kotak Securities

Dated: 20 Oct 2025

JSW Energy (JSW) - SELL

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.541	**Rs.495**

Rationale:

- Strong 78% yoy growth in Q2FY26 EBITDA to Rs2996.5 cr, aided by acquisitions of Mahanadi & O2 (3.1 GW operational) & 2.3 GW of organic capacity addition in 1 yr.
- Adjusted EBITDA growth was more modest at 10%, while higher interest and depreciation costs led to a 17% yoy decline in PAT.
- Capacity addition in Q2 comprised 240 MW Kutehr & renewable projects of 203 MW.
- Targeting 15 GW of capacity by end-2026 & 30 GW (+40 GWh storage) by 2030E.
- The stock remains pricey at 2.6X P/B (FY27E); SELL with a revised SoTP- based FV of Rs495 (from Rs485).

Positives:

- JSW reported revenues of Rs5177.4 cr (+60% yoy, +1% qoq).
- 443 MW overall capacity addition in Q2FY26; targeting 15 GW by end-FY26.
- Generation up 52% yoy; better PLF for wind assets.
- 11.1 GW of PPA-tied under-construction projects and 4.4 GW of future pipeline (contracted capacities).

Negatives:

- Net profit of Rs704.7 cr ((-)17% yoy, (-)5% qoq) was impacted by higher finance cost.
- Standalone business saw lower tariffs during the quarter.
- Barmer earnings declined due to regulatory step-down in depreciation.
- JSW's net debt rose sequentially; net debt/EBITDA at 6X (4.8X for operational debt).

(EBITDA: Earnings before interest, tax, depreciation & amortization, GW: Giga watt, GWh: Giga watt hour, SoTP: Sum of the parts, P/B: Price to Book Value, PPA: Power Purchase Agreement, PLF: Plant Load Factor)

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

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