



**THERMAX**

**“Thermax Limited  
Q4 FY26 Earnings Conference Call”  
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LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Thermax Q4 FY26 Earnings Call, hosted by DAM Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Kunal Shah from DAM Capital. Thank you, and over to you, sir.

**Kunal Shah:** Good afternoon. Welcome to the 4Q FY26 earnings call of Thermax Limited. We have the management today, Mr. Rajendran, the Group CFO and Executive Vice President. Over to you, sir, for the opening remarks, post which we can take up the Q&A. Thank you.

**Rajendran Arunachalam:** Thank you, Kunal. Good morning to all of you. For those of you who have joined the call. Upfront would want to inform you that Ashish Bhandari, our Managing Director and CEO, normally heads the call, he's on travel and he is unable to join this call. I will be taking this up today. I would be happy to answer your queries. Broadly talking about Q4, I think we came good on our plans for revenue, execution of jobs and resonating revenue this quarter better than the prior quarters.

Our profitability was planned for us. The order book number, I think, as you must have seen and as an earlier disclosure we had done, we've booked a supercritical job about roughly INR 1,600 crores. So that has increased our order book number for the quarter. However, excluding that as well, our order book for the quarter has been reasonably robust.

I think on overall, other performance parameters and the cash balance, you must have seen the Investor Presentation. We're partly better off than the prior period. So I'll keep that comments brief and would take any questions that you may have on the Q4 numbers.

**Moderator:** The first question is from the line of Ravi Swaminathan from Avendus Spark.

**Ravi Swaminathan:** My first question is in terms of the inquiry pipeline for the traditional sectors that generally include orders, including steel, cement, power, oil and gas, how is the momentum there in terms of inquiries and pipeline of orders? That's the first question.

**Rajendran Arunachalam:** The general order book outlook, both from a domestic perspective as well as on our international front, is reasonably fair, reasonably robust. We're seeing a good pipeline in the sectors that you mentioned. Some of the large -- on the projects side for our Industrial Infra business as well as for our Industrial Products business, where there are other sectors like pharma, chemicals, FMCG that we focus upon.

I think the order pipeline and outlook for -- are heating or water treatment, air pollution control businesses are also reasonably there at this point of time. So we feel confident of how the working platform looks on our order trends now at this time. However, a point to note would be

the impact of war prolonging and any other further impact that could be having across various industries, both domestically and internationally.

If that was to develop more on that front, then I think we believe that there could be some impact going ahead in Q2, Q3, which we all have to watch out for. So I think that's the cautious part that we have to be on the outlook front.

**Ravi Swaminathan:** And are there any pipeline of large orders from the power and steel side, just like we got this quarter? Can something similar pan out in the 20 to 24 months?

**Rajendran Arunachalam:** Not sure of that -- well, there are quite a few on the refinery side and others that we are working upon, but I think there's one which we are reasonably confident of having a win, which is on the data centre side. But that's more on the energy front for our Industrial Infra business; this is for a supply of boilers to a steam turbine-based solutions for a data centre opportunity in the global market. We're looking at that closely, and we are hoping that we'll be able to conclude that. We'll see if and when that comes in quarter one.

**Ravi Swaminathan:** Sure, sir. And with respect to data centres, just double-clicking on the kind of opportunity that is there, what would be the addressable market in India and outside India, especially the US, that we can end up catering to? Is there any market size for it, for the chillers and possible boiler supplies also?

**Rajendran Arunachalam:** Okay I think, Ravi I'll take this as your last question, so that we can come back on other questions as well from others. Yes, answering this particular one on the data centre opportunity is I think the first one which we informed you was of the cooling opportunity that we had both in the international market and the domestic one.

The orders that we booked in the quarter three. The outlook on that cooling opportunity remains robust for us at this time. However, we haven't yet quantified the way that I think you would be looking for in terms of market opportunity, target market share, etc. Which we would going ahead be able to do it for you, but at this time I think we have no numbers to share on that front.

On the other part of this data centre opportunity is the boiler side opportunity that has come by. So that's an interesting other solution opening for us in terms of revenues. So that's a good part that we see on that opportunity.

**Ravi Swaminathan:** Got it, sir. Thanks a lot.

**Rajendran Arunachalam:** Thank you.

**Moderator:** Thank you. A reminder to all the participants, please restrict yourself for two questions. The next question is from the line of Mohit Kumar from ICICI Securities. Please go ahead.

**Mohit Kumar:** Yes, good morning, sir. Thanks for the opportunity. My first question is on the data centre, sir. What is the capacity of the data centre for which you are supplying your cooling solutions? Is it possible to share that number in megawatts?

**Rajendran Arunachalam:** Mohit, I think I can get back to you on that. I don't have it offhand. We will share that with you separately.

