IPO Note

# GK ENERGY LIMITED

Sep 19th, 2025

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| Details of the Issue | |
|---|---|
| Price Band | ₹ 143 - ₹ 153 |
| Issue Size | ₹ 464.26 Cr |
| Face Value | ₹ 2 |
| Bid Lot | 98 |
| Listing on | BSE,NSE |
| Post Issue Mcap | ₹ 3,103.10 Cr |
| Investment Range | ₹ 14,014 - ₹ 14,994 |

| Important Indicative Dates (2025) | |
|---|---|
| Opening | 19 - Sep |
| Closing | 23 - Sep |
| Basis of Allotment | 24 - Sep |
| Refund Initiation | 25 - Sep |
| Credit to Demat | 25 - Sep |
| Listing Date | 26 - Sep |

| Lead Manager |
|---|
| IIFL Capital Services Ltd |
| HDFC Bank Ltd |

| Offer Details | |
|---|---|
| Offer Size | ₹ 464.26 Cr |
| Fresh Issue | ₹ 400 Cr |
| OFS | ₹ 64.26 Cr |

| Type | In Rs Cr | No of Shares (Mn) | | % of Issue |
|---|---|---|---|---|
| | | Upper | Lower | |
| QIB | 232 | 15.17 | 16.23 | 50 |
| NII | 70 | 4.55 | 4.87 | 15 |
| Retail | 162 | 10.62 | 11.36 | 35 |
| Em-ploy. | - | - | - | - |
| Total | 464 | 30.34 | 32.47 | 100 |

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## Company Profile

GK Energy Ltd. is India's largest pure-play EPC provider for solar-powered agricultural water pump systems under Component B of the Government's PM-KUSUM Scheme, based on installations completed between January 1, 2022 and July 31, 2025. The company delivers end-to-end solutions encompassing survey, design, supply, assembly, installation, testing, commissioning, and maintenance of solar-powered pump systems, offering farmers a single-source service model. It is empanelled as a vendor with the Ministry of New and Renewable Energy (MNRE) for the PM-KUSUM Scheme across key states including Maharashtra, Haryana, Rajasthan, Uttar Pradesh, and Madhya Pradesh.

## GEPL's Insights & Investment Thesis:

- GK Energy Ltd had negative cash flow in FY2023 and FY2025 as the business requires higher working capital to pay for all of the materials and components for EPC services.
- The company is primarily dependent on projects related to solar pump systems for farmers who select their vendors under the PM-KUSUM Scheme. In FY2025 itself, the company derived 83.8% of the revenue from projects under this scheme
- Based on the FY25 earnings, relative to the company's post-IPO paid up capital, the issue is priced at a P/E ratio of 18.8x. We believe that the company has negative cash flows due to higher working capital requirements and project concentration from PM-KUSUM scheme. Therefore, we recommend a "**Avoid**" rating for the issue.

## Business Highlights & Services

The company is the leading EPC provider of solar-powered pump systems in Maharashtra with ~15% market share under PM-KUSUM (CRISIL Report). Maharashtra, the largest beneficiary with 44% of total allocations, also runs state schemes targeting over 1 million pumps by FY2029. It installed 12,571 pumps and hold confirmed orders for 42,311 units worth ₹9,887 million. With 4.5 million farmers still reliant on grid-powered pumps, the state presents a large growth runway. Our execution strength and proven model position us to deepen market share in Maharashtra and scale into other key states Haryana, Uttar Pradesh, Rajasthan, and Madhya Pradesh together accounting for 86% of PM-KUSUM allocations.

