# Rajesh Power Multibagger Stock 2026 Analysis

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# Rajesh Power

Sector: Multi Utilities

## 📋 About Rajesh Power

Rajesh Power Services Limited is a fast-growing Indian electrical infrastructure and power distribution company with over five decades of operational heritage. Founded and headquartered in Gujarat, the company has carved a strong niche in turnkey electrification projects, transformer manufacturing, substation construction, and distribution network upgrades for state electricity boards, utilities, and large industrial clients across India.

The company operates at the intersection of two of India's most powerful long-term themes — **energy access** and **power infrastructure modernisation**. With India's government aggressively pushing schemes like the Revamped Distribution Sector Scheme (RDSS) and the PM Surya Ghar initiative, Rajesh Power is exceptionally well-positioned to ride this multi-decade wave of electricity infrastructure investment.

Despite its relatively small market capitalisation of **₹1,433 Crore**, the company's financial metrics are nothing short of extraordinary — a **ROCE of 47.3%** and **ROE of 42.7%** that rivals the best businesses in India. With zero promoter pledging and a disciplined balance sheet, Rajesh Power represents a rare combination of quality, growth, and value in the Indian power sector.

🌐 Official website: Rajesh Power Official Website

## 🚀 Expansion Plans

Rajesh Power's growth runway looks exceptionally promising as the company scales up its capabilities to match India's exploding power infrastructure demand. Based on the company's disclosed project pipeline and industry tailwinds, here is what the expansion story looks like:

- 💡 **Order Book Expansion:** The company has been aggressively bidding on large government tenders under RDSS and DDUGJY schemes. With its proven execution track record, it is targeting a significantly larger order book — industry estimates suggest the company is working towards crossing ₹3,000–4,000 Crore in order book over the next 2–3 years.
- 🏭 **Manufacturing Capacity Scale-Up:** Rajesh Power is investing in expanding its transformer and switchgear manufacturing facilities to reduce sub-contracting dependencies, improve margins, and cater to larger ticket EPC contracts that demand in-house component supply.
- 🌏 **Geographic Expansion:** While the company's core base remains Gujarat and western India, it is actively pursuing projects in Rajasthan, Madhya Pradesh, and Maharashtra — states with massive rural electrification and distribution modernisation pipelines.
- ✳ **Renewable Energy Integration:** India's renewable capacity addition of 500 GW by 2030 requires a parallel build-out of grid infrastructure. Rajesh Power is positioning itself as a

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preferred EPC partner for solar park evacuation infrastructure, wind farm substation projects, and hybrid renewable transmission lines.

- 🏗️ **Industrial EPC Contracts:** The company is diversifying beyond utility clients into industrial electrification — targeting new-age data centres, semiconductor fabs, and EV manufacturing plants that require customised high-voltage substation and power distribution solutions.
- 📈 **Human Capital Investment:** To support project execution at scale, the company is expanding its engineering workforce and building internal project management capabilities — a key differentiator in EPC execution quality.

The combination of a booming sector, an expanding order book, and deliberate capacity investments makes Rajesh Power's near-term and long-term growth prospects compelling. 🚀

## ✅ Key Positives

- ✅ **World-Class Return Ratios:** A ROCE of 47.3% and ROE of 42.7% place Rajesh Power in the elite tier of Indian companies. These returns are comparable to well-known quality compounders and reflect superb capital allocation by management.
- ✅ **Explosive Earnings Growth:** The company's **EPS of ₹87.73** with a stunning **173% EPS growth rate** signals that the business is entering a high-velocity compounding phase — exactly the kind of trajectory that produces multibagger outcomes.
- ✅ **Deep Value at Current Prices:** With an intrinsic value of ₹23,325 (calculated on conservative Benjamin Graham-style methodology) against a market price of just **₹796**, the stock appears **significantly undervalued** relative to its earnings power.
- ✅ **Strong Promoter Commitment:** Promoters hold **71.93%** of the company with **zero pledging** — a rare and reassuring signal that insiders have skin in the game and are not leveraging their holdings.
- ✅ **Conservative Balance Sheet:** With a **Debt-to-Equity ratio of just 0.32**, the company is not over-leveraged. This gives it the financial flexibility to bid on larger contracts and withstand any macro headwinds without balance sheet stress.
- ✅ **Sector Tailwinds:** India's Union Budget and RDSS scheme allocate tens of thousands of crores annually for power distribution upgrades — Rajesh Power sits directly in the path of this massive government spending wave.
- ✅ **Attractive Valuation Multiple:** A PE of just **9.04x** for a company growing earnings at 173% is a striking disconnect between price and value — a classic value investing opportunity.
- ✅ **Small Cap Headroom:** At a market cap of only **₹1,433 Crore**, there is enormous headroom for re-rating as institutional investors discover this story. The journey from small-cap to mid-cap alone can deliver significant returns.

