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GK Energy

EPC solutions for Solar Water Pumps

India's largest pure play EPC player for solar powered pump systems, with focus on Maharashtra

GK Energy, promoted by Gopal Rajaram Kabra, and Mehul Ajit Shah, is engaged in offering end-to-end single-source solutions for the survey, design, supply, assembly and installation, testing, commissioning and maintenance of solar-powered pump systems (SPPS). It offers other EPC services, comprising (i) the erection and installation of water storage and distribution facilities under Jal Jeevan Mission, a Central Government scheme operated through urban local bodies, (ii) the supply and installation of various solar products for government agencies and (iii) rooftop solar solutions (together, other EPC services). In addition, it sells photovoltaic (PV) cells and solar modules manufactured by third parties and other miscellaneous products.

Currently, the company is providing EPC for solar-powered pump systems, comprising direct-to-beneficiary sales and sales to others. Direct-to-beneficiary sales comprise (i) EPC of GK Energy brand solar-powered pump systems to farmers who chose the company as their vendor on portals of agencies appointed by state governments (known as state nodal agencies or state implementing agencies, or SNAs/SIAs). Orders are placed by SNAs / SIAs under the PM-KUSUM Scheme and similar state government schemes, and (ii) EPC of GK Energy solar dual water pump systems (solar-powered pump systems including water storage) to local government bodies. Sales to others comprise EPC of solar-powered pump systems of customers directly placing orders.

The company is empaneled as a vendor by the Ministry of New and Renewable Energy for the PM-KUSUM scheme in Maharashtra, Haryana, Rajasthan and Uttar Pradesh. It has submitted application for empanelment in Madhya Pradesh.

The company is India's largest pure play provider of EPC services for solar-powered agricultural water pump systems under Component B of the Central Government's Pradhan Mantri Kisan Urja Suraksha Evam Utthan Mahabhiyan scheme (PM-KUSUM scheme) as measured by the number of solar-powered pump systems installed from January 1, 2022, to December 3, 2024.

Solar-powered pump systems approved under Component B of the PM-KUSUM Scheme as on July 15, 2025, were 12,72,758 numbers. Of the total solar power pump systems approved under PM-KUSUM, the empaneled providers have completed about 8,48,330 installations. The company has completed/installed 62,559 (or 7.37%). Apart from the PM-KUSUM Scheme, the company has installed 34,539 solar-powered pump systems.

The company currently operates an asset-light business model, sourcing solar panels, pumps and various other components of solar-powered pump systems under the GK Energy brand from different specialized vendors. However, it is planning to backward integrate by manufacturing its own solar panels, accounting for the largest component of the direct costs of EPC of direct-to-beneficiary solar-powered pump systems. One of the subsidiaries of the company has acquired leasehold rights over a plot of land in Tembhurni (Maharashtra) from MIDC for 95 years from August 25, 2015. The company is proposing to set up a plant, with a capacity of 1GW to manufacture solar modules to be funded by internal accruals and bank loans.

The company conducts its EPC projects by engaging third-party installation and commissioning service providers. As of November 30, 2024, its third-party installation and commissioning service providers comprised

485 workmen, enabling it to operate across broad geographic areas in five states and soon in six states. It generally hires and trains its workforce locally. Its decentralized warehouses also contribute to its operational efficiency.

As on September 30, 2024, Maharashtra, Haryana, Rajasthan and Uttar Pradesh together comprised 81% of the total number of solar-powered pump systems approved for subsidies under Component B of the PM-KUSUM Scheme. Madhya Pradesh comprised an additional 4%. In addition, it is empaneled under various state government schemes.

The PM-KUSUM Scheme reflects the Central Government's commitment to provide energy and water security to farmers through the installation of solar-powered water pump systems for irrigation as an alternative to diesel-powered or electric grid-connected pump systems.

The issue and object

The issue comprises both fresh issue of equity shares upto Rs 400 crore and an OFS of up to 42,00,000 equity shares. The OFS comprises sale of 4,000,000 equity shares by Gopal Rajaram Kabra and 2,00,000 equity shares by Mehul Ajit Shah.

Of the net proceeds from the fresh issue, Rs 322.458 crore will be used for funding long-term working capital requirements and balance for general corporate purposes.

The aggregate outstanding total consolidated borrowings were Rs 488.872 crore as of July 31, 2025.

Strengths

As one of India's largest pure play providers of EPC services for solar powered agricultural water pump systems under component-B of PM-KUSUM Scheme, the company is well positioned to capitalize on strong industry tailwinds.

The order book as of end of August 15, 2025, stood at Rs 1028.964 crore consisting of an SPPS order book of Rs 1008.881 crore and orders for rooftop solar systems of Rs 20.083 crore.

Empanelment in Maharashtra, Rajasthan, Haryana, UP and MP accounted for 44%, 13%, 16% 8% and % of total sanctions, respectively, under the PM KUSUM Scheme.

In Maharashtra, the company enjoys leading market share of approximately 15% of pump systems installed among pure play EPC players of SPPS under the PM-KUSUM Scheme as of July 31, 2025.

Weaknesses

Being a pure play EPC company for SPPS, the company may find it harder to compete with players manufacturing solar panels as these account for about 40% of total bill of material of SPPS.

Revenue from the SPPS EPC (direct-to-beneficiary sales) under the PM-KUSUM Scheme was about 83.83% in FY2025. The business will be affected if the PM-KUSUM Scheme is not extended beyond its current end date of March 31, 2026, or replaced by state government schemes.

Top 1/3 customers accounted for 15.13%/15.43% and 16.67%/19.16% of revenue in FY25 and FY24, respectively.

Sales of majority of its products are geographically concentrated in Maharashtra, Haryana, Uttar Pradesh and Rajasthan, accounting for 99.99% and 99.88% of the FY25 and FY24 revenue from operations, respectively.

Heavy dependence on the agricultural sector, whose performance tends to fluctuate.

The growth of the EPC of solar-powered pump systems in India may face challenges including adverse changes in government regulations and policies, and volatility in prices of raw materials.

The EPC of solar rooftop systems is a highly competitive business. Moreover, the growth of India's solar rooftop sector might face continued challenges, such as ineffective state policies, poor consumer creditworthiness, enforcement issues, and difficulties in integrating rooftop energy into electrical grids.

No experience in the manufacturing of solar modules and, thus, susceptible to be adversely affected by changes in import-export regulations, foreign currency fluctuations, changes in government policies and increase in competition.

Trade receivables as a percentage of revenue from operations stood at 32.96% in FY25 as compared with 36.95% in FY24 and 39.52% in FY23.

The company has experienced negative cash flows from operating activities in FY25 as well as FY23 and may continue to have negative cash flows in future.

Valuation

Consolidated re-stated revenue for the fiscal ending March 2025 stood higher by 166% to Rs 1094.83 crore. With the OPM expanding by 510 bps to 18.2%, the growth of OP was 271% to Rs 199.69 crore. Finally, net profit after MI was up by 269% to Rs 133.21 crore.

On expanded equity, the EPS for FY2025 was Rs 6.6. The issue price (on the upper price band) discounts the FY25 EPS by 23.2 times. The P/BV stood at 5.1 times and EV/Sales stood at 3 times.

In comparison, Shakti Pumps and Oswal Pumps, focusing on the SPPS segment, quote at a PE of 23.2 times and 27.8 times of their FY25 EPS and a P/BV of 9.2 times and 16.9 times, respectively. EV/Sales of Shakti Pumps and Oswal Pumps were 4.4 times and 6.5 times, respectively.

GK Energy: Issue Highlights	
Fresh Issue (in Rs Crore.)	400
Offer for sale (in equity share nos.)	4200000
Price band (Rs.)	
Upper	153
Lower	145
Post-issue equity (Rs crore)	
in Upper price band	40.56
in Lower Price Band	40.85
Post-issue promoter (including promoter group) stake (%)	
in Upper price band	79.20
in Lower Price Band	78.64
Minimum Bid (in nos.)	98
Issue Open Date	19-09-2025
Issue Close Date	23-09-2025
Listing	BSE, NSE
Rating	44 /100

GK Energy: Re-stated Consolidated Financials				
	2203 (12)	2303 (12)	2403 (12)	2503 (12)
Sales	70.44	285.03	411.09	1094.83
OPM (%)	7.1	6.0	13.1	18.2
OP	5.02	17.18	53.83	199.69

Other income	0.18	0.43	1.22	4.35
PBIDT	5.20	17.61	55.05	204.04
Interest	2.63	3.65	6.10	22.35
PBDT	2.57	13.96	48.95	181.69
Depreciation	0.47	0.48	0.67	1.42
PBT	2.10	13.47	48.28	180.27
EO Exp	0.00	0.00	0.00	0.00
PBT after EO	2.10	13.47	48.28	180.27
Tax	0.54	3.39	12.19	47.06
PAT	1.56	10.08	36.09	133.21
Share of Profit from Associates	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00
Net profit	1.56	10.08	36.09	133.21
EPS (Rs)*	0.1	0.5	1.8	6.6
* on post IPO equity (on upper price band) of Rs 40.56 crore. Face Value: Rs 2				
EPS is calculated after excluding EO and relevant tax				
Figures in Rs crore				
Source: Capitaline Corporate database				