As of August 15, 2025, company has Order Book of ₹1,028.96 Cr, comprising ₹1,009 Cr for solar-powered pump systems (SPPS) and ₹20 Cr for rooftop solar projects. Strong farmer adoption is driving growth, as even marginal farmers contribute 5% and 69% of installation costs, supported by falling system costs, faster implementation, and superior reliability versus grid or diesel pumps. Solar pumps also offer long-term savings, resilience to power fluctuations, and sustainability benefits, with a 3HP pump saving 2-3 tonnes of $CO_2$ annually. Government push through PM-KUSUM and state schemes such as Maharashtra's Magel Tyala Yojana (targeting 1 million pumps by FY2029) has accelerated adoption, creating large-scale demand. With ~30 million grid and diesel pumps in use across 118 million small farmers—two-thirds unreliable grid-connected and one-third costly diesel solar pumps represent a transformative, scalable alternative. It has proven execution, technology adoption (IoT, AI for smart irrigation and predictive maintenance), and established presence position us to capture a significant share of this long-term structural opportunity.

GK Energy aims to drive a sustainable energy future with efficient and reliable solar solutions, leading Maharashtra's PM-KUSUM market as the top EPC player (CRISIL Report). With 86% of PM-KUSUM allocations concentrated in Maharashtra, Rajasthan, Haryana, Uttar Pradesh, and Madhya Pradesh, GK Energy has expanded into all these key markets. Beyond government schemes, it sees additional demand from farmers willing to self-finance pumps. India's 30 million agriculture pumps 22 million grid-powered facing supply issues and 8 million costly diesel-based highlight the transformative potential of solar pumps. As of July 2025, four states accounted for 90% of solar pump installations under PM-KUSUM and 37% of national agri power use. With 4 million solar pumps projected under PM-KUSUM by FY2029, supported by state schemes like Magel Tyala Yojana, GK Energy is strongly positioned to capture growth and scale its leadership across India.

Before entering the solar pump business, GK Energy provided rooftop solar solutions and is now scaling this segment to diversify revenues, supported by in-house solar panel manufacturing. As of August 15, 2025, it had ₹232.85 million in orders for 5.28 MW rooftop projects in Maharashtra. India's rooftop solar market has grown 10x between FY2020–2025, reaching 18.8 GW, with a government target of 40 GW by FY2026. Growth is being fueled by rising awareness, technology improvements, subsidies, and schemes such as PM Surya Ghar Yojana, which aims to solarise 10 million households and drive 12–13 GW residential rooftop additions by FY2029. Subsidy hikes of 67% and mandatory solarisation of all central government rooftops by December 2025 further strengthen demand. With financing support from major banks and projected residential demand of 24–26 GW, the rooftop solar segment presents a large growth runway, and GK Energy is well placed to capture this opportunity.

GK Energy has scaled its business through an asset-light model, sourcing panels, pumps, and components under its brand, with solar panels forming the largest cost share in EPC projects. To improve margins and secure supply, GK Energy plans to backward integrate by setting up a 1 GW solar panel manufacturing plant in Maharashtra by September 2026, primarily for captive use in its pump and rooftop solar EPC contracts. The land at Tembhurni has already been secured on a 95-year lease, with funding planned through internal accruals and bank loans. As solar panels account for 40% of EPC costs and government schemes mandate use of domestically manufactured DCR modules, in-house production will reduce dependency, ensure compliance, and enhance cost control. With 183 MW of solar panels installed in FY25, the new facility will significantly scale capacity, with flexibility to produce both DCR and non-DCR modules. Alongside, GK Energy will continue building a robust vendor ecosystem and leverage fixed-price contracts to manage costs, strengthening its long-term competitiveness and profitability.

GK Energy is expanding into rooftop solar to diversify revenues, with ₹23 Cr (5.28 MW) in orders as of August 15, 2025. Leveraging its EPC expertise from solar pump systems—where technical requirements are largely similar—along with strong brand recognition and a captive customer base, GK Energy is well positioned to benefit from rising demand driven by government schemes and growing renewable energy awareness. The company aims to capture untapped opportunities by targeting larger farmers beyond subsidies, solarising grid-connected pumps, offering rooftop EPC solutions to commercial and industrial clients, and supplying complete pump systems to smaller peers, thereby broadening its revenue streams and strengthening growth visibility.

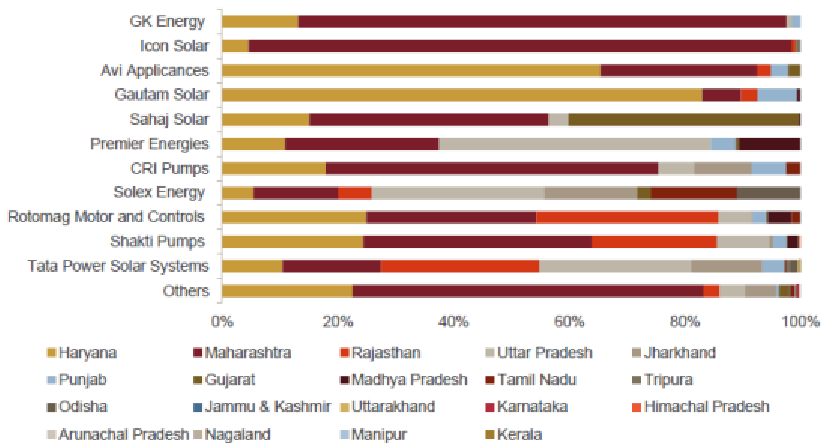
## Order Book Details

| Particulars | Order Book as at August 15, 2025 | |
|---|---|---|
| | **₹ in million (consolidated)** | **% of total Order Book** |
| SPPS Order Book(1) | 10,088.81 | 98.05 |
| *Of which:* | | |
| *EPC for solar-powered pump systems - Direct-to-beneficiary* | *9,341.81* | *90.79* |
| *EPC for solar-powered pump systems - Sales to others* | *747.00* | *7.26* |
| Rooftop solar systems | 200.83 | 1.95 |
| **Total** | **10,289.64** | **100.00** |

## Geographic wise revenue breakup

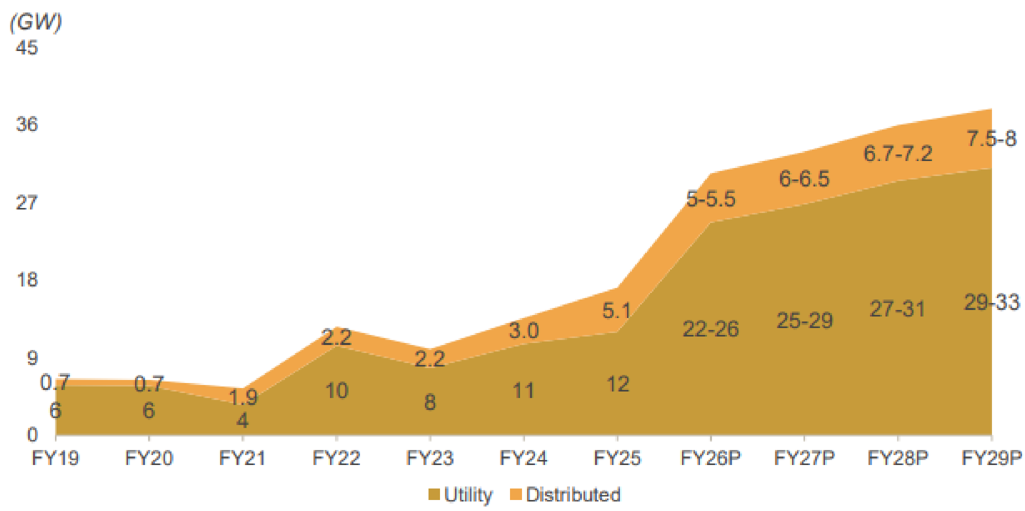
| Particulars | Year ended March 31, 2025 (consolidated) Number of solar-powered pump systems installed (consolidated) | 2025 (consolidated) Revenue from solar-powered pump systems (₹ in million) | 2024 (standalone) Number of solar-powered pump systems installed | 2024 (standalone) Revenue from solar-powered pump systems (₹ in million) | 2023 (standalone) Number of solar-powered pump systems installed | 2023 (standalone) Revenue from solar-powered pump systems (₹ in million) |
|---|---|---|---|---|---|---|
| Maharashtra | 43,310 | 10,126.06 | 12,861 | 2,561.60 | 7,357 | 1,546.91 |
| Haryana | 841 | 352.50 | 3,038 | 1,024.34 | 2,545 | 819.31 |
| Uttar Pradesh | 518 | 118.94 | - | - | - | - |
| Rajasthan | 875 | 276.13 | 389 | 156.24 | - | - |
| Punjab | - | - | 5 | 1.50 | 885 | 214.71 |
| Madhya Pradesh[1] | - | - | - | - | - | - |
| **Total** | **45,544** | **10,873.63** | **16,293** | **3,743.68** | **10,787** | **2,580.93** |

