historical & Industrial Valuation Ratios

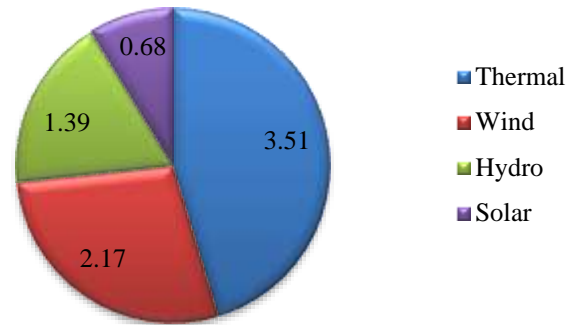
Historical P/E	61.17
Industry P/E	28.40
Historical P/B	4.28
Industry P/B	3.33

Capacity Mix (Q2FY25)

Power Generation Portfolio (GW)

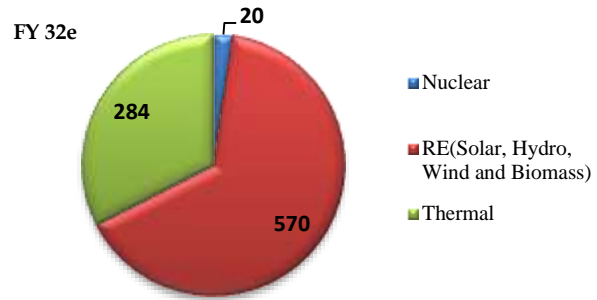
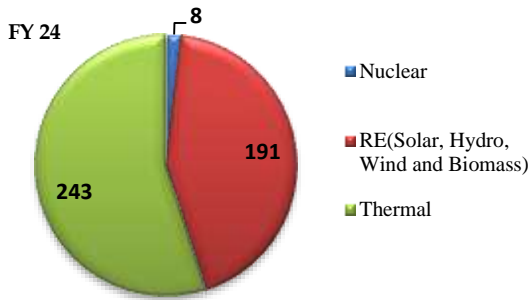


Installed Capacity (GW)



Sector Dynamics

India's share of Renewables is projected to increase from 43% in FY24 to 65% in FY32 (GW)



QUARTERLY PERFORMANCE (CONSOLIDATED)

(₹ Cr)

Y/E March	FY23		FY24				FY25		FY25E	FY26E
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		
Net sales	2,248	2,670	2,928	3,259	2,543	2,756	2,879	3,238	14,281	18,794
YoY change (%)	18.00	9.39	-3.25	36.52	13.11	3.22	-1.65	-0.67	24.33	31.60
Total Expenditures	1,623	1,925	1,706	1,379	1,432	1,587	1,462	1,553	7,304	9,236
EBITDA	625	745	1,222	1,880	1,111	1,169	1,418	1,685	6,977	9,558
Margins (%)	27.80	27.91	41.74	57.69	43.68	42.40	49.24	52.04	48.86	50.86
Depreciation	295	291	398	409	400	427	375	392	1,640	2,494
Interest	214	233	486	514	521	533	511	518	2,754	3,772
Other Income	102	136	85	128	119	123	163	222	548	564
PBT	218	357	424	1,086	309	332	694	997	3,237	3,855
Tax	48	69	136	235	78	-6	164	128	809	964
Rate (%)	22.05	19.24	32.00	21.65	25.26	-1.91	23.63	12.86	25.00	25.00
PAT	170	288	288	851	231	338	530	868	2,428	2,891
EPS in Rs	1.09	1.65	1.76	5.17	1.41	2.14	2.99	4.88	13.87	16.52

