FIN2RESEARCH
Investment Advisor Pvt. Ltd.

Date : 12/08/24

Techno Funda : Buy JSW Energy Limited.

Buy Range : @ 675-695 **Target : 1st @ 725, 2nd @ 860**

Stock Info	
Mkt Cap (cr)	120630.98
52-Weeks High/Low	752.40 / 325.05
Avg Volume	42,58,748
No. of eq shares (cr)	174.78
Face Values	10.00
Bse Code	533148
Nse Code	JSWENERGY
Free Float (cr)	37009.58

Source : NSE/BSE

Particulars	2023	2024
P/E	26.79	50.52
P/B	2.12	4.17
EV/EBITDA	15.60	19.98
Quick Ratio	0.98	1.10
Current Ratio	1.05	1.20
ROCE	8.81%	9.01%
ROIC	4.42%	5.98%
ROA	3.60%	3.15%
ROE	8.30%	8.50%
DSO	39.00	38.00
DPO	69.00	92.00
DIO	55.00	64.00
Interest Coverage	2.80	1.20

Source : Company, Fin2Research

Particulars	2023	2024
Revenue op. Growth	26.51%	11.17%
EBITDA Growth	-8.12%	63.99%
EBT Grwoth	-13.18%	11.53%
PAT Growth	-15.09%	16.55%
EPS	8.9900	10.4700

Source : Company

Particulars	% of Total Shares
Promoters	69.32%
Mutual Funds/AIF	1.18%
Insurance co. & others	7.73%
Other DIIs	0.30%
FII	15.37%
Retails and Others	5.91%
Non Promoter-Non Public	0.19%
Total	100.00%

JSW Energy: JSW Energy Ltd, a member of the Jindal Group business conglomerate, is an Indian electric utility company. The company operates in two main segments: Thermal and Renewables. The Thermal segment involves the generation of power from coal and other thermal sources, while the Renewables segment focuses on generating power from renewable energy sources such as hydro, wind, and solar, along with related ancillary services. The majority of its revenue is generated within India.

Key Highlights:

JSW Energy has secured a contract from the Solar Energy Corporation of India (SECI) to supply 230 MW of renewable energy. The contract was awarded to JSW Neo Energy Ltd, a wholly-owned subsidiary of JSW Energy, through a tariff-based bidding process. SECI had sought bids for 630 MW of firm and dispatchable power from ISTS-connected renewable energy projects under SECI-FDRE-IV.

JSW Neo has received a letter of award from the Solar Energy Corporation of India Limited (SECI) to develop a 500-megawatt solar power project, along with 250 megawatt- or 500 megawatt-hour energy storage systems. This award raises the company’s total locked-in generation capacity to 16 gigawatts and its total energy storage capacity to 4.2 gigawatt hours. Additionally, the company has secured a second contract from Karnataka Renewable Energy Development Limited (KREDL) to establish a 300-megawatt solar power project at Pavagada Solar Park.

With this contract, JSW Energy’s locked-in generation capacity has reached 16.4 GW, including 2.3 GW of hybrid and firm dispatchable renewable energy. Currently, the company has 7.5 GW of generation capacity, with plans to expand to 10 GW by FY25.

JSW Energy aims to achieve a generation capacity of 20 gigawatts and an energy storage capacity of 40 gigawatt hours by 2030, with the broader goal of achieving carbon neutrality by 2050.

The board has approved raising ₹100 billion to accelerate growth, with a target of reaching 20 GW of generation capacity by 2030. The company successfully completed a Qualified Institutional Placement (QIP) in April, positioning itself for future expansion.

JSW Energy has participated in competitive bids, aiming to achieve 10 GW of capacity by FY25. Additionally, the company is looking to generate an EBITDA of ₹1,600 crore within 24 months from the Mytrah asset acquisition.

Ind-Barath Unit-1 was commissioned in January, with Unit-2 expected to be commissioned in the current quarter. The company also anticipates commissioning a 1 GWh battery storage project by Q1 FY26.

The power generation company's consolidated net profit surged by 79.99% to ₹521.76 crore in Q1 FY25, up from ₹289.88 crore in Q1 FY24. However, revenue from operations declined by 1.65% year-on-year (YoY) to ₹2,879.46 crore for the quarter ending 30 June 2024.

EBITDA for the June 2024 quarter rose by 20.96% YoY to ₹1,581 crore, driven by increased power generation. The EBITDA margin improved to 52% in Q1 FY25, compared to 43% in the same quarter of the previous year.

Net power generation for the quarter reached 7.881 MUs, marking an 18% YoY increase, supported by higher hydro power generation, renewable capacity additions, and Utkal unit

Key Risk :

- ESG Factor: The environmental risks associated with coal-based power producers stem from their dependence on fossil fuels, with coal-fired plants being major contributors to pollution and significant industrial water users. It is essential for these producers to comply with government-mandated emission and water
- The company faces execution risks, including delays in land acquisition and transmission connectivity, during its 3.0 GW debt-funded capacity expansion, costing around ₹23,800 crore. With 55% of the capex completed by November 2023, the remaining will be spent in the next 12 to 18 months. Timely project commissioning as per power purchase agreements is crucial.

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Research Report

Buy Range : @ 690.05 Target : 1st @ 725 2nd @860

Moving Averages: The 10-day and 21-day moving averages are close together, indicating a potential breakout in either direction.

RSI: The Relative Strength Index (RSI) at 46.81 is in the oversold territory, suggesting potential buying opportunities. However, a sustained move below 30 would confirm a stronger bearish trend.

Bollinger Bands: The Bollinger Bands are contracting, indicating a decrease in volatility. A breakout above the upper band could signal a resumption of the uptrend.

Buy on Dip: If the price retraces to the support level around ₹620 and the RSI shows signs of divergence, a buying opportunity might arise.

Stop-Loss: A stop-loss order below the ₹620 support level can protect against significant losses.

GUIDELINES FOR THE REPORT

• It is recommended to enter in a staggered manner within the prescribed range provided in the report.

• Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on a closing basis • The suggestion is valid for 3-5 months; if we want to carry subsequent positions, we will contact you via mail or other modes of communications.

• Once target1 is achieved, use a trailing stop loss of the recommended average price.

Portfolio Allocation:

• It is not recommended to allocate the entire corpus to a single stock or product without first understanding the risk and return associated with that stock or product.

• It is recommended to diversify the corpus in a proportionate manner among various tech-funda research reports and other reports as stated.

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