

Company Overview

Incorporated in 2008, GK Energy Ltd. (GEL) is India's largest pure play EPC (Engineering, Procurement, and Commissioning) provider for solar-powered agricultural water pump systems under Component B of the Central Government's PM-KUSUM Scheme, based on installations between January 1, 2022, and July 31, 2025 (source: CRISIL Report). It primarily operates in five states: Maharashtra, Haryana, Rajasthan, Uttar Pradesh, and Madhya Pradesh, which together account for 86% of the total approved installations under the scheme. The company offers end-to-end solutions to farmers under the GK Energy Brand, including survey, design, supply, installation, commissioning, and maintenance of solar pump systems. Its core business is solar pump EPC services, comprising (i) direct-to-beneficiary sales, where farmers or government bodies choose GEL through state-run portals under schemes like PM-KUSUM, and (ii) sales to others, where customers place orders directly. As of July 31, 2025, GEL had completed 62,559 solar pump installations under PM-KUSUM, contributing 7.37% of the total 848,330 completed systems under the scheme. Outside of PM-KUSUM, GEL has installed 34,539 additional systems. GEL also provides other EPC services, including water storage systems under the Jal Jeevan Mission, rooftop solar solutions, and government solar projects. Additionally, it engages in trading activities by selling third-party manufactured PV cells, solar modules, and related products. As of August 15, 2025, the company had a robust order book of Rs. 10,289.6 million, including Rs. 10,088.8 million from solar pump projects (SPPS) and Rs. 200.8 crore from rooftop solar orders. The company follows an asset-light model, sourcing solar components from third-party vendors, and relies heavily on local contractors for installation and logistics. It has 12 warehouses across three states and employs 90 staff members alongside 709 third-party workers.

Objects of the issue

The company proposes to utilise the net proceeds from the issue towards the following objects:

- ⇒ Funding long-term working capital requirements;
- ⇒ General corporate purposes.

Investment Rationale

Dominant player in Maharashtra's solar pump market, with a robust order book

GEL is the leading pure-play EPC provider of solar-powered pump systems in Maharashtra under the PM-KUSUM Scheme, with a market share of approximately 15% of total installations in the state as of July 31, 2025 (source: CRISIL Report). Maharashtra, accounting for 44% of total national allocations under Component B of the PM-KUSUM Scheme (555,000 pumps), represents the largest market in India for solar-powered pump systems. Additionally, the state government has launched supportive initiatives such as the Atal Yojana, Mukhyamantri Saur Krushi Pump Yojana, and the Magel Tyala Saur Krushi Pump Yojana, collectively creating a robust demand environment. The company has executed 5,500 installations under earlier state-led schemes and secured substantial traction under the Magel Tyala program, with orders for 34,198 pumps (17.1% of approvals), of which 12,571 were already installed by July 31, 2025. As of August 15, 2025, the company holds a robust consolidated order book of Rs. 10,289.6 million, with Rs. 10,088.8 million (98%) from solar pump projects, providing strong revenue visibility. The broader market remains significantly underpenetrated, with ~30 million conventional pumps still in use by 118 million small farmers. The company is expected to continue benefiting from the accelerating shift toward solar-powered pump systems, driven by rising farmer awareness, cost savings, grid independence, and government-backed sustainability initiatives. With its strong execution capabilities, decentralised model, and market leadership in Maharashtra, the company is well-positioned to replicate its success in other high-potential states such as Rajasthan, Haryana, Uttar Pradesh, and Madhya Pradesh.

Decentralized infrastructure driving operational efficiency

The company's decentralized infrastructure, comprising 12 warehouses across three states and a localized workforce of over 799 employees and workmen, enables efficient operations across broad geographic areas in five states. This decentralized model enables faster deployment and installation of solar-powered pump systems across five key states, reducing logistics costs and turnaround times. By hiring and training local manpower, the company not only enhances operational efficiency but also supports regional socio-economic development, creating employment opportunities and developing skills. In regions with lower immediate demand, the company leverages flexible arrangements with third-party service providers for temporary storage, optimising resource utilisation without