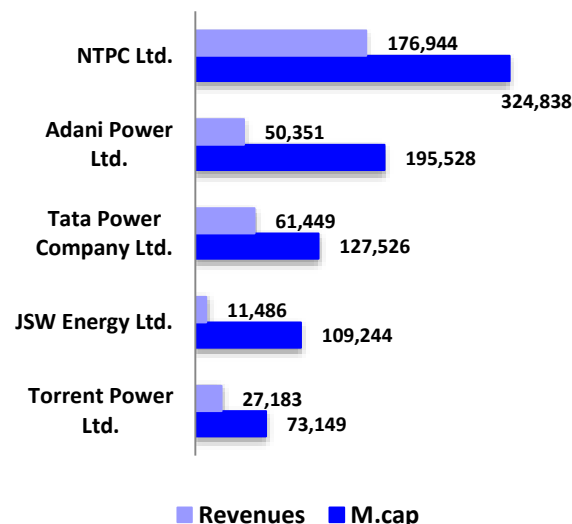
Source: Company, Hem Securities Research.

Note: - Figures mentioned in statement are rounded off to the nearest integer for better understanding purpose.

INDUSTRY OVERVIEW

- India, the third-largest energy-consuming country in the world. According to the IEA, India has emerged as fourth globally in renewable energy installed capacity, fourth in wind power capacity, and fifth in solar capacity.
- During the year, India approved phase II of the Green Energy Corridor-Inter-State Transmission System (ISTS) for the 13 GW Renewable Energy Project in Ladakh to be set up by FY 2030 at ₹20,774 cr. investment and Central Financial Assistance of ₹8,309 cr.
- India has implemented the PLI Scheme for the National Programme on High Efficiency Solar PV Modules to achieve a manufacturing capacity of GW scale in high efficiency solar PV modules with an investment of ₹24,000 cr.
- According to the National Electricity Plan notified in May 2023, installed capacity is expected to be increased to 900 GW by FY 2032, out of which carbon-free capacity is expected to be 616 GW. In addition, a battery energy storage system (BESS) with a capacity of 47,244 MW / 2,36,220 MWh is also expected to be installed.
- By 2030, the target is to achieve 500 GW of non-fossil fuel-based installed capacity, implying 50% of the installed capacity from the non-fossil mode of generation, a key pledge under Panchamrit. By the end of 2030, India aims to reduce the carbon intensity of the economy by less than 45%, achieve 50% cumulative electric power installed from renewables, and achieve net-zero carbon emissions by 2070.
- India aims to produce 5 MT of green hydrogen by 2030, supported by 125 GW of renewable energy capacity.

