

**Bootes Management Meet Highlights- 25<sup>th</sup> Feb, 2025****Outlook**

Bootes is one of the top 10 players globally and the largest player in India for Net-zero construction and engineering. Bootes order book and upcoming bid pipeline stood at ~INR 130bn showing business visibility over the long term. The company has partnerships with Urban Systems (Swedish company), Univastu, Generic, and Muse India, and to leverage the expertise for project executions. The EBITDA & PAT margins are expected 35% & 20% respectively, which is superior to traditional companies. The company has 6 patents; the patents for ultra-low flush technology which uses less than 1 liter water for SAFE toilets (6-7 liters for traditional toilets), Onsite STP which converts waste into fertilizer, Decentralized water recycling systems, Smart cooling & hydronic energy optimization, AI-driven HVAC efficiency and continuously working on technology developments. Net-zero buildings are eco-friendly, with carbon emission reduction of up to 80% and 50%-75% energy savings through hydronic cooling, zero discharge system, and on-site renewable energy integration. The company has potential opportunities in data centers, warehouses, airports, etc. We have a positive outlook on the business and can be a 3-4x opportunity.

**Order book**

The order book and upcoming pipeline stood at INR 130bn. Around INR 20bn are confirmed orders, and INR 50bn are LOI and remain under discussion. The order book covers warehousing, data centers, airports, cold storage, and retrofitting of existing buildings.

**Margins**

EBITDA margins are expected around 35% and PAT margins are expected around 20%.

Design and Engineering are high-margin businesses, and EPC are low-margin and high-volume businesses.

Design and Engineering is for international clients, revenues are in USD and costs are in INR. The company has in-house expertise in Design & Engineering.

PAT is expected INR 3.7bn in FY26E and INR 5+bn in FY27E.

**RoCE**

RoCE is expected around 25%-26%.

The company prioritizes high-margin international business and focuses on low capital & high RoCE projects.

**Fundraising usage**

The fundraising of INR 1.5bn will be used for expanding R&D & patents, strengthening warehousing & data centers, and scaling international business.

**Data centers**

Currently, 90% of energy is used for cooling in data centers. The company is focused on water-glycol cooling instead of Air and AI-powered temperature control and integration with on-site renewable energy.

The company is targeting 60% energy savings in data centers. AI and Cloud growth will be key drivers for data centers.

The company has strategic partnerships with US & European tech firms.

### **Warehouse**

The company has completed India's first Net-Zero warehouse in Haryana. The water-glycol cooling system is used for an ambient temperature of 20-23 degrees and AI-based energy optimization is used for 60% cost savings compared to traditional systems.

E-commerce and Retail shifting to ambient warehousing. The potential clients are Amazon, Flipkart, Reliance, and other quick commerce players.

### **Patents**

The company has 6 patents. The patents for ultra-low flush technology which uses less than 1 liter water for SAFE toilets, Onsite STP which converts waste into fertilizer, Decentralized water recycling systems, Smart cooling & hydronic energy optimization, and AI-driven HVAC efficiency.

The R&D focuses on innovative cooling technologies, carbon-negative materials, AI-based energy management for smart buildings, and hydronic & geothermal cooling solutions.

### **EPC project costs**

The cost breakdowns for EPC projects are Project management & design – 10%, Civil construction – 30%-35%, MEP – 25%-30%, Smart cooling & HVAC – 15%-20%, and Energy efficient solutions 10%-15%.

### **Net-zero costs**

Net-zero construction is 12%-15% higher than traditional buildings, but energy, water, and maintenance cost savings recover the cost in 3-5 years.

The cost breakdown of 12%-15% increase;  
5%-7% for energy efficient systems like advanced hydronic cooling, smart HVAC, and AI-driven optimization.

3%-5% for sustainable building materials like low-carbon concrete, pre-fabrication and triple-glazed glass

2%-3% for on-site renewable energy for solar, wind, geothermal, and bio-gas-based solutions.

1%-2% for advanced water & waste management like ultra-low flush toilets, decentralized wastewater recycling, and STP-based fertilizer production.

### **Working capital**

The company is getting around 10% of the project value at the design stage.

The govt billing cycle is around 30 days.

The company is focused on QCBS tenders for faster approvals.

**Projects**

India Pavilion Dubai project showcased hydronic cooling systems for sustainability.

Jhansi Library was constructed in 90 days and is 100% energy self-sufficient.

Haryana cold storage is the first net-zero cold storage using water and glycol-based cooling.

The company is setting up solar and low-temperature geothermal energy for the Mumbai project.

**Other highlights**

Net-zero buildings have higher resale value due to corporate ESG mandates.

The company has potential opportunities in data centers and Airports.