Issue Details

Offer Period	19 th Sept. 2025 - 23 rd Sept. 2025
Price Band	Rs. 145 to Rs. 153
Bid Lot	98
Listing	BSE & NSE
Issue Size (no. of shares in mn)	30.3
Issue Size (Rs. in bn)	4.6
Face Value (Rs.)	2

Issue Structure

QIB	50%
NIB	15%
Retail	35%

BRLM	IIFL Capital Services Ltd., HDFC Bank Ltd.
------	---

Registrar	MUFG Intime India Pvt. Ltd.
-----------	-----------------------------

Particulars	Pre Issue %	Post Issue %
Promoters and promoter group	93.3	79.2
Public	6.7	20.8
Total	100.0	100.0

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

incurring fixed overheads. This infrastructure flexibility allows the company to respond quickly to customer needs, improve after-sales service timelines, and maintain high levels of customer satisfaction, which is important under schemes like PM-KUSUM that mandate five-year warranties. The decentralized logistics network and lean, adaptive manpower structure give the company a competitive edge in execution, enabling timely fulfilment of its robust order book and strengthening its capability to meet growing demand across diverse markets more effectively.

Valuation

India's solar-powered pump systems market has experienced remarkable growth, driven by the PM-KUSUM scheme initiated in FY19, scaling up to ~0.85 million by July 2025. It is expected to expand to about 4 million by FY29. This growth is fueled by rising demand, improving affordability, diesel price increases, and technological advances like IoT and AI, with market size projected to reach Rs. 300 – 320 billion by FY29, reflecting a CAGR of ~52% from 2024 to 2029. GEL, a leading EPC player in solar-powered pumps in Maharashtra, is well-positioned to capitalize on this expanding market. The company is strategically targeting high-potential states, including Haryana, Rajasthan, Uttar Pradesh, and Madhya Pradesh, to expand its leadership footprint. As of August 15, 2025, GEL boasts a robust order book of Rs. 10,289.6 million. Its decentralized model and customer-centric approach have enabled operational efficiency, timely project execution, and strong customer loyalty supported by reliable after-sales service. Looking ahead, the company plans to undertake backward integration by manufacturing its own solar panels. This strategy is expected to diversify revenue streams and enhance profit margins. Financially, the company demonstrated robust growth with revenue growing at a CAGR of 96% from Rs. 2,850 million in FY23 to Rs. 10,948 million in FY25. EBITDA increased from Rs. 172 million in FY23 to Rs. 1,997 million in FY25, with EBITDA margins expanding from 6.0% in FY23 to 18.2% in FY25. The PAT reflected a CAGR of 264% from Rs. 101 million in FY23 to Rs. 1,332 million in FY25. The current issue is priced at a P/E of 19.5x on the upper price band, which is comparatively less than its peers. **Given the company's leadership position, strong business model, improving financials, and long growth runway, the IPO offers attractive medium to long-term potential. We, therefore, assign the issue a "SUBSCRIBE" rating from a long-term perspective.**

Key Risks

- ⇒ The company's revenue from solar-powered pump systems under the PM-KUSUM Scheme was Rs. 9,177.5 million, Rs. 3,058.2 million, and Rs. 2,537.2 million in FY25, FY24, and FY23, making up 83.8%, 74.4%, and 89.0% of total revenues, respectively. If this PM-KUSUM Scheme is not extended beyond its current expiration date of March 31, 2026, or replaced by similar state government initiatives, it could significantly impact the company's business, financial condition, results of operations, and cash flows. Furthermore, any substantial decline in the number of farmers selecting the company as their vendor under the PM-KUSUM Scheme or similar state government programs, reductions in the compensation per solar-powered pump system installed, changes in the company's eligibility to participate in such schemes, or any other unfavorable changes to the PM-KUSUM Scheme or comparable government programs could adversely affect the company's financial performance.
- ⇒ The company depends on a limited number of third-party suppliers for critical components and materials. A failure by any key supplier to deliver as expected could significantly impact the company's business, financial condition, results of operations, and cash flows.
- ⇒ As a pure-play EPC company, the company may find it harder to compete with players that currently manufacture solar panels. Failure to compete effectively in the highly competitive solar-powered pump EPC industry could adversely affect its business, financial performance, and cash flows.

Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Revenue			
Revenue from Operations	2,850	4,111	10,948
Total Revenue	2,850	4,111	10,948
Expenses			
Cost of goods sold	2,416	2,978	7,027
(Increase)/Decrease in inventories	26	13	-
Purchase of stock in trade	109	120	7
Employee benefit expenses	8	80	180
Other expenses	119	382	1,737
Total Operating Expenses	2,678	3,573	8,951
EBITDA	172	538	1,997
Depreciation & amortization	5	7	14
EBIT	167	532	1,983
Finance costs	37	61	223
Other Income	4	12	43
PBT	135	483	1,803
Total Tax	34	122	471
PAT	101	361	1,332
Diluted EPS	0.7	2.1	7.9
Diluted EPS	-2.3	-0.7	1.7

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	-149	-49	-986
Cash flow from investing activities	-3	-97	-530
Cash flow from financing activities	154	146	1,521
Net increase/(decrease) in cash and cash equivalents	2	0	4
Cash and cash equivalents at the beginning of the period	5	7	7
Cash and cash equivalents at the end of the period	7	7	11

Source: RHP, BP Equities Research

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
ASSETS			
Non-Current Assets			
Property, Plant and equipment	60	105	131
Right to use of asset	-	2	1
Intangible assets	0	0	7
Capital work-in-progress	-	0	-
Other Financial Assets	39	102	146
Deferred tax assets	-	-	0
Total Non Current assets (A)	98	210	286
Current assets			
Inventories	119	198	599
Financial assets			
Trade receivables	1,126	1,519	3,609
Cash and cash equivalents	7	7	11
Other bank balances	35	90	617
Other financial assets	11	11	54
Current tax assets (net)	3	0	-
Other current assets	28	105	661
Total Current Assets (B)	1,330	1,931	5,551
TOTAL ASSETS (A+B)	1,428	2,141	5,836
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	13	340
Other equity	186	547	1,751
TOTAL - EQUITY (C)	199	560	2,091
Liabilities			
Financial liabilities			
Borrowings	61	162	124
Lease Liabilities	-	1	1
Other financial liabilities	3	12	5
Deferred tax (net)	6	7	-
Provisions	-	1	1
Other non-current liabilities	9	12	-
Total Non-Current Liabilities (D)	80	196	131
Current liabilities			
Financial liabilities			
Borrowings	365	460	2,054
Lease liability	0	0	0
Trade payables	770	667	1,173
Other financial liabilities	1	91	314
Provisions	-	62	41
Other current liabilities	14	104	33
Total Current Liabilities (E)	1,150	1,386	3,614
Total Equity and Liabilities (C+D+E)	1,428	2,141	5,836

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

We analysts and the authors of this report, hereby certify that all of the views expressed in this research report accurately reflect our personal views about any and all of the subject issuer (s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation (s) or view (s) in this report. Analysts aren't registered as research analysts by FINRA and might not be an associated person of the BP Equities Pvt. Ltd. (Institutional Equities).

General Disclaimer

This report has been prepared by the research department of BP EQUITIES Pvt. Ltd, is for information purposes only. This report is not construed as an offer to sell or the solicitation of an offer to buy or sell any security in any jurisdiction where such an offer or solicitation would be illegal.

BP EQUITIES Pvt. Ltd have exercised due diligence in checking the correctness and authenticity of the information contained herein, so far as it relates to current and historical information, but do not guarantee its accuracy or completeness. The opinions expressed are our current opinions as of the date appearing in the material and may be subject to change from time to time. Prospective investors are cautioned that any forward looking statement are not predictions and are subject to change without prior notice.

Recipients of this material should rely on their own investigations and take their own professional advice. BP EQUITIES Pvt. Ltd or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. BP EQUITIES Pvt. Ltd. or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

BP EQUITIES Pvt. Ltd and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the securities mentioned in this report. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by any person in any locality, state and country or other jurisdiction where such distribution, publication or use would be contrary to the law or regulation or would subject to BP EQUITIES Pvt. Ltd or any of its affiliates to any registration or licensing requirement within such jurisdiction.

Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6138
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392