KEY PLAYERS in Steel space



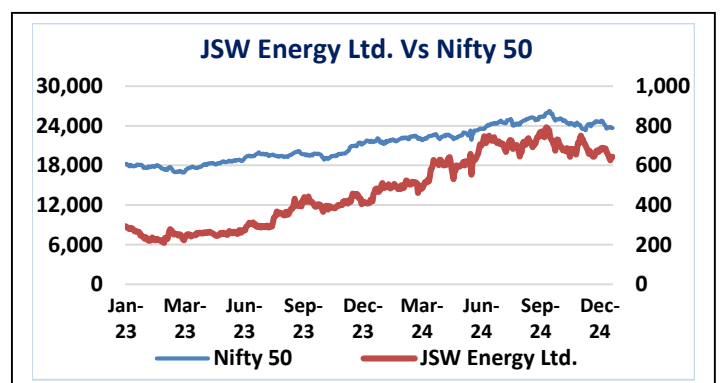
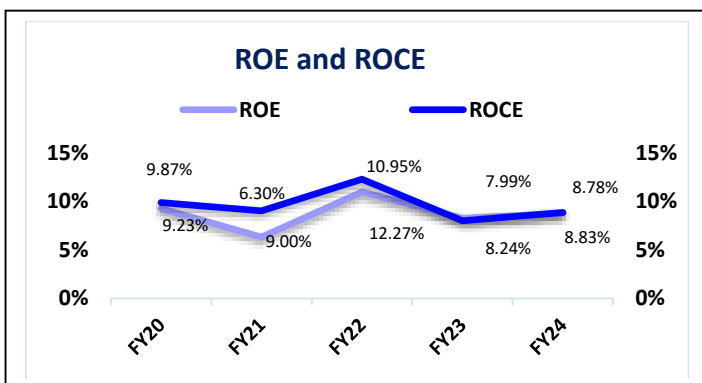
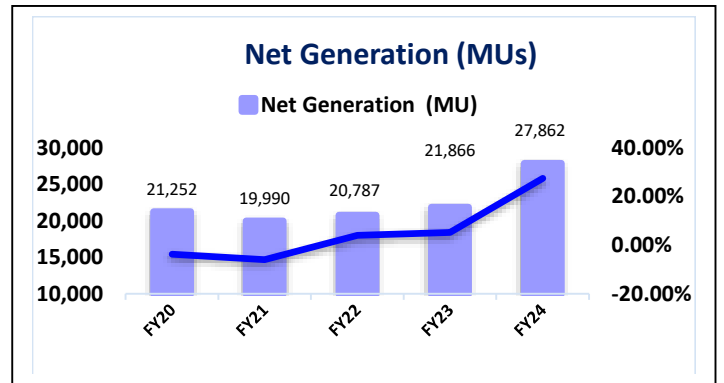
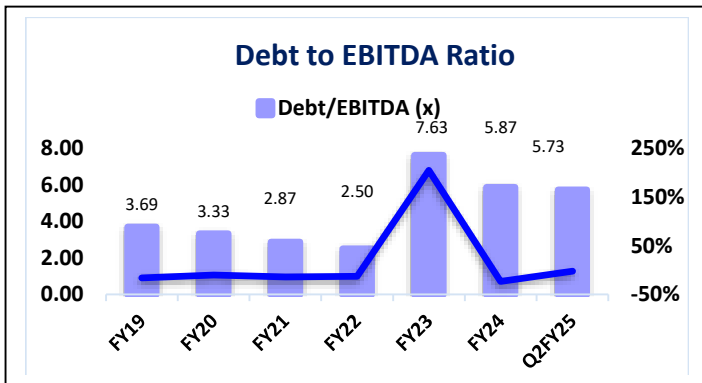
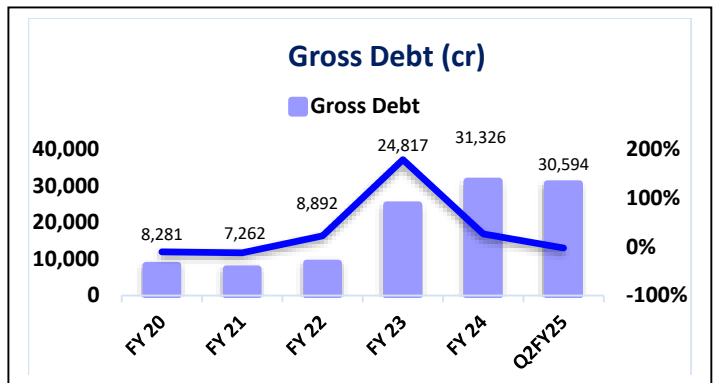
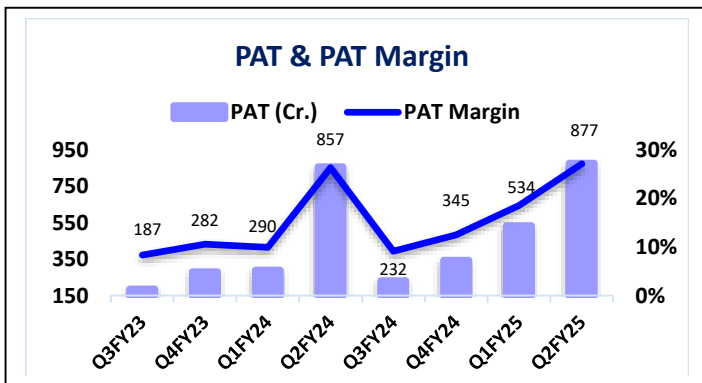
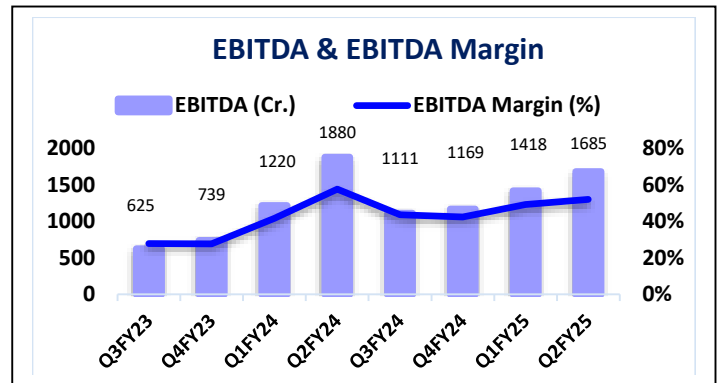
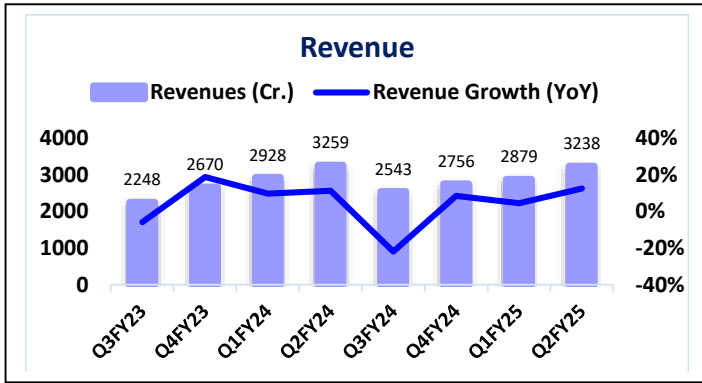
PEER PERFORMANCE

