

## GK Energy Limited

February 05, 2026

Facilities/Instruments	Amount (₹ crore)	Ratings <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	235.00	CARE BBB+; Stable / CARE A2	Assigned
Short-term bank facilities	65.00	CARE A2	Assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of GK Energy Limited (GKEL) factor in its experienced promoters and established market position as one of the leading engineering, procurement, and construction (EPC) players for solar-powered agricultural water pump systems under Component B of Pradhan Mantri Kisan Urja Suraksha Evam Utthan Mahabhiyan (PM-KUSUM) scheme. Ratings further derive strength from growing scale of operations, healthy profitability, comfortable capital structure and adequate liquidity position.

However, ratings remain constrained considering high customer and geographical concentration risk and working capital intensive operations. Ratings are further constrained by profitability susceptible to volatile raw material prices, intense competition in the industry, and tender-driven nature of operations.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Sustained improvement in scale of operations and profitability.
- Improvement in gross current asset days on a sustained basis.

#### Negative factors

- Significant decline in scale of operations and moderation in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin below 12% on a sustained basis.
- Increase in total outside liabilities to tangible net worth (TOL/TNW) above 2x on a sustained basis.
- Deterioration in operating cycle above 150 days on a sustained basis.
- Any un-envisioned debt-funded capital expenditure leading to deterioration in capital structure and debt coverage indicators.

### Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered consolidated financials of GKEL. The consolidated approach factors in significant management, operational, and financial linkages between GKEL and its subsidiary. Subsidiaries consolidated are listed under Annexure-6.

### Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that GKEL will continue to benefit from the favourable demand outlook in the solar pump industry and maintain its financial risk profile in the medium term.

### Detailed description of key rating drivers:

#### Key strengths

##### Established market position and experienced promoters

GKEL is promoted by Gopal Kabra and Mehul Shah, both having over 10 years of experience in the renewable space. Over the years, promoters have developed strong technical skills in executing orders and have built healthy relationships with suppliers and government entities.

GKEL is among the leading EPC players for solar-powered agricultural water pump systems under Component B of PM-KUSUM scheme. GKEL is empanelled as a vendor under the Ministry of New and Renewable Energy (MNRE) for the PM-KUSUM scheme in Maharashtra, Haryana, Rajasthan, Uttar Pradesh, and Madhya Pradesh, which together account for ~82% of total sanctioned volume of pumps under the PM-KUSUM scheme.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

Apart from PM-KUSUM, GKEL participates in other state government schemes, such as Maharashtra's Magel Tyala Saur Krushi Pump Yojana (MTSKPY), Madhya Pradesh's Pradhan Mantri Krishak Mitra Surya Yojana (PMKMSY), and Chhattisgarh's Saur Sujala Yojana (SSY).

### **Growing scale of operations**

Total operating income (TOI) grew at a compounded annual growth rate (CAGR) of ~96% over the last three years ended FY25 (refers to April 01 to March 31). In FY25, TOI increased by ~167% to ₹1,094.83 crore (PY: ₹411.09 crore). The major growth driver is the allocation and execution of orders under the PM-KUSUM scheme.

In H1FY26 (refers to April 01 to September 30), GKEL reported TOI of ₹732.32 crore. As on September 30, 2025, GKEL had an order book position of ~₹864 crore, providing near-term revenue visibility. GKEL's TOI is likely to grow going forward, supported by government's emphasis on promoting renewable energy, empanelment with various state governments and GKEL's diversification into rooftop solar projects.

### **Healthy profitability**

GKEL's PBILDT margin has improved from 6.03% in FY23 to 18.24% in FY25 mainly due to better operating leverage and a reduction in raw material costs owing to bulk procurement. Profit after tax (PAT) margin also improved in line with the PBILDT margin to 12.17% in FY25 (PY: 8.78%). Profitability is likely to remain at similar levels going forward.

Return indicators, such as return on capital employed (ROCE) and return on net worth (RONW) remained healthy supported by GKEL's asset-light operating model. The company has been able to scale up operations efficiently through the use of third-party suppliers and installation partners, supported by a decentralised warehousing network.

Further, GKEL plans to undertake backward integration by entering into the manufacturing of solar photovoltaic modules through its subsidiary, which is expected to support profitability. However, the proposal is currently at a nascent stage and its impact on GKEL's business and financial risk profile remain monitorable.

### **Comfortable capital structure and debt coverage indicators**

GKEL's debt profile mainly comprises working capital borrowings, term loans, vehicle loans, and unsecured loans from related parties. As on March 31, 2025, GKEL's capital structure improved and remained comfortable with an overall gearing of 1.05x (PY: 1.12x) aided by accretion of profit to reserves. The capital structure is expected to have improved subsequent to the ₹500 crore equity infusion through the IPO and pre-IPO completed in September 2025.

Debt coverage indicators stood comfortable with total debt to gross cash accruals (TD/GCA) and interest coverage ratio of 1.63x and 9.40x, respectively, in FY25 (PY: 1.70x and 8.82x, respectively). TOL/TNW also stood comfortable at 1.80x as on March 31, 2025 (PY: 2.81x).

### **Key weaknesses**

#### **High customer and geographic concentration risk**

GKEL derives ~75-85% of its TOI from installations under the PM-KUSUM scheme, which reflects high concentration risk. Further, GKEL derived more than 90% of its TOI in FY25 from Maharashtra, exposing it to geographical concentration risk. Any adverse change in government policies, delays in extension of scheme, or reduction in subsidy provided to farmers could materially impact GKEL's financial risk profile.

