



Press Release

Reclassification

GK Energy Limited (GKEL)
(Erstwhile known as GK Energy Private Limited)
May 20th, 2025

Ratings

Facilities	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Bank Facilities	154.45 (Enhanced from Rs. 152.68 crore)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Rating Reaffirmed	Simple
Long Term Bank Facilities	40.00	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	--	Rating Assigned	Simple
Short Term Bank Facilities	50.00 (Enhanced from Rs.40.00 crore)	IVR A3+ (IVR A Three Plus)	IVR A3+ (IVR A Three Plus)	Rating Reaffirmed	Simple
Long-term / short-term Bank Facilities - Proposed	8.73 (Reduced from Rs.60.50 crore)	IVR BBB/ Stable; IVR A3+ (IVR Triple B with Stable Outlook and IVR A Three Plus)	IVR BBB/ Stable; IVR A3+ (IVR Triple B with Stable Outlook and IVR A Three Plus)	Rating Reaffirmed	Simple
Long Term / Short Term Bank Facilities – Cash Credit / Bank Guarantee*	0.00 (Reduced from Rs.25.00 crore)	-	IVR BBB/ Stable; IVR A3+ (IVR Triple B with Stable Outlook and IVR A Three Plus)	Rating Withdrawn	Simple
Long Term Bank Facilities – Cash Credit**	0.00 (Reduced from Rs.24.50 crore)	-	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Rating withdrawn	Simple
Total	Rs.253.18 crore (Rupees two hundred and fifty-three crore and eighteen lakhs only)				



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**Infomerics has withdrawn the ratings for this facility on the basis of request by the company, and no dues certificate by the banker. The rating is withdrawn in line with Infomerics policy of Withdrawal of rating.*

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Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

As on April 2025, GK Energy Limited (GKEL) has requested us to include new facilities sanctioned from Indian Overseas Bank in the press release along with reclassification of existing facilities as well as withdrawal of certain facilities due to non avilment of facilities. Hence, the outstanding and proposed bank facilities rated by Infomerics have been reclassified.

Infomerics has reaffirmed the rating assigned to the bank facilities of GKEL. The rating reaffirmation takes into consideration the significant increase in turnover along with improved profitability during FY25 and expected to maintain in the future. Further the rating continues to derive comfort from the strong revenue growth with improvement in profitability, moderate order book position, comfortable capital structure and debt protection metrics and experienced promoters, long track record and strong execution capabilities. The rating strengths are, however, constrained by working capital intensive operations and susceptibility to risks inherent in tender-based business and competition from organized and unorganized players in the industry.

The Stable Outlook reflects expected growth in revenue and profitability with moderate order book and expectations of stable debt protection metrics over FY26-FY28.

Key Rating Sensitivities:

Upward Factors

- Substantial improvement in the scale of operations along with profitability on a sustained basis.
- Significant improvement in working capital cycle improving liquidity of the company.

Downward Factors



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- Moderation in the scale of operations due to delays in project execution impacting profitability and liquidity of the company.
- Stretch in the working capital cycle impacting the liquidity of the company.

List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Strong revenue growth with improvement in profitability

GKEL's revenue has increased by 166% on year-on-year basis to Rs.411.09 crore in FY25 (Prov.) (refers to period from April 01st, 2024, to March 31st, 2025), driven by timely execution of installation of solar pumps with steady allocation from the government. Infomerics expects revenue growth remain sustainable in the future on account of GKEL holds an unexecuted order book of Rs. 851.20 crore (0.77x of FY25 revenue) as on March 31st, 2025, which will executed in next six months ended as of September 2025. Additionally, the GKEL continues to receive regular allocations of solar pump, from the government due to its strong execution capabilities and they had multi-year tied with government scheme which further increase its revenue. However, company has already achieved a revenue of Rs.85 crore till April 2025. GKEL's EBITDA margins has improved significantly to 18.30% in FY25 (FY24: 13.09%) this was due to operating leveraged and execution of higher margin orders in FY25. Additionally, GKEL procure raw material on bulk quantities which allowed them to get substantial discount which reduce the raw material cost. PAT margins also improved significantly to 12.12% in FY25 (FY24: 8.77%), due to healthy gross profitability and stable interest expenses.

Moderate order book position

GKEL maintains strong connections with well-regarded clients and boasts a healthy order backlog. GKEL derives majority of its revenue from installation solar pumps under PM-KUSUM Scheme funded by central as well state government. Currently, GKEL holds an order book of Rs. 851.20 crores (0.77x of FY25 revenue) as on March 31st, 2025, and which is caters to Maharashtra state.

Comfortable capital structure and debt protection metrics



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GKEL is having unsecured loan from promoters of Rs.7.10 crore in FY25, which is subordinated to the bank loans, and we treated these loans as quasi equity. The capital structure of GKEL stood comfortable marked by overall gearing and TOL/TNW including quasi equity stood at 0.97x and 1.70x as on March 31st, 2025 (March 31st, 2024: 0.94x and 2.44x), due to healthy accretion of profits to reserves. Long term debt has increase due to company has availed various term loans from NBFC and same having maturity within 1 year. Total debt comprises of Rs.210.69 crore out of which Rs.32.47 crore is term debt and remaining is working capital limits. The debt protection metrics remained comfortable with interest coverage ratio and total debt to NCA at 8.97x and 1.55 years respectively as on 31st March 2025. (March 31st, 2024: 9.31x and 1.58 years), due to improvement in profitability.