(₹ Cr)

Particulars	JSW Energy Ltd.	Adani Power Ltd.	NTPC Ltd.	Tata Power Company Ltd.	Torrent Power Ltd.
Market Cap	109,244	195,528	324,838	127,526	73,149
Net Sales	11,486	50,351	176,944	61,449	27,183
EBITDA	5,382	18,181	49,909	10,784	4,434
PAT	1,723	20,829	20,812	3,696	1,833
EPS(₹)	10.50	54.00	21.46	11.57	38.14
EBITDA MARGIN %	50.82	55.83	30.82	20.52	18.04
PAT MARGIN %	15.02	41.37	11.95	6.97	6.97
ROCE %	8.83	32.30	10.58	12.99	15.62
ROE %	8.78	57.05	13.86	14.00	16.44
P/E TTM	55.80	15.37	17.01	34.05	32.61
P/B TTM	3.91	3.49	1.93	3.79	4.35
MCap/ Sales TTM	9.57	3.58	1.77	2.01	2.51

Source: Company, Hem Securities Research.

STORY IN CHARTS



INVESTMENT RATIONALE:

- **Renewable Energy Expansion:** JSW Energy is strategically positioned to achieve 20 GW of power generation capacity and 40 GWh of energy storage by 2030, aligning with India's ambitious renewable energy targets. Its strong project pipeline of 3.4 GW reflects robust execution capabilities in solar, wind, and hydro projects.
- **Leadership in Energy Transition:** With investments in green hydrogen production, energy storage solutions (BESS and hydro-pumped storage), and equipment manufacturing, JSW Energy is at the forefront of India's shift to sustainable energy.
- **Sustainability and ESG Leadership:** Globally recognized for its sustainability practices, including an A- rating by CDP and top rankings in the Dow Jones Sustainability Index, the company's commitment to carbon neutrality by 2050 enhances its appeal to ESG-focused investors.
- **Favorable Market Dynamics and Strategic Vision:** Positioned to benefit from rising energy demand in India and backed by a clear "Strategy 2.0" roadmap, JSW Energy is well-equipped to capitalize on growth opportunities in renewable energy and innovative energy solutions.
- JSW Energy presents a compelling investment opportunity for investors looking for exposure to India's clean energy transition, underpinned by strong financial health, strategic growth initiatives, and a commitment to sustainability.

