

**Quote by Shravan Shetty, Managing Director, Primus Partners**

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## **GK Energy IPO opens today: GMP signals strong listing, should you subscribe?**



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### **Article Content:**

The initial public offering of GK Energy is set to open for public bidding today, September 19. Grey market estimates signal towards a strong listing for the Pune-based company which offers EPC services for solar-powered pumps.

**GK Energy IPO GMP:**

Ahead of listing, the unlisted shares of the company were trading with 23.53 percent grey market premium (GMP) over the IPO price, according to data on Investorgain. According to IPO Watch, the unlisted shares of the company were trading with more than 24 percent GMP over the IPO price.

**Key things to know about GK Energy IPO:**

The EPC player moved to the capital markets to raise Rs 464 crore through a fresh issue of Rs 400 crore and an offer-for-sale (OFS) of 42 lakh shares by promoters Gopal Rajaram Kabra and Mehul Ajit Shah. The IPO will remain open for public bidding between September 19 and September 23 at a price band of Rs 145-153 per share..

Investors can bid for a minimum of 98 shares as part of a lot, requiring an investment of Rs 14,994 at the upper price band, and in multiples thereafter. The allotments will likely be finalized by September 24, and the shares are scheduled to be debuted on stock exchanges on September 26.

The offer is being made through the book-building process. Around 50 percent of the net offer is allocated to qualified institutional buyers (QIB), while 15 percent and 35 percent of the offer is assigned to non-institutional bidders and retail individual bidders respectively. IIFL Capital Services and HDFC Bank are managing the GK Energy IPO.

**Should you apply?**

Angel One in its latest note advised investors to subscribe to the issue. The domestic brokerage noted that the Indian solar pump industry is expected to witness robust growth, driven by supportive government policies such as the PM-KUSUM scheme and various state-level solar initiatives.

"GK Energy Ltd is raising approximately ₹464.26 crore through its IPO, comprising a fresh issue of Rs 400 crore and an Offer for Sale of Rs 64.26 crore, with proceeds primarily allocated to long-term working capital requirements of Rs 322.46 crore and the balance for general corporate purposes, to support its operational expansion and growth plans," it said.

At the upper price band of Rs 153 per share, GK Energy is attractively valued, trading at a post-IPO P/E of 23.3x lower than its industry peers, Angel One said. "The company has demonstrated strong financial performance, with significant revenue and PAT growth in FY 2024. Its robust order book and presence in the growing renewable energy sector further support its growth prospects," it added.

"GK energy is expected to open with a premium to its upper price band of 153 primarily due to the premium that the renewable sector is commanding and the strong operational performance and growth shown by them. In addition at a P/E of ~24 its lower than most listed peers pointing to attractive valuations. This is also seen in the GMP of close to 30% it is commanding," said Shravan Shetty, Managing Director, Primus Partners.

Why was the offer size reduced?

Notably, the issue size was reduced due to a fundraising round by the company ahead of the launch of the IPO. Earlier, GK Energy had proposed to raise Rs 500 crore through the through a fresh issue and an offer for sale of 84 lakh shares by the promoters, as per the preliminary papers.

GK Energy has already mobilised Rs 100 crore in pre-IPO round by issuing 63.35 lakh shares to Valuequest, 360 ONE and Kotak Iconic Fund. Promoters Gopal Rajaram Kabra and Mehul Ajit Shah sold 42 lakh shares to several investors including Valuequest and Kotak Iconic Fund for Rs 64.26 crore.

About the company:

The company offers farmers solution for survey, supply, installation and maintenance of solar-powered pump systems. GK Energy intends to spend Rs 322.5 crore of fresh issue proceeds for long-term working capital requirements and the remaining for general corporate purposes. Half of the public issue portion is reserved for qualified institutional buyers, 35 percent for retail investors and 15 percent for non-institutional investors.