

- REC, a GOI entity, finances projects of conventional power generation (28% mix), renewable (9% mix), transmission (9% mix), distribution (40% mix) & roads, railways, airports (14% mix).
- Power sector will add 360GW capacity during FY24-30 compared to existing 453GW as of Sep'24. As per RBI, total requirement for green financing over FY23-30 aggregates to Rs. 85.6 Lac Cr translating to annual requirement of Rs. 10.7 Lac Cr.
- REC has an AUM of Rs. 5.5 Lac Cr as on Q2FY25 and has guided for reaching AUM of Rs. 10 Lac Cr before end of FY29 (17% CAGR) by which time renewable projects will comprise 30% of its AUM i.e. Rs. 3 Lac Cr from just 9% of AUM or Rs. 48k Cr today. Thus AUM from renewable projects will increase by > 6x by FY29.
- After having cleaned up its books over FY13-23, NNPA's have declined to just 0.9% now.
- During the previous power upcycle, REC traded at an average one year forward P/B multiple of 2.0x during the 2 year period 2009-11. Thus we value REC at 2.0x Sep 2026 BVPS and arrive at a target of Rs. 776. (Further, REC also offers dividend yield of 3.5% at CMP)

Figures in Rs Cr

Year	NII	Growth	PAT	Growth	EPS	PE	BVPS	P/BV	ROA	ROE
FY24	16,461	9%	14,019	27%	53.2	9.7	259	2.0	2.6%	21.5%
FY25E	19,610	19%	15,914	14%	60.5	8.6	307	1.7	2.7%	21.3%
FY26E	22,615	15%	18,301	15%	69.3	7.5	358	1.4	2.6%	20.9%
FY27E	26,405	17%	21,112	15%	80.1	6.5	418	1.2	2.6%	20.7%

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