RISK / NEGATIVE FACTORS:

- **Dependence on Thermal Power:** Despite its renewable energy push, thermal power still accounts for a significant portion of JSW Energy's portfolio (3.9 GW). This reliance on fossil fuels poses challenges in meeting carbon neutrality targets and may expose the company to regulatory and environmental risks.
- **Execution Risks in Renewable Projects:** The company's aggressive expansion plan, including a 20 GW capacity target by 2030, involves large-scale renewable projects. Delays in project execution, supply chain disruptions, or regulatory hurdles could impact timelines and financial returns.
- **Market and Regulatory Risks:** Fluctuations in power tariffs, changing government policies, and evolving regulations in the energy sector may affect revenue stability. The competitive nature of renewable energy auctions also puts pressure on margins.

COMPANY RECAP

- **Pioneering Energy Transition and Leadership:** JSW Energy Limited, a key entity of the USD 24 billion JSW Group, is among India's foremost independent power producers. It has a diversified portfolio spanning thermal, hydro, solar, and wind energy with a locked-in capacity of 19.2 GW, and is actively steering India's energy transition towards a low-carbon future.
- **Focus on Sustainability and Carbon Neutrality:** The company is aligned with India's net-zero goals, striving for carbon neutrality by 2050. It has committed to reducing its carbon emissions intensity by 50% by 2030, transitioning towards a greener energy portfolio that includes innovations like green hydrogen and sustainable energy storage.
- **Innovation in Green Energy and Technology:** JSW Energy is advancing into next-generation energy solutions, including a green hydrogen production facility (3,800 TPA) and energy storage systems like Battery Energy Storage Systems (BESS) (40GWh) and Hydro Pumped Storage. These initiatives support grid stability and address renewable energy intermittency challenges.
- **Leadership in ESG and Sustainability:** Recognized for its commitment to sustainability, JSW Energy has consistently received accolades such as the A- rating from the Climate Disclosure Project (CDP) and the highest ranking in India's thermal power category on the Dow Jones Sustainability Index.
- **Future-ready Business Model:** With its diversification into energy equipment manufacturing (solar modules, wind turbines) and innovative products (green hydrogen derivatives), JSW Energy is evolving from a traditional power generation company to an integrated energy solutions provider, driving sustainable and inclusive growth for India's energy needs.

ANNUAL PERFORMANCE

Income Statement					(₹ Cr)	
Y/E March	2021	2022	2023	2024	2025E	2026E
Revenue from operations	6,922	8,167	10,332	11,486	14,281	18,794
Growth YoY (%)	-16.32	17.98	26.50	11.17	24.33	31.60
Total Expenditure	4,016	4,598	7,050	6,104	7,304	9,236
(%) of sales	58.01	56.30	68.24	53.14	51.14	49.14
EBITDA	2,907	3,569	3,282	5,382	6,977	9,558
EBITDA Growth (%)	-3.08	31.60	-7.75	52.92	29.64	36.99
Depreciation	1,167	1,131	1,169	1,633	1,640	2,494
EBIT	1,994	3,015	2,787	4,220	5,443	7,063
EBIT Growth (%)	-7.90	51.19	-7.56	51.42	28.97	29.77
Net Interest Expenses	896	777	844	2053	2754	3772
Other Income	237	569	535	455	548	564
Earnings before Taxes	1,099	2,238	1,943	2,167	3,237	3,855
EBT Margin (%)	15.87	27.41	18.80	18.87	22.67	20.51
Tax-Total	276	495	463	442	809	964
Rate of tax (%)	25.11	22.11	23.82	20.41	25.00	25.00
Net Profit	823	1,743	1,480	1,725	2,428	2,891
PAT Growth (%)	-23.91	111.93	-15.11	16.52	40.78	19.08
PAT Margin (%)	11.88	21.35	14.33	15.02	17.00	15.38
EPS	4.84	10.54	9.01	10.50	13.87	16.52
EPS Growth (%)	-27.70	117.66	-14.56	16.53	32.18	19.08

