Management Discussion

Kunal Shah - Analyst, DAM Capital Advisors
Yeah, good afternoon. Uh, welcome to the 2Q FY27 earnings call of Thermax Limited. We have the management today, Mr. Ashish Bhandari, MD and CEO, and Mr. Aruna Chalam, Group CFO and Executive Vice President. At this point, I'll hand over the floor to the management for their opening remarks, post which we can take up the Q&A. Thank you and over to you, sir.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Hi, thank you very much and a very warm welcome to everyone that's attending today and a very happy Dhanteras and an early happy Diwali as well. On the numbers, I'll be extremely brief. We can just pick it up in questions. I imagine there'll be a lot of questions based on what we have put out. The numbers relative to -- from a numbers point of view, nothing special, clearly. I would love to share some of what is happening behind, which, as I've been saying, continues to give me huge optimism and positivity for not just for the backlog but also for the potential that we have in multiple businesses.

And I'll through the questions. I'll cover each sector that we have because there's lots to talk about in every sector. Instead of me going on a monologue, let me go through all the questions. Like last time, I commit to staying on much more than just the hour and odd that we have together. We can go on until 12:30 so that through your questions I make sure that everything that I need to speak about is shared. Thank you. We can go straight into questions.

Questions & Answers

Operator
Thank you very much, sir. We will now begin the question and answer session. [Operator Instructions] The first question is from the line of Atul Tiwari from JP Morgan. Please go ahead.

Atul Tiwari - Analyst, J.P. Morgan
Yes, thanks a lot. So my question is on order bookings, order inflows in this quarter. So they are down 8% year on year. Even in the first quarter, we were kind kind of flat year on year. And so how does the outlook for order inflows look over next 3-4 quarters? You know, can we hope to achieve, uh, say mid-teens kind of growth in order inflows given the pipeline, you know, on a sustainable basis from here on, or more like a single-digit growth is more likely?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
So on orders, first I would say this quarter wasn't, um, that bad, and I'll share why that is the case. Because you will see, uh, last year we had, um, the big utility boilers which were quite substantial from an international orders. This also, we had something that was large but not, um, not particularly like as dramatic as what it was last year. So despite some of these -- this environment stuff, the orders that we picked up shows the overall health that we have across the board. So, and you will see the pickup starting to show more prominently in Q3 and Q4 as well.

The question then is, is it single-digit or is it double-digit? I think both of those scenarios are possible. Um, I will wait because the environment that we have has just got so much going on that committing to an absolute number right now -- it is between those 2 numbers is where I would be. Where we would land up will depend on customers agreeing to, to absorbing some of the pricing which is very real in the market, some of the Just it is, I guess that is the biggest driver more than

anything. There's one small part on, on how the US data center market also moves.

So there are some moving parts. We will grow compared to last year. