

November 12, 2025

GK ENERGY LIMITED: [ICRA]BBB+ (Stable)/ [ICRA]A2 assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term/ Short term - Fund based/Non-fund based – Working Capital facilities	300.00	[ICRA]BBB+ (Stable)/ [ICRA]A2; assigned
Total	300.00	

*Instrument details are provided in Annexure I

Rationale

The assigned rating factors in GK Energy Limited's (GKEL) established position as one of India's largest pure play EPC providers for solar-powered agricultural water pump systems under the PM-KUSUM (Pradhan Mantri Kisan Urja Suraksha evam Utthan Mahabhiyan) Scheme, its robust revenue growth over the past 3 years, and improving profitability metrics. The rating also draws comfort from the company's strong order book position, expected scale up of revenues across key states beyond Maharashtra, and an asset-light business model that supports operational flexibility and scalability. However, plans for setting up a largely debt-funded solar module assembly plant for captive consumption in a phased manner is expected to lead to lower asset turnover over the medium term, while the same should also aid margins due to backward integration.

GKEL has a healthy financial risk profile. It reported a consolidated operating income (OI) of ~Rs.1,095 crore in FY2025, up from Rs.411/285/70 crore in FY2024/FY2023/FY2022, witnessing a healthy CAGR of 418% over the past 3 years. The revenue is expected to grow further on the back of a robust outstanding orderbook of ~Rs.1029 crore as on August 15, 2025, after having achieved OI of Rs. 295 crore in Q1FY2026. The operating margins improved to ~18.2% in FY2025 from ~13.1/6.0% in FY2024/FY2023. The total net worth is estimated to have increased substantially as on September 30, 2025 from ~Rs. 209/56 crore as on Mar-2024/Mar-2023, due to healthy accruals and fresh equity infusion of ~Rs.500 crore as part of IPO and pre-IPO rounds. Also, the capital structure is healthy with estimated gearing of less than 0.5 times as on Sep 30, 2025 (1.04x as on Mar-2025). The debt coverage metrics are also healthy with estimated total debt/OPBITDA of 1.1x during FY2025 (estimated to be around similar level in H1FY2026), interest coverage of ~7.2 during Q1FY2026 (8.9 times during FY2025) and DSCR of 4.3 in FY2025.

ICRA also notes that GKEL was listed on September 25, 2025, and raised gross amount of around Rs. ~500 crore (fresh issue through initial public offering (IPO) and pre-IPO rounds), which will be used largely towards working capital requirements. The proceeds from the IPO have strengthened the net worth, capital structure and liquidity position of GKEL.

The ratings, however, are constrained by the working capital-intensive nature of the business. NWC/OI inched up in FY2025 to 31% vs 22% in FY2024 even though debtor days declined to ~120 days in FY2025 down from ~135 days in FY2024 on the back of relatively higher revenue contribution from private players earlier vis-à-vis government nodal agencies. The high working capital requirements were met partly by creditors (creditor days stood at 60 days in FY2025), and balance by borrowings (~Rs.218 crore as on March 31, 2025) and internal accruals. Inventories stood at 30 days in FY2025. Incremental working capital requirements in FY2026 are to be met largely from the IPO proceeds.

The ratings are also constrained by a high degree of customer and sectoral concentration. The entity receives entire of its revenue from the agricultural sector and has significant dependence on orders from the PM KUSUM Yojana and other state sponsored schemes directly or indirectly for future growth. Further, the customer concentration remains high with the top 5 customers contributing to ~99% of the revenue in FY2025. Majority of the clients include state nodal agencies such as Maharashtra Renewable Energy Development Agency (MREDA), Maharashtra Energy Development Agency (MEDA), Haryana Renewable Energy Development Agency (HREDA), etc.

The company also remains exposed to intense competition from various organised and unorganised players in the agri-pumps industry as well as volatility in raw material prices.

ICRA's stable outlook on GKEL reflects its expectations of GKEL to maintain its strong market position and healthy financial risk profile, supported by a robust order book, favorable policy environment, and prudent financial management. The outlook may be revised if there is a significant deterioration in working capital cycle, adverse policy changes, or delays in project execution and capex plans.

Key rating drivers and their description

Credit strengths

Market Leadership and Policy Tailwinds – GK Energy benefits from its leadership position in the solar pump EPC segment, with installations entirely being under central (PM-KUSUM) and state government schemes. The company's empanelment in high-potential states such as Maharashtra, Haryana, Rajasthan, Uttar Pradesh, and Madhya Pradesh, which together account for over 85% of national PM-KUSUM allocations, provides strong revenue visibility.

Robust Revenue Growth and Profitability – The company reported a 166% YoY growth in revenue from operations in FY2025, supported by timely execution of a large order book and healthy order inflows. Profitability improved, with OPM (operating profit margin) rising to 18.2% (from 13.1% in FY2024) and PAT margin to 12.1% in FY2025 (from 8.8% in FY2024), aided by operating leverage and volume-based procurement efficiencies.