## Player presence across states (PM-KUSUM)




*Note: * The graph represents cumulative solar pumps installations as on July 31, 2025 (PM-KUSUM data accessed from PM-KUSUM "List of beneficiaries" as on 18th August 2025)*
*The graph denotes the share of a particular state in a player's portfolio. Order of the players in ascending order of their presence in count of states.*
*Source: PM-KUSUM, Crisil Intelligence*

## Industry Outlook




*Note: Utility includes competitive bidding and open access projects. Offgrid pumps are excluded in distributed solar.*
*Source: MNRE, Crisil Intelligence*

## Peers Comparisons

| Name of the company | Face Value (₹) | Total Revenue (In Cr) | EPS | NAV (₹) | P/E (x) | RoNW(%) |
|---|---|---|---|---|---|---|
| **GK Energy Ltd** | **2** | **1,094.8** | **7.86** | **12.35** | **NA** | **63.71** |
| **Peers Group** | | | | | | |
| Shakti Pumps (India) Ltd | 10 | 2,516.2 | 33.97 | 96.59 | 24.11 | 35.2 |
| Oswal Pumps Ltd | 1 | 1,430.2 | 28.18 | 44.56 | 29 | 93 |

## Company's Competitive Strength

- The leading pure play provider of the EPC of solar-powered pump systems in Maharashtra under the PMKUSUM Scheme in terms of pump systems installed as at July 31, 2025.
- Robust Order Book and a growing addressable market for solar-powered pump systems.
- Decentralised infrastructure and localised workforce enable us to operate across broad geographic areas in five states.
- Comprehensive support, from installation to after-sales service.
- Track record of profitable financial performance and rapidly increasing growth.
- Experienced senior management with in-depth sector expertise.
- Well-positioned to seize opportunities in the rooftop solar market.

## Key Strategies Implemented by Company

- Replicate our success in Maharashtra in the high-potential states of Haryana, Rajasthan, Uttar Pradesh and Madhya Pradesh.
- Diversify sources of revenue by installing rooftop solar systems.
- Backward integrate by manufacturing our own solar panels.
- Development of a dedicated vendor ecosystem for various components of solar-powered pump and rooftop systems through organic and inorganic means.
- Exploring other solar market opportunities.

| Particular (INR in Cr) | FY25 | FY24 | FY23 |
|---|---|---|---|
| Equity Capital | 34 | 1 | 1 |
| Reserves and Surplus | 175 | 55 | 19 |
| Net Worth | 209 | 56 | 20 |
| Revenue | 1,095 | 411 | 285 |
| Growth (%) | 166% | 44% | |
| EBITDA | 200 | 54 | 17 |
| EBITDAM (%) | 18.2% | 13.1% | 6.0% |
| PAT | 133 | 36 | 10 |
| PATM (%) | 12.2% | 8.8% | 3.5% |
| ROE (%) | 63.7% | 64.5% | 50.7% |
| ROCE (%) | 55.7% | 50.1% | 29.4% |

## Notes

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