### **Working capital intensive operations**

GKEL's operations are working capital intensive with gross current asset of 183 days and operating cycle of 64 days in FY25 (PY: 177 days and 61 days, respectively).

GKEL's working capital requirements are elevated, as procurement of materials and components is required to be funded upfront, whereas receivables are realised post successful installation and site inspection. Accordingly, sizeable funds remain tied up in receivables, in line with the procedural timelines associated with payments from government entities. The company receives payments within 60 days post installation and successful inspection of site. The counterparties primarily include state government agencies, such as Maharashtra State Electricity Distribution Company Limited (MSEDCL), where payments are considered secure, though subject to procedural timelines.

GKEL is also required to furnish guarantees to secure its performance obligations. These guarantees are typically required to be provided within a few days of the signing of an EPC contract and remain valid for five years.

At present, working capital requirements are met through a combination of bank facilities, IPO proceeds, unsecured loans from promoters, and internal accruals. Timely collection of receivables will be a key rating monitorable.

### **Profitability susceptible to volatile raw material prices**

GKEL's major cost components are raw materials and installation and project administration charges, which together account for ~90-95% of the total cost of sales. The major input materials include solar panels, followed by pump systems, motors and controllers, prices of which may vary. The company partially manages the costs by entering fixed price contracts with suppliers. The company currently sources solar modules from manufacturers included in the 'Approved List of Models and Manufacturers' issued by the MNRE. Any adverse change in raw material prices can affect the profitability of the company.

### **Intense competition and tender-driven nature of operations**

The industry is fragmented in nature with presence of both organised and unorganised players. This, and tender-driven nature of contracts poses huge competition and exerts pressure on the profit margins of the players. However, GKEL's established market position insulates the risk to a certain extent.

### **Liquidity: Adequate**

GKEL's liquidity position is adequate as marked by annual expected GCA of ₹200-250 crore against annual repayment obligations of ₹15-30 crore over FY26-FY28. Further, the company has unutilised IPO proceeds of ~₹328 crore as on September 30, 2025, which provides cushion to liquidity. Average maximum utilisation of fund-based limits and non-fund-based limits stood at ~82% and ~91%, respectively, for 12 months ended December 31, 2025. Cash flow from operations stood negative in FY25.

### **Assumptions/Covenants – Not applicable**

### **Environment, social, and governance (ESG) risks**

Parameters	Risk Factors
Environmental	GKEL has presence in renewable energy space by installing solar-powered water pump systems for farmers. These systems replace diesel and electricity-based pumps, helping reduce fuel consumption and pollution in the agriculture sector. Solar-powered pump systems provide energy and water security for farmers and support India's broader goals of promoting clean energy and reducing carbon emissions.
Social	GKEL provides affordable and reliable irrigation solutions, supporting farmers' income and rural development. Decentralised operations of GKEL generate local employment opportunities. The company also has safety procedures in place to protect employees and contract workers. Training is provided to ensure safe installation practices. In June 2024, GKEL also set up a CSR committee and implemented a CSR policy.
Governance	GKEL's senior leadership comprises of a 6-member board with diversity in skill set and experience. Presently, the board consists of two women directors and three independent directors. The Board of Directors, through its committees, oversee the ESG initiatives and performance.

### **Applicable criteria**

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Construction Sector](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

GKEL (formerly known as GK Energy Private Limited and GK Energy Marketers Private Limited) was incorporated in 2008 by Gopal Kabra. GKEL is primarily engaged in providing EPC services of solar-powered agricultural water pump systems under Component B of the Central Government's PM-KUSUM scheme and various other state government schemes.

Brief Financials (₹ crore) - Consolidated <sup>^</sup>	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	411.09	1,094.83	732.32
PBILDT*	53.83	199.69	133.70
Profit after tax (PAT)	36.09	133.22	84.23
Overall gearing (x)	1.12	1.05	0.54
Interest coverage (x)	8.82	9.40	6.99

A: Audited; UA: Unaudited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation and tax

<sup>^</sup>GKEL's subsidiary, GK Energy Solar Private Limited, was incorporated in FY25.

Brief Financials (₹ crore) - Standalone	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	411.09	1,094.83	657.43
PBILDT*	53.83	199.69	132.04
Profit after tax (PAT)	36.09	133.22	83.40
Overall gearing (x)	1.12	1.05	0.53
Interest coverage (x)	8.82	9.40	7.08

A: Audited; UA: Unaudited; Note: these are latest available financial results

\*PBILDT: Profit before interest, lease rentals, depreciation, and tax

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based/Non-fund-based-LT/ST		-	-	-	235.00	CARE BBB+; Stable / CARE A2
Non-fund-based - ST-Bank Guarantee		-	-	-	65.00	CARE A2

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)CARE BB+; Stable (15-Feb-24) 2)Withdrawn (15-Feb-24) 3)CARE BB+; Stable (09-Oct-23)	1)CARE BB; Positive (15-Jul-22)
2	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	-	1)Withdrawn (15-Feb-24) 2)CARE A4+ (15-Feb-24) 3)CARE A4+ (09-Oct-23)	1)CARE A4+ (15-Jul-22)
3	Fund-based/Non-fund-based-LT/ST	LT/ST	235.00	CARE BBB+; Stable / CARE A2				
4	Non-fund-based - ST-Bank Guarantee	ST	65.00	CARE A2				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities – Not applicable**
**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based/Non-fund-based-LT/ST	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	GK Energy Solar Private Limited	Full	Subsidiary

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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