**Mohit Kumar:** Understood. My second question is around green solutions; in this quarter, I think we have the losses in the quarter. Can you just explain the, what led to the losses and what is the megawatt which has got commissioned at the end of, by the end of FY26?

**Rajendran Arunachalam:** So I think we have two sets of businesses under Green Solutions, as you're aware of. One is the Thermax Onsite Energy Solutions that we talk about, which is the biomass-based heating solutions that we provide to our customers on-site. And the other is the wind and solar energy hybrid solutions that we offer to our customers, both on BOO basis, one is on the captive power side that you're aware of.

I think our Thermax Onsite Energy Solutions business has done very well. I think stable set of numbers from there. The challenge has been on the First Energy business of ours. We've had one challenge on a project that we are executing down south where one of the contractors has failed to perform as per the contractual terms. And that has forced us to step in and complete the contract or continue execution of that contract. And so there's been a cost overrun on that account, which involve picking up some of the challenges which are new to us at that location.

So I think it's incurring a bit more of the cost than we had planned originally for, and that's the cost additional incurrence that we're having, which is reflecting in the results for the period, which, which is the unexpected impact to our bottom line. From the capacity part of it, we are thereabouts of about 250 megawatt on ground with two, three large, one which has been commissioned as on 31st of March and two, three other large projects, one in Gujarat and two more – with one in South, which I talked about earlier, which will be commissioned in the next two, three quarters. So I think those would add up to the balance that I mentioned. And I think FY27 we would probably, close much better than this number.

**Mohit Kumar:** Understood, sir. Thank you and all the best. Thank you.

**Moderator:** The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.

**Aditya Mongia:** Yes, thank you for the opportunity. Rajendran, the first question that I had was on margins in the top two segments where one could not see any impact of RM headwinds while you do call that out in your presentation. Just trying to get a sense whether the margins were impacted by RM headwinds or is that something that can happen incrementally?

**Rajendran Arunachalam:** Thanks, Aditya. I think that's an important question for the quarter. We haven't shown any large impact on the raw material cost for this quarter for sure because I think the impact came quite, because of the war sometime in the month of March, by which time procurement for the quarter had all been completed, and the execution was in progress.

So I think the price increases that we have seen in commodities across from steel to styrene to our copper, nickel, etc. I think for all of them, we have seen the price movement for sure. You're aware of them as well. That is a bit of a challenge for us in this quarter. Having said that, I think traditionally, I'm sure you have seen that our margin impact on our Industrial Infra, the project

business is fairly controllable, given that we end up tying up on a back-to-back basis on all our bought-outs as well as on contractual cost for large orders.

However, on the Products business side, we would have a typically shorter range of visibility on the inventory front coverage that we will have. So, we would be exposed to some of these challenges that we are having going ahead on the Industrial Products side. Having said that, these increases have not been substantial as you will also notice.

And we are handling the situation at this point of time. We would be able to and with some coverage available on the inventory front as on March, I think we'll be able to give you a more, better understanding of the impact by quarter 1 numbers. Thanks, Aditya. I hope I answered your question.

**Moderator:** Thank you. The next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

**Pulkit Patni:** Thank you for taking my questions, Rajendran. My first question is coal gasification. This is one opportunity where we are technology ready, but we've never had a chance given that the commercials have not worked. Now that this is a global problem in terms of post the West Asia crisis, do you see any shift in government policy, any viability gap funding, etc., that has been spoken about for the coal gasification opportunity? That would be question number one.

**Rajendran Arunachalam:** Yes, thanks, Pulkit. I think overall, you're right in identifying the opportunity vis-a-vis the current energy crisis. We believe that many of our green energy sustainable solutions that we offer currently, I think are bound for a better brighter market going ahead. I think you talked about coal gasification. While we haven't won any in the recent past, but we're sure that you know in terms of government coming in to support some of this – is something that we would definitely look forward to.

But just to mention and simultaneously in another one, Bio-CNG -- where we see more of state government policies coming in to support that, is in a similar way, a better opportunity that is going to come in for our Bio-CNG business. And similarly, for other solutions that we already have at this time. So yes, overall, I think this energy challenge for India is a good opportunity for us on the green solutions side.

**Pulkit Patni:** Sure. Your line is actually not very clear, but yes, I did get what you said. My second question is on data centres. Since bulk of the data centres globally are not being put on captive power plants or thermal power plants, it's either grid or renewable. Is the opportunity size for us in terms of cooling towers relatively small to the overall cooling tower or, or say the chiller opportunity? I'm just trying to understand even if you don't want to talk about the numbers, but the area we can cater to within the data centre opportunity is relatively limited, given that we'll mostly be using thermal heat in order to convert into those chillers. Is that understanding right in the first place?

**Rajendran Arunachalam:** So, Pulkit, I would not be able to answer that question in much detail right now, but I will try and get back to you on this to help provide that understanding on that end.