Balance Sheet					(₹ Cr)	
Y/E March	2020	2021	2022	2023	2024	
Equity Capital	1,642	1,642	1,640	1,641	1,641	
Reserves	10,004	12,865	15,775	16,988	19,191	
Borrowings	9,840	8,371	8,943	25,051	31,573	
Other Liabilities	3,445	3,328	4,157	4,737	5,362	
Total Liabilities & Equity	24,931	26,206	30,515	48,417	57,767	
Fixed Assets	16,713	15,637	14,831	25,020	28,946	
CWIP	391	473	2,091	4,788	10,285	
Investments	1,854	4,052	6,623	6,033	7,035	
Other Assets	5,974	6,045	6,970	12,576	11,501	
Total Assets	24,932	26,207	30,515	48,417	57,767	

Source: Company, Hem Securities Research.

Note: - Balance sheet figures have been rounded off.

Ratios					
Y/E March (Basic (INR))	2020	2021	2022	2023	2024
Profitability and return ratios					
Net profit margin (%)	13.07	11.88	21.35	14.33	15.02
EBIT margin (%)	26.17	28.81	36.92	26.98	36.74
ROE (%)	9.23	6.30	10.95	8.24	8.78
ROCE (%)	9.87	9.00	12.27	7.99	8.83
Working Capital & liquidity ratios					
Payables (Days)	0.00	0.00	0.00	0.00	0.00
Inventory (Days)	24.14	27.28	28.96	33.35	28.88
Receivables (Days)	66.03	66.69	36.53	38.90	37.75
Current Ratio (x)	1.03	1.18	1.02	1.07	1.19
Valuations Ratios					
EV/sales (x)	2.01	3.22	6.95	5.84	9.92
EV/EBITDA (x)	5.13	7.10	13.72	15.80	19.52
P/E (x)	6.36	18.16	28.35	26.72	50.39
P/BV (x)	0.60	1.00	2.82	2.13	4.18
Dividend Yield (%)	2.35	2.27	0.67	0.83	0.38
Return on Assets (%)	3.82	2.87	5.62	3.50	3.08
Leverage Ratio					
Debt/Equity (x)	0.85	0.58	0.51	1.34	1.51

Cash Flow Statement					(₹ Cr)
Y/E March	2020	2021	2022	2023	2024
CF from Operating activities (A)	2085.54	3699.86	2952.03	2084.27	6233.63
CF from Investing Activities (B)	300.76	-1032.56	-1392.23	-7009.48	-8317.73
CF from Financing Activities (C)	-1964.59	-2514.75	-781.31	7327.48	1674.83
Net Cash Flow	421.71	152.55	778.49	2402.27	-409.27
Add: Opening Bal.	474.43	895.76	1051.07	1835.12	4468.74
Closing Balance	895.76	1051.07	1835.12	4468.74	4180.07

Source: Company, Hem Securities Research.

RATING CRITERIA

INVESTMENT RATING	EXPECTED RETURN
BUY	>=15%
ACCUMULATE	5% to 15%
HOLD	0 to 5%
REDUCE	-5% to 0
SELL	<-5%

RECOMMENDATION SUMMARY

DATE	RATING	TARGET
31 December 2024	Buy	744

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Name of the Research Analyst: KARTIK KHANDELWAL

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

SN	Particulars	Yes/No
1.	Research Analyst or his/her relative's or HSL's financial interest in the subject company(ies)	No
2.	Research Analyst or his/her relative or HSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report	No
3.	Research Analyst or his/her relative or HSL has any other material conflict of interest at the time of publication of the Research Report	No
4.	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5.	HSL has received any compensation from the subject company in the past twelve months	No
6.	HSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7.	HSL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8.	HSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9.	HSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10.	Research Analyst or HSL has been engaged in market making activity for the subject company(ies)	No

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There were no instances of non-compliance by HSL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years.