Experienced promoters, long track record and strong execution capabilities

Incorporated in 2008, the company has been engaged in assembling and installation of solar energy products, hence the company has a long track record in the solar energy industry. Further, Mr Gopal Kabra, Managing Director who looks after the day-to-day and overall management of company's affairs holds master's degree in marketing and has about diverse experience of one and a half decade of experience in the industry.

B. Key Rating Weaknesses

Working capital intensive operations

The operations of the company are working capital intensive due to high collection days stood at 86 in FY25 (FY24: 117 days) due to long process of inspection of around 0 to 60 days to approve the finalization and after the inspection process company receives payment withing 45 days from the government. However, GKEL manages its working capital cycle by availing credit period from its suppliers as it has a long-standing relationship with majority of its suppliers. Creditor days stood at 38 days in FY25 (FY24: 73 days).

Analytical Approach: Standalone Approach

Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Criteria on Default Recognition](#)



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[Complexity Level of Rated Instruments/Facilities](#)

[Policy on withdrawal of Ratings](#)

Liquidity: Adequate

The liquidity profile of GKEL is adequate with expected to generate sufficient gross cash accruals as against the minimal repayment obligation over FY26 and FY28. The average fund based at 50.16% for last 12 months ended March 2025. DSCR of the GKEL stood comfortable at 5.41x in FY25. The current ratio stood at 1.54x as on March 31st, 2025 (March 31st, 2024: 1.34x); quick ratio remains adequate at 1.38x (March 31st, 2024: 1.20x). The combined average fund-based bank limit utilization in the last 12 months ended March 31st, 2025, stood at 50.16%, the liquidity position of the company stood adequate.

About the company

GKEL is incorporated in 2008 based in Pune, Maharashtra and they are the EPC contractor for Installation of Solar pumps as well as system integrator of renewable energy products, solar power, energy efficiency product & projects. Current Tenders are being floated under the flagship scheme launched by Honourable Prime Minister in name of PMKUSUM to support farmers and increase the income of the farmers by providing the Pumping System to meet the water demand for agricultural purpose.

Financials (Standalone):

(Rs. crore)

For the year ended / As On*	31-03-2024 (Audited)	31-03-2025 (Audited)
Total Operating Income	411.09	1094.83
EBITDA	53.82	200.40
PAT	36.14	133.22
Total Debt	58.28	210.69
Tangible Net Worth	55.92	209.11
EBITDA Margin (%)	13.09	18.30
PAT Margin (%)	8.77	12.12
Overall Gearing Ratio (x)	1.15	1.04
Interest Coverage (x)	9.31	8.97

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None.



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Any other information: Nil

Rating History for last three years:

Sr. No	Name of Instrument/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2021-22
1.	Long Term Bank Facilities	Long Term	154.45	IVR BBB/ Stable	(Sept 17 th , 2024) IVR BBB/ Stable	(Nov 21 st , 2023) IVR BBB-/ Stable	--
2.	Long Term Bank Facilities	Long Term	40.00	IVR BBB/ Stable	--	--	--
3.	Short Term Bank Facilities	Short Term	50.00	IVR A3+	(Sept 17 th , 2024) IVR A3+	(Nov 21 st , 2023) IVR A3	--
4.	Long-term / short-term Bank Facilities - Proposed	Long Term / Short Term	8.73	IVR BBB/ Stable; IVR A3+	(Sept 17 th , 2024) IVR BBB/ Stable; IVR A3+	(Nov 21 st , 2023) IVR BBB-/ Stable; IVR A3	--
5.	Long Term / Short Term Bank Facilities – Cash Credit / Bank Guarantee	Long Term / Short Term	0.00	-	(Sept 17 th , 2024) IVR BBB/ Stable	(Nov 21 st , 2023) IVR BBB-/ Stable	--
6.	Long Term Bank Facilities – Cash Credit	Long Term	0.00	-	(Sept 17 th , 2024) IVR BBB/ Stable	(Nov 21 st , 2023) IVR BBB-/ Stable	--

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About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – GECL Loan – 2.0	--	--	November 2026	2.95	IVR BBB/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	66.50	IVR BBB/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	55.00	IVR BBB/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	30.00	IVR BBB/ Stable
Long Term Bank Facilities – Cash Credit	--	--	Revolving	40.00	IVR BBB/ Stable
Short Term Bank Facilities – Bank Guarantee	--	--	--	30.00	IVR A3+
Short Term Bank Facilities – Bank Guarantee	--	--	--	20.00	IVR A3+
Long-term / short-term Bank Facilities - Proposed	--	--	--	8.73	IVR BBB/ Stable; IVR A3+

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-GKEnergy-may25.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.