- Pulkit Patni:** Sure. No problem. Thank you so much, Rajendran.
- Rajendran Arunachalam:** Thanks.
- Moderator:** Thank you. The next question is from the line of Kartik Kohli from Kotak Securities. Please go ahead.
- Kartik Kohli:** Hi sir, thanks for taking my question. I had a couple of them. First of all, I wanted to understand where is the progress for us on the coal gasification side? As far as I remember, there has been progress in a Pune facility where your technology has been broadly finalised. Is there progress on that front? Do you see incremental orders that you can do or partner with players who can utilise your technology? That's my first question.
- Rajendran Arunachalam:** Yes, Kartik, I think your understanding is right. I think we have the technology solution tested fairly in place. But I think the technology solution in my understanding, hasn't become viable for the market players to progress on this front. So this is an area that we've been working on with interested customers who would want to test this out and who would have this in their plans for a sustainable energy solution.
- And I think from an earlier discussion that we had in this call, we are hoping that the government would provide some support, and this particular area picks up. So at this time, there's nothing that on the order front that I have, an update for Q4. But going ahead, we're hopeful that things would get better on this space.
- Kartik Kohli:** And so your strategy here is broadly on the lines that you will be only offering technology and doing technology partnership, you will not be taking on the risk of executing the full project. Is that understanding correct?
- Rajendran Arunachalam:** No, EPC capability we hold. So I think EPC would also be an opportunity for us in this.
- Kartik Kohli:** But do you, like is there -- as far as I remember, there were some talks in the past that you'll be limiting yourself to smaller projects initially or is that?
- Rajendran Arunachalam:** Yes, that's for sure. I think we talked about on the EPC front, on the Industrial infra, what we have been telling the market is that we have been cautious on the margin front. And that I think would apply here as well. Otherwise, I don't think we're shying away from orders, just that we would be cautious to make sure that our margins bit are protected. That I think would be the criteria. Yes. Thanks, Kartik.
- Moderator:** The next question is from the line of Atul Tiwari from JP Morgan. Please go ahead.
- Atul Tiwari:** Yes, sir. Sir, what is the outlook for revenue growth next year, given that this year the consolidated revenue growth was just about 3% to 4%? And obviously our order book has, you know, filled up quite a bit?
- Rajendran Arunachalam:** So, yes, I can't, while I can't give you a number per se, but I think Atul, yes, the order balance, which is about 27% better than the prior period closing, gives us a better opportunity in terms of posting better, good numbers on the revenue front. Having said that, I think we have to look

forward to executing better and specifically some of the site challenges and the delays that we have seen across customer sites on civil and other places. I think those have been the disturbances in the past that we have seen and have been a bit of a cost for our revenue performance over the quarters.

And I think also the Middle East-related crisis, while at this time it does appear to be something that we have to watch for. I think these are one or two things that I think we have to keep in mind with the good order balance that we have for the execution ahead. But we are confident that the execution plans that we have across various businesses of ours should come through. And I think the quarter one and quarter two with this order balance would tell us really as to how we're able to catch up. But yes, overall quite positive on our execution front.

**Atul Tiwari:**

Okay. And sir, as of now, I mean, I know it is still very early days and probably the impact of fuel prices and shortage of gas and petrochemicals is still ahead of us. But, you know, looking at your client base and across industries, what is your sense? Are we seeing a fair bit of disruption to business activity, especially for small-scale industries? And will it have some kind of adverse consequence for your order, say, especially in the Industrial Products segment?

**Rajendran Arunachalam:**

Yes. So I think -- well, you picked up the Industrial Products segment, but in terms of disturbance, as what you talked about, I think we've had some bit of a challenge, really, on our Chemicals business, I think, which I haven't covered earlier, but I thought I'll speak about it now.

I think our Chemicals business is having a challenge clearly on the raw material side, because many of the -- some of the key raw materials, like styrene and some on the water treatment and construction chemicals have been disturbed in terms of supply as well as price increases.

So, availability and booking some of the raw materials for our execution, I think at higher costs and correspondingly having to manage the prices with the customers to avoid impact or contribution. I think that's been one reasonable challenge for our Chemicals business at this point of time.

We're doing our best in that regard, and we are hopeful that we should be able to maintain our margin numbers and the volume that we have planned out for quarter one. Yes, and extending the discussion to what you had talked about in terms of smaller this thing, as well as our Industrial Products business is getting impacted -- yes, I think what we started seeing in the month of March, was with regards to the gas availability impacting fabrication, smaller units, and that of course getting stabilised down the line.

So yes, some bit of challenges around it and the raw material price increases on various commodities that we have talked about have definitely impacted operations for some of the smaller vendors. And that's where I think I talked to you about the cost pressures for quarter one.

**Atul Tiwari:**

And sir, finally, what is the planned capex for FY'27 console entity?

**Rajendran Arunachalam:**

So I think that you will have a regular capex of about INR 100 crores, INR 150 crores of regular capex that we would be doing. Apart from this, I think we have a few capex that we have planned on some bit of capacity expansion in our boiler facility as well as in our cooling facilities.

They are more like not, I think, I would say, some bit of a capacity line extensions kind of capex. I think, put together, the number would roughly be about INR 250 crores.

**Atul Tiwari:** Okay. Thank you.

**Moderator:** The next question is from the line of Saif Sohrab Gujar from ICICI Prudential AMC. Please go ahead.

**Saif Sohrab Gujar:** First question is on the supercritical boiler order from MB Power. If you can just elucidate more on this order in terms of the execution period? And specifically on a supercritical boiler from, say, other utilities – are there similar tenders in pipeline?

**Rajendran Arunachalam:** So supercritical opportunities, I think would continue to be there. And I think we have, I think, clarified in the past vis-a-vis stands and on public sector opportunities and the private sector opportunities. And you will note, of course, our preference on the private sector space. And I think this particular one is also on the private sector, as you can see.

This order would get executed over a period of 40 to 45 months timeframe. And yes, I think the order value that we have disclosed about. And I think the year one would be more focused on design engineering and ordering. And I think it would pick up speed in the coming periods.

**Saif Sohrab Gujar:** Got it. And second question on the Middle East part, how much is the exposure in terms of sales for you and specifically each of these segments, maybe on Industrial Products and Industrial Infra? On those exposure, are you seeing any execution challenges in terms of the supply chain or cost of payment challenges?

**Rajendran Arunachalam:** Sorry, can you just repeat the first part of your question? I missed a bit of that.

**Saif Sohrab Gujar:** On the Middle East exposure in terms of sales, which you would have on Industrial Products as well as Industrial Infra, how much is that? And any cost or execution challenges in terms of the supply chain or any payment release currently being noticed?

**Rajendran Arunachalam:** Yes. So I think Middle East has been a good opportunity for us over the last two years. I think we've been mentioning that so the opportunity has some order balances for execution at this point of time for us.

We haven't seen specifically any delays at this stage -- at this point and things are fine. Having said that, in terms of future opportunities, I think hopefully, there could be more given the damages that have been there on account of the war.

We are hoping for some of the facilities coming around on account of that. But yes, price cost disturbances due to freight and other things were a reality when we were executing it in the month of March as well. And that's the space – place that we will have to be watching about. However, no executions have got delayed per se at this point of time.

**Saif Sohrab Gujar:** Can you quantify the exposure say, Middle East, in percentage of order book or something like that?

**Rajendran Arunachalam:** I think we did disclose to you that in quarter three, in quarter two, we had booked a large – INR 450 crores order on the Middle East front in our Industrial Infra business. That's one among the large ones. The other one will be in our Industrial Products business, which will be of smaller values. So I don't have a consolidated number for Middle East on the order balance this thing, but we will see whether we'll be able to get together and disclose.

**Saif Sohrab Gujar:** Sure. Thanks and all the best.

**Rajendran Arunachalam:** Thanks.

**Moderator:** The next question is from the line of Amit Mahawar from UBS. Please go ahead.

**Amit Mahawar:** Hi, congratulations on ending the fiscal year with a very strong line.

**Moderator:** Amit sir, sorry to interrupt. I would request you to be a little bit louder or get the handset near to you.

**Amit Mahawar:** Yes, is it fine now.

**Moderator:** Yes, that's better.

**Amit Mahawar:** I think my question is on Segment one, we can see a very strong momentum, and this has been there for driving compliance and maybe package boiler business. Can we grow at like 15%, 20%, next year on segment 1 and because you also have some large wins impacting Segment 1?

And second question is on Segment 2, where in the Babcock segment beyond the utility supercritical order, you might have quite a few large boiler orders. So can we broadly achieve a 2X topline in '28 vis-a-vis what we did in '25, '26 on second segment?

**Rajendran Arunachalam:** Okay. Yes, I think on the Industrial Products bit, I think, well, yes, the Boiler business is one specific segment and the large segment -- the largest business within that segment. I think we've been commenting over the last couple of quarters or probably more on the increasing mix change that's happening in terms of our growth in our pollution control and water treatment businesses more significantly. So I think the growth of those businesses has been robust as well.

So industrial boilers, I think the growth continues to be reasonably good. On your ask as to whether they would see a 15%, 20% growth, I think I will get -- go back to my comments on that the reasonable working platform on the order book looking good for us on Q1.

But I think we'll have to temper that with the war impact, of course, with industries and what decisions that could cause on the capex spend, which we'll have to watch carefully. So at this time, I think reasonably optimistic, but I think cautious on that for the future.

On the Industrial Infra side, yes, I think you have seen the recent trend of sales that we have been declaring on the Industrial Infra space, especially for the large boiler business. I think we declared one in Q2, another one in Q3 from Dangote.

**Amit Mahawar:** Sir, I think there's slight disturbance on the line. I'm sorry, if it's only...



**Rajendran Arunachalam:** Is it better, Amit?

**Amit Mahawar:** Yes. Okay.

**Rajendran Arunachalam:** And the supercritical order in quarter four that we talked about -- and I just saw in the call, talked about another opportunity on the data centre side on the energy front. So, I think we are reasonably seeing a good bit of orders.

Yes. So, I was talking to you about the strong momentum on the large orders that we are booking apart from the regular ones that we have a pipeline of -- so yes, I think we're bullish and confident of that business doing well. This is the pipeline that we are seeing. So I'll limit my comments to that, and I hope I answer to some extent.

**Amit Mahawar:** Yes, thank you. And good to see the leadership programmes at Thermax working very well. Thank you.

**Moderator:** The next question is from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

**Parikshit Kandpal:** Hi Rajendran. Congratulations on a good quarter. So my first question is on the boiler opportunity, which you spoke about on the data centre side. So, is the boiler model opportunity much bigger in the global markets or the cooling opportunity? How does one look at this?

**Rajendran Arunachalam:** I think honestly, Parikshit, this would be a difficult one to quantify at this stage. These are opening up for us. We've been making a similar commentary on the cooling front as well. We've seen these opportunities. We won the first set of ones.

I think you'll have to give us some time to be able to assess this and let you know both on the energy side as well as on the cooling side. So, give us some time on this one.

**Parikshit Kandpal:** But the data centre one is on the large boilers. I mean, will it be done through the TBWES or can directly do that?

**Rajendran Arunachalam:** It will be done for TBWES business.

**Parikshit Kandpal:** TBWES business. Okay. And the second question on the capex, I think capex and capacity building on the cooling side last time, I think it was mentioned by the management team that given how this order performance is, the market is quite big and competition and pricing is not that of a concern. So how are we planning for building capacity and the capex on the data centre business side? So if you can help us understand.

**Rajendran Arunachalam:** We have a reasonable facility to be able to handle this demand requirement at our Sri City site for our cooling business. And I think, I earlier mentioned that there is a capex on a line building that would be an expansion we are doing this financial year. And that would come to support the growth, the demand, the additional demand that we can expect on this particular one.

**Parikshit Kandpal:** Okay. Those were my two questions. Thank you.

**Rajendran Arunachalam:** Thanks.

- Moderator:** The next question is from the line of Priyankar Biswas from JM Financial. Please go ahead.
- Priyankar Biswas:** My first question is, sir, I see that compared to FY'25, it seems there has been a substantial working capital build vis-a-vis the last year. Can you please provide -- what are the causes for it? And is there some way that we should look at a reversal of this working capital in the next year? How should we see it?
- Rajendran Arunachalam:** Yes, I think this is well observed. You're right. I think we've had a bit of working capital increase in this particular quarter. This has been caused by some project delays and, hence, the related collection delays on some of our receivables as well.
- As the retention has happened across a few large orders as well as overall, and some portion of our Industrial Products and Industrial Infra businesses. We're conscious of this fact, and we are focusing on this in the coming quarters to get back to better numbers for working capital and would remain a focus. So yes, thanks for spotting that.
- Priyankar Biswas:** So, should we see like this coming up, let's say, if not, let's say, next couple of quarters, but maybe over a period in FY'27. Would that be the right way to look at it?
- Rajendran Arunachalam:** Yes, it's not going to -- well, I'll be hopeful that we should resolve all the overdues in one quarter. But yes, the business reality is, I'm sure that we would be able to work it over the next couple of quarters.
- Priyankar Biswas:** Sir, the second question is that we had won this contract in Dangote, if I remember, in third quarter. Now, usually what we have seen from Thermax and also other companies involved in, let's say, Nigeria and those countries, like in cases where hard currency, that is USD or EUR availability, is kind of like a stress
- And when those countries go into sort of fiscal stress, like execution difficulties tend to naturally crop up. So, given that has happened in the past history, what are the risk mitigation measures that we are taking specifically for Dangote?
- Rajendran Arunachalam:** So see -- while I think this has been in the past, we've experienced it as well, though not specifically in the large orders that we executed in the past, which were backed up by letter of credit and which will be the case quite a bit. Currently, I think the currency, if I have not been closely following it, but if I know what we have seen in the recent past, those issues are fairly stabilised for Nigeria. And with the oil prices where they are, I think things are fairly stable, is what my last understanding of that matter was.
- But yes, we're conscious of that, and so we do take care of our payment terms to be secured and so that we are not unduly exposed on the credit risk side, and that would be the case for this as well. So meaning, I think we'll be cautious on this front for sure.
- Priyankar Biswas:** So that was broadly, just if you can answer a bookkeeping question because a lot of the order wins that have happened this year, and hopefully the next year, is TBWES. Can you provide, let's say, a broad ballpark number of what would be the order book of TBWES and maybe its revenues and margins for FY26? That's what I'm wondering.

**Rajendran Arunachalam:** For FY'26, I think you'll like to wait for it as you know that this is a separate subsidiary and a 100% subsidiary, so its financials will be available in the public space, and I think you should wait for it. Yes, we'll get that out.

**Moderator:** The next question is from the line of Shirom Kapur from Jefferies. Please go ahead.

**Shirom Kapur:** Just want to ask you a little bit more on the large boiler order that you received in March. So what would be your capacity on these boilers -- like how much could you execute? How many more orders could you take on in this field?

**Rajendran Arunachalam:** So I think we have three facilities for this particular, overall for the boiler business. And I think we would be able to execute this particular one. And while I think, yes, to the extent that there have been other demands as well. We talked about it on the order flow side, as the regular business that we would have. I think our ability to service would be constrained to that extent of capacity becoming available, and I talked to you about the expansion that we are doing to debottleneck the facility to a certain extent.

So that would keep us ready for any opportunities that might come in the future. But I think, and we also have the ability to develop and execute some of them through outsourced facilities on the fabrication front. So I am fairly confident of what we have won and what we will be able to execute.

The supercritical opportunities, if they were to come, we would obviously be looking at them closely on our abilities to pick them at the right price and being able to execute. So I don't think I answered you fully on the capacity front, but I think that's something that we look -- we review that closely in terms of the ability to execute orders.

**Shirom Kapur:** Understood, sir. And would you be able to give some sort of quantification of the pipeline for these kinds of boiler orders, specifically these large boilers? Like, what is the bid pipeline? And what is the outlook for the next two to three years or in the near term, one to two years?

**Rajendran Arunachalam:** I don't have that number, sorry. This particular one, I don't have at this time to share.

**Shirom Kapur:** Sure sir. Thank you.

**Moderator:** The next question is from the line of Teena Virmani from Motilal Oswal Financial Services. Please go ahead.

**Teena Virmani:** Sir, I have two questions. One on the legacy orders, which were pending earlier to an extent of around INR 500 crores to INR 600 crores in the books of the company. So, what would be the status of those legacy orders?

And my second question is regarding the margin profile for the large orders that you have booked, both on the data centre side and even on the boiler side. Is the margin profile on those orders much better than the margin profile that you are currently having in your current set of business? And ultimately, how do you see the margin profile for the upcoming orders also on these two areas?

**Rajendran Arunachalam:** Okay. I think we probably failed to put an update in the investor presentation that we were planning to. On those low-margin orders that we had specifically in our bio-CNG business as well as our FGD business, as well as some bit on our Projects and Energy Solutions business. I think we almost executed them.

The bio-CNG one, I think is very clearly there. But I think the large project NRL that we have talked about on the bioenergy solutions and the two large FGD projects that we are currently executing on the balance closure completion.

NRL one, I think we talked about the cost overruns and this thing. We're hopeful we're keeping an eye on it, and I think it would take the entire year and a bit to get that order to its closure. We're hopeful that we have the right cost estimates at this time for its closure. However, the FGD orders that we are executing at this time are better off for us, and the margins are stable there.

On the bio-CNG side, we are in the performance trial stage for most of our orders, and I think quarter one and two of those this year, we should be able to complete them, and that should settle them. So, yes, and all the new set of orders that we have booked across our Industrial Infra, Industrial Products, I think, in every other places -- they have been with better margin target profile that we have internally. Talking of this cooling as well as the supercritical order that you talked about, the margins on the cooling one are good and on the supercritical one, we have been conscious on the margin front when we booked this, and I think they are stable and as per our target margin profile for the particular segment.

I wouldn't be able to obviously talk about the margins specifically because it's a single order and I'm sure you'll appreciate that.

**Teena Virmani:** Yes, sure. But there is a sufficient buffer that you would have booked, taking into account the higher RM prices which are prevailing right now.

**Rajendran Arunachalam:** So, the order was finalised in the month of March. The prevalent situation obviously would have been factored in. Yes, but we have to manage that with the developing situation, and that would have to be handled over a period of time as well, because it's a long time. It'll be executed over the next three to four years.

**Teena Virmani:** Understood. Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Amit Anwani from PL Capital. Please go ahead.

**Amit Anwani:** Hi, sir. Thanks for taking my question. First question on if you could give some colour in terms of the heating, cooling, and electric boiler, how that has performed in Industrial Products? And there was a kind of double-digit margin which we have been doing last year.

We did a good EBITDA margin there. This year also, the margin has come off by 100 more than 100 bps, but still, we are in double digits? So just wanted to understand what one should take it as a sustainable margin for FY27 and how has been the performance of each of the sub verticals in the Industrial Products business.

**Rajendran Arunachalam:** Okay. Thanks, Amit, for that question. I think we broadly talk about the Industrial Products business of the multiple businesses that are under them, but we haven't disclosed specifically any margin profiles for each one of them.

Having said that, I think there have been in the past, I can see that your question is around the margin drop over the last year on the Industrial Products business. So, the prior period had a set of good projects where there were good savings opportunities for us. Having those projects being picked up during a certain cycle of commodity cost being higher and being executed at a time when the commodity cost had cooled off.

So, we had a good savings opportunity in some of them. In a couple of our businesses, we missed, in one of the businesses, we missed a bit of export opportunity, which had a better margin profile. So that's been one. The other one has been on which I can talk about more clearly is on the Danstoker business that we have in Europe.

We have a mix of oil and gas as well as biomass-based boilers. And I think the margin mix on the biomass-based boilers is better off than the oil and gas boilers. And in the last year's cycle, the oil and gas boilers were much more executed than the biomass ones. But we see the mix changing for the year ahead.

So, I think that was also a cause of the change in the margin that you saw in that segment. So, a couple of reasons for this thing. Broadly, I think the mix change on the individual businesses was the main cause for the margin difference. But yes, we would look forward to some improvements going ahead, subject to the course, commodity cost impacts.

**Amit Anwani:** Right Sir, in the Industrial Infra business, does this boiler order, I'm just again asking for better understanding, has the price variation clause and second, is that the correct understanding that at least this is either margin accretive, margin relative to the overall firm level margin if you could give some colour for this utility boiler order which you have taken, that would be helpful?

**Rajendran Arunachalam:** Thanks Amit, I think I'll reiterate what I think I told earlier, that I would not be able to talk specifically about this job margin because it's a specific order, and I also can't discuss any bilateral clauses that we have in the contracts. Having said that, I think we at firm level and segment level target margins, have kept in mind at the time of finalising this order, and I think that's the confidence that I can have at this time.

**Amit Anwani:** Right. So, with this order and as you explained already about the legacy order, status on that order, can we see meaningful improvement further for the Industrial Infra business? We had a good improvement this year in terms of margin. So, is that on the card or should this stabilise at the current level?

**Rajendran Arunachalam:** I think the current levels are good levels. I think you have seen them increasing over the last two, three years, but I will just draw your attention to one specific state incentive that we have been receiving and which we have been disclosing in our quarterly and in our annual results as well. That's an accretion to that business which has happened over the last two, three years, but that's available. I think we have disclosed it.

It will be for 27-28 cycle. So, I think that is one piece of margin, meaning one piece of profit that I think is for a limited cycle. Otherwise, yes, I think with the flow of orders and certain operating leverage, I think we should definitely be having confidence in our margins going forward.

**Amit Anwani:** Right. Sir, lastly, on the data centre, is there any lead time or do you have to get on some approval process which takes some time? So just wanted to understand when you started applying for these orders and when they converted for you?

If you could let us understand the timelines or process to get these orders. And are you in touch with multiple OEMs in the US to get further business for cooling towers, or at least where we got the order, that are looking for orders from the same vendor, or are you talking to more OEMs there? Some colour on that, please.

**Rajendran Arunachalam:** Yes, Amit, but the colour is going to be limited. I'm not obviously going to discuss whom, what, etc. I think, yes, we're as I commented earlier, we're confident of the order pipeline and the discussions that we are having. But this is something that we will continue to comment on in the coming quarters and have nothing more to add than what I have told earlier. Thanks.

**Amit Anwani:** Thanks, Rajendran.

**Moderator:** Thank you. The next question is from the line of Renu Baid from IIFL Capital. Please go ahead.

**Renu Baid:** Yes, hi, good morning team. Just a small follow-up question, more on the bookkeeping side. Sir, can you help us give what the broad order book split between fixed price and variable price projects and orders?

**Rajendran Arunachalam:** So, I think you can fully assume that almost all our orders are fixed price orders. There would be a few, which, if at all, on large ones, if any, that we would have price variation clauses, but I think they would be fairly few and far. I think so, by and large, all our orders are fixed orders.

**Renu Baid:** Sure. Because this is more pertinent with respect to large orders. One or two of the large orders that we've recently won in the last two quarters, if they have a price variation clause, then it changes the mix materially. So, this is the reason why. So, should we assume broadly 90% is all fixed price, or in value terms, how would this be?

**Rajendran Arunachalam:** As I said to you, I think you should assume fixed price orders because that's primarily the nature of all our businesses and orders.

**Renu Baid:** Sure. And given the way the execution has panned out of the overall backlog, while we have these three, four large orders on which we can count on, what percentage of the backlog has an execution cycle beyond 12 months?

**Rajendran Arunachalam:** So, I think some of the large jobs that we've picked up naturally, the execution cycles are more than this thing. I think the supercritical one I commented on earlier as well. I think all these other larger ones, yes, so would all clearly exceed 12 months. They would more be in 16 to 18 kind of ranges for execution.

- Renu Baid:** Got it. Sure. Thank you, and best wishes. Thank you.
- Moderator:** Thank you. The next question is from the line of Aditya Mongia from Kotak Securities. Please go ahead.
- Aditya Mongia:** Yes, thank you for the opportunity again. Rajendran, a few questions. As in, the context of the first question is that you had in Green Solutions a partner who did not fully do the work and then the company had to take it up.
- And in the same year earlier, there was an issue on the design engineering part with the starting partner as well. I'm just trying to get a sense of whether this is becoming an issue that the company would want to kind of see through and address, and what steps are being taken in this direction wherein the partner network is better off than earlier?
- Rajendran Arunachalam:** Agree with the question, Aditya, and I think unfortunately, the issue has been with the same partner that we've had. And so, it's not across multiple partners who would want to give you some colour around that. And, yes, the impact, I think we've explained that. So, yes, we aren't facing this across our projects or across customers, across vendors. So, we're conscious of this and for future orders as well. Thanks.
- Aditya Mongia:** The second question that I had was more linked to the order inflows that have happened in the year on the domestic side inside Industrial Infra. With broadly being slack Y-o-Y if I take away the thermal order, I think expectation would have been better for the year? So just trying to get a sense across customer segments where have the disappointments come in, and if in those segments anything is changing for the better as we seek through?
- Rajendran Arunachalam:** Yes, in our Industrial Infra business, I think the two other parts, apart from what we have talked about, I think FGD, you're aware of, we've been speaking about it for the last one or two years or more, I think on the dry down of orders on that front. Bio-CNG business I think has also been less on orders, but I think in the recent past we won some change orders, with our existing clients.
- But otherwise, I think it's been there's been a change in the market, and I think there's some bit of slowdown and Bio-CNG business order book has also been not as per our expectations. so that's another area that I think yes, which is part of Industrial Infra, which has not picked up.
- So, yes, those would be the concerns for us at this time. But I think as I said earlier, Bio-CNG is a business that we're looking forward to better opportunities and a better market down the line.
- Aditya Mongia:** Any comment on the green methanol endeavour of the company? There's a certain small quantum of capacities being set up, but how does the company think through it and any investment targets that you would want to share?
- Rajendran Arunachalam:** I don't have a current update, but Aditya, maybe I might be able to get back to you on this if there's any further development, but nothing at this time that I have to share.
- Aditya Mongia:** Thanks, Rajendran for these responses.
- Rajendran Arunachalam:** Thank you.

**Moderator:** Thank you. The next question is from the line of Nikhil Chaudhary from Toro Wealth Management. Please go ahead.

**Nikhil Chaudhary:** Yes, hi, good afternoon and congratulations on a great set of numbers. I had two questions. So wanted to understand following up on the earlier participants with respect to the data centre. Do we say that we have lesser competition in the North American cooling solution, and our value add is higher?

So, wanted to get a sense around when the qualifications are done with, probably say the hyperscalers, the incremental orders, do we get a higher chance with the same hyperscaler, or do we is it like each project is a fresh fight? Wanted to understand that.

Second thing is we've been very vocal in our earlier calls that we'll be staying away from very heavy projects, citing probably the FGD as one of our lessons. Then, this recent INR 1600 crores of order that probably we have taken, it's got very long delivery timelines? So wanted to understand what was our thought process behind, and if you may allow, I have one more question, but yes.

**Rajendran Arunachalam:** Yes, so Nikhil, I think the data centre piece I think has spoken enough. There have been multiple questions. I think I've clarified as much as we can. I don't have anything to add beyond that, nothing specific on the parts that you had to ask on that one. However, we'll add on the heavy projects or the 1600, the supercritical order that this thing.

I think supercritical we have been earlier clarifying that we are staying away from possible challenges in our abilities to execute any supercritical orders on the public sector side and have shown our preference and inclination to execute on the private sector side. And I think you'll see that this one is on the private sector side.

And so yes, the margin concern that we had, I think, is something that we have commented on earlier on the call already. Yes, it is it's a slightly long cycle order. But I think this is a sort of a breakthrough as well for us in terms of the supercritical business and sets up our capability to execute more on this particular space.

And I think, yes, we're seeing this more this opportunity as our ability to get into this space as well as execute it profitably. So, I'll stop there. Thanks.

**Moderator:** Thank you. That was the last question for the day. I now hand the conference over to the management for closing comments.

**Rajendran Arunachalam:** Yes, thanks. I think I have nothing more to add. I think I hope I have been able to answer the questions today on the call. Thank you, and we'll look forward to seeing you again in the quarter one call. Thanks.

**Moderator:** On behalf of DAM Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.