Healthy Financial Risk Profile – GK Energy's capital structure remains comfortable, with a gross debt-to-equity ratio of 1.04x as of March 31, 2025. Debt coverage metrics are strong, with DSCR at 4.3x and interest coverage at 8.96x in FY2025, reflecting robust cash flow generation. TOL/TNW improved to 1.8x as on March 31, 2025 vis-à-vis 2.8x as on March 31, 2024, but remains moderately high. It is expected to further improve to less than 0.6 times during FY2026 owing to sizeable equity infusion.

Asset-light model has led to high ROCE – The company's reliance on third-party suppliers and installation partners, along with decentralized warehousing, enables scalability without significant capex. Consequently, with healthy margins and high asset turns, ROCE stood at 76%/60% during FY2025/FY2024. The same is expected to remain healthy but gradually moderate over the medium term due to backward integration efforts in setting up solar module assembly plant over FY2026-FY2028 in a phased manner, as well as possibility of higher competitive intensity.

Credit challenges

High Revenue Concentration from Government Schemes – GK Energy's business is highly dependent on central and state government solar pump schemes, particularly PM-KUSUM, which directly and indirectly accounted for ~99% of revenue in FY2025. Any adverse change in policy, delays in scheme extension, or reduction in subsidy outlays could materially impact order inflows and cash flows.

Working Capital Intensity and Receivables Risk – While the company's clients are primarily government agencies with low credit risk, the business remains working capital intensive, with receivable days at 120 as of March 31, 2025. Timely realization of payments from state nodal agencies is critical for liquidity, especially during periods of rapid scale-up. NWC/OI increased to 30% in FY2025 vs 22% in FY2024 and is expected to remain at 30-35% in FY2026. The expected ramp-up in operations in FY2026 will lead to higher working capital requirements and the same is expected to be funded via internal accruals and sizeable IPO proceeds, and limited incremental working capital debt.

Execution and Supply Chain Risks – The company's ability to execute large orders in a timely manner depends on the availability of key components (solar modules, pumps) from a concentrated supplier base. Any supply disruptions, price volatility, or delays in project execution could affect margins and cash flows.

Expansion-Related Risks – The planned capex for backward integration into solar panel manufacturing entails project execution and funding risks. Successful commissioning and ramp-up of the new facility, as well as maintaining profitability during the transition, will be key monitorables.

Environmental and social risks

Environmental Considerations: From a credit perspective, GK Energy's operations are inherently aligned with positive environmental outcomes, as the company is engaged in the engineering, procurement, and commissioning (EPC) of solar-powered agricultural water pump systems and rooftop solar solutions. The company's business model directly supports the reduction of greenhouse gas emissions by replacing diesel and grid-powered pumps with clean, renewable energy alternatives, thereby contributing to India's climate goals and the government's push for decarbonization in rural irrigation. GK Energy's projects are executed in compliance with the Ministry of New and Renewable Energy's quality standards, and the company does not operate any manufacturing facilities that would result in significant direct emissions or hazardous waste. The asset-light model, with procurement from ALMM-listed suppliers and decentralized warehousing, further limits the company's environmental footprint. Overall, the company's activities are expected to have a net positive impact on the environment, and no material environmental risks have been identified that could adversely affect its credit profile.

Social Considerations: GK Energy's business model also entails significant positive social impact, which is a credit strength. The company's projects under the PM-KUSUM Scheme and various state government initiatives are focused on providing reliable, affordable, and sustainable irrigation solutions to farmers, thereby supporting rural livelihoods and agricultural productivity. The company's decentralized operations generate local employment opportunities, both directly through its workforce and indirectly via third-party installation partners. GK Energy's focus on quality, after-sales service, and customer satisfaction has contributed to strong acceptance among rural beneficiaries. The company's adherence to occupational health and safety standards, as well as its compliance with statutory requirements for employee welfare, further mitigate social risks. No adverse social incidents or disputes have been reported, and the company's activities are viewed as supportive of rural development and social inclusion, which is favorable from a credit perspective.

Liquidity position: Adequate

GK Energy's liquidity position is assessed as adequate, supported by healthy internal accruals, sizeable estimated unutilized IPO proceeds of Rs. ~300 crore as on Sep-2025, and access to sanctioned fund-based credit lines of Rs. 119 crore (which were utilized ~50% on average during FY2025), apart from purchase bill discounting/TREDS limits of Rs. ~150 crore. Operating cash flows are expected to remain healthy and sufficient to meet debt repayment and interest obligations for FY2026.

Rating sensitivities

Positive factors – The rating could be upgraded in case of sustained growth in revenue with increasing geographic diversification, while maintaining profitability, debt coverage metrics and improvement in working capital cycle.

Negative factors – The rating could witness a downward revision in case of sustained moderation in revenue and profitability along with weakening of working capital cycle, thereby, putting adverse pressure on liquidity and other financial credit metrics. Any larger than envisaged debt-funded capital expenditure adversely affecting the company's financial metrics may also result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of GKEL. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

GK Energy Limited (GKEL) was originally incorporated in 2008 by Mr. Gopal Kabra. In September 2025, the company came out with its Initial Public Offering (IPO) comprising a fresh issue of Rs. 400 crore and offer for sale (OFS) of Rs. 64.26 crore, apart from pre-IPO fresh issue round of Rs. ~100 crore.

GKEL is one of India's largest pure play providers of EPC services for solar-powered agricultural water pump systems under Component B of the Central Government's Pradhan Mantri Kisan Urja Surakshavam Utthan Mahabhiyan scheme (the "PM-KUSUM Scheme"). It has been empanelled as a vendor for the PM-KUSUM Scheme in the states of Maharashtra, Haryana, Rajasthan, Uttar Pradesh and Madhya Pradesh. In addition, it is also empanelled under various state government schemes such as Maharashtra's Magel Tyala Saur Krushi Pump Yojana, Madhya Pradesh's Pradhan Mantri Krishak Mitra Surya Yojana and Chhattisgarh's Saur Sujala Yojana.

GKEL sources solar panels, pumps and various other components of solar-powered pump systems from different specialised vendors. However, going forward they are planning to backward integrate the business by manufacturing their own solar panels, which account for the largest component of the direct costs.

Key financial indicators (audited)

GKEL – Consolidated	FY2024	FY2025
Operating income	411.1	1,094.8
PAT	36.1	133.2
OPBDIT/OI	13.1%	18.2%
PAT/OI	8.8%	12.2%
Total outside liabilities/Tangible net worth (times)	2.8	1.8
Total debt/OPBDIT (times)	1.2	1.1
Interest coverage (times)	8.8	8.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Nov 12, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based/Non-fund based – Working Capital facilities	Long-term/ Short term	300.00	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/ Short term - Fund based/Non-fund based – Working Capital facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term/ Short term - Fund based/Non-fund based – Working Capital facilities	NA	NA	NA	300.00	[ICRA]BBB+ (Stable)/ [ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	GKEL ownership	Consolidation approach
GK Energy Solar Private Limited	99.99%	Full consolidation

Source: Company Data

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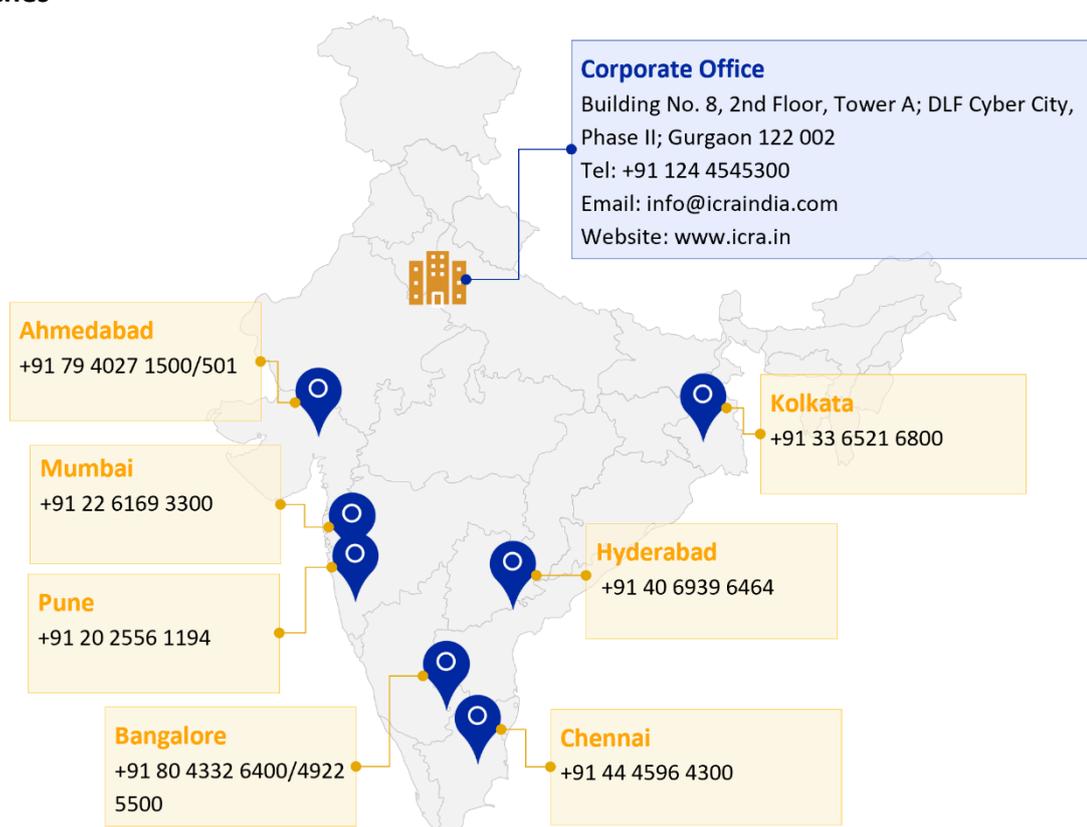
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