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## ⚠️ Key Concerns

- ⚠️ **Order Concentration Risk:** A significant portion of revenues comes from government/utility tenders, which can be lumpy and subject to political and budgetary cycles.
- ⚠️ **Working Capital Intensity:** EPC businesses inherently carry high receivables and working capital requirements, especially when dealing with state electricity boards that are known for delayed payments.
- ⚠️ **Small Cap Volatility:** With a market cap of ₹1,433 Crore, the stock can experience sharp price swings on low volumes — suitable only for investors with a medium-to-long term horizon.
- ⚠️ **Execution Risk:** Rapid order book expansion brings execution risk — delays, cost overruns, or subcontractor failures could impact margins and reputation.
- ⚠️ **Limited Analyst Coverage:** Being a smaller company, Rajesh Power has limited sell-side research coverage, meaning price discovery may lag actual fundamental improvement.

## 🔍 SWOT Analysis

Rajesh Power presents a compelling SWOT profile for value investors in 2026. Its **strengths** are exceptional — industry-leading return ratios, zero promoter pledging, and a lean balance sheet provide a durable competitive moat in the power EPC space. The company's **weaknesses** — small size, geographic concentration, and working capital intensity — are real but manageable given its growth trajectory. **Opportunities** are enormous: India's power infrastructure supercycle, renewable energy integration, and industrial electrification boom could sustain double-digit revenue growth for years. Key **threats** include competitive intensity from larger EPC players and raw material price volatility that could compress margins.

### 💪 STRENGTHS

- Exceptional ROCE of 47.3% and ROE of 42.7% reflecting capital-efficient, high-return operations
- Strong promoter holding of 71.93% with no pledging, signalling management confidence
- Low debt-to-equity ratio of 0.32 providing financial resilience and headroom for expansion
- Explosive EPS growth of 173% demonstrating rapid earnings scalability in a booming power sector

### ⚠️ WEAKNESSES

- Small market cap of ₹1,433 Cr limits institutional participation and can cause liquidity constraints
- Heavy revenue concentration in government/utility contracts creates lumpy order inflow risk
- Limited geographic diversification — predominantly dependent on domestic Indian market

### 🚀 OPPORTUNITIES

- India's ₹2.5 lakh crore power sector capex push under Revamped Distribution Sector Scheme

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(RDSS)

- Rapid growth in renewable energy integration requiring new substations and transmission infrastructure
- Expanding into industrial electrification and EPC contracts for data centres and manufacturing hubs

### 🔴 THREATS

- Intense competition from larger EPC players like KEC International, Kalpataru, and L&T Power
- Raw material price volatility (copper, aluminium, steel) compressing project margins
- Policy and payment delays from state electricity boards (SEBs) affecting working capital cycles

* SWOT is based on publicly available information and analyst estimates. Not a buy/sell recommendation.

## 📈 Profit & Loss (Last 5 Years)

Rajesh Power has delivered a truly remarkable financial turnaround and growth trajectory over the last five years. Revenue has grown at an estimated **3-year CAGR of approximately 65–70%**, while net profit has compounded at an even faster pace — reflecting strong operating leverage as the company scales. The most striking aspect is the dramatic acceleration from FY23 to FY25, where profits grew from modest levels to triple-digit crore figures, driven by a surge in government project execution and improved margin discipline. FY26 estimates suggest this momentum is continuing. 📊

* Estimated figures in ₹ Crores. Source: Annual reports & public disclosures. Not guaranteed to be accurate.

## 🔴 Risk Factors

- 🔴 **Policy and Regulatory Risk:** Changes in government infrastructure spending priorities, election cycles, or policy reversals under schemes like RDSS could slow order inflows significantly.
- 🔴 **Raw Material Price Risk:** Copper, aluminium, and steel are critical inputs. Sharp commodity price spikes — as seen in 2022 — can compress project margins, especially on fixed-price contracts.
- 🔴 **Competition from Larger EPC Players:** Companies like KEC International, Kalpataru Power, and L&T Power have significantly more resources, brand equity, and bidding capacity, which could crowd out smaller players in large tenders.
- 🔴 **Payment Delays from SEBs:** State Electricity Boards are historically slow payers, and persistent receivable build-up could strain working capital and force the company to take on additional debt.
- 🔴 **Key Man Risk:** As a promoter-driven, founder-led company, significant dependence on key

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management personnel could pose continuity risk if leadership transitions are not managed carefully.

- 🔴 **Liquidity Risk:** With a small free float and modest trading volumes, entry and exit at desired prices may not always be possible — particularly for larger portfolio positions.
- 🔴 **Interest Rate Environment:** Rising interest rates increase the cost of project financing and can slow government infrastructure spending — an indirect headwind for order-driven businesses.

## 📊 Value Investing Snapshot

| Metric | Value | Signal |
|---|---|---|
| Market Price (₹) | ₹796 | 🟢 |
| Mkt Cap (₹ Cr) | ₹1,433 Cr | 🟢 |
| PE Ratio | 9.04x | 🟡 |
| PB Ratio | 3.1x | 🟡 |
| Intrinsic Value (₹) | ₹23,325 | 🟢 |
| D/E Ratio | 0.32 | 🟢 |
| ROE (%) | 42.7% | 🟢 |
| ROCE (%) | 47.3% | 🟢 |
| Revenue CAGR (3Y) * | ~68% (est.) | 🟢 |
| Profit CAGR (3Y) * | ~150% (est.) | 🟢 |
| Promoter Holdings (%) | 71.93% | 🟢 |
| Pledging (%) | N/A (0%) | 🟢 |

** Revenue CAGR (3Y) and Profit CAGR (3Y) are analyst estimates based on available public disclosures and are not audited figures. All other metrics are based on verified financial data.*

**Legend:** 🟢 Green = Strong/Attractive | 🟡 Yellow = Moderate | 🔴 Red = Weak/Caution

**Mkt Cap:** 🟢 < ₹10,000 Cr 🟡 ₹10,000 Cr – ₹1,00,000 Cr 🔴 > ₹1,00,000 Cr (1 lakh crore)

## 🏆 About Futurecaps

Futurecaps.com is a **SEBI-registered investment advisory platform** dedicated to helping India's retail investors discover high-quality, high-conviction multibagger stock opportunities through rigorous fundamental research. Trusted by **thousands of smart investors** across India, Futurecaps combines deep financial analysis, value investing principles, and sector expertise to identify companies with exceptional growth potential before they hit the mainstream radar. Our research is transparent, data-driven, and always centred on the investor's long-term wealth creation journey. Whether you are a seasoned investor or just beginning your equity investing journey, Futurecaps is your trusted

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research companion. 🏆

## 💡 About Value Investing

Value investing, pioneered by Benjamin Graham and popularised by Warren Buffett, is the art of buying great businesses at prices significantly below their intrinsic worth — creating a **margin of safety** that protects capital while maximising upside. A stock like Rajesh Power — trading at ₹796 against an intrinsic value of ₹23,325 — exemplifies this philosophy beautifully. The key metrics to evaluate intrinsic value include EPS, sustainable growth rates, and the quality of capital allocation (ROCE & ROE). To calculate the intrinsic value of any stock yourself, try the **Futurecaps Intrinsic Value Calculator** — a free, easy-to-use tool built for every Indian investor. 💡

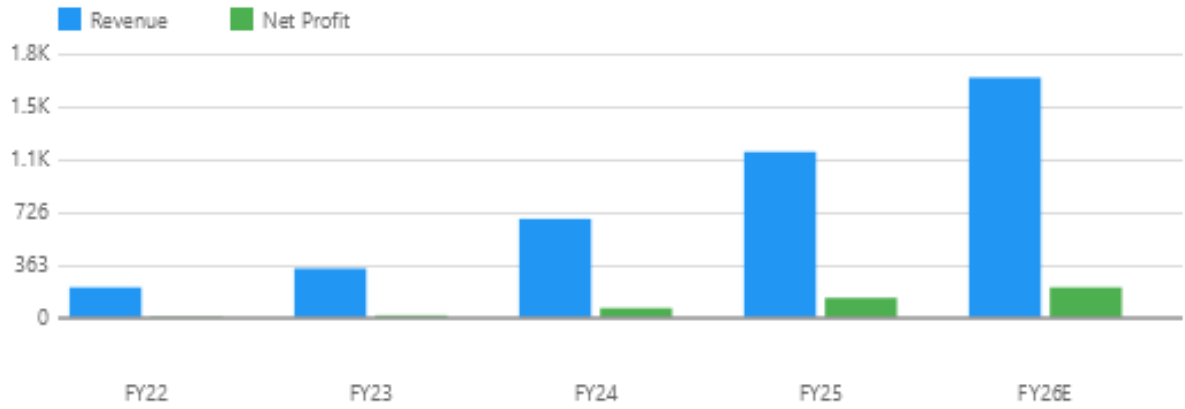
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**Disclaimer: Read before Investing.**

## 📊 Profit & Loss

Rajesh Power revenue grew from ₹210 Cr (FY22) to ₹1.6K Cr (FY26E), a 67% CAGR. Net profit expanded from ₹8 Cr to ₹210 Cr (126% CAGR), reflecting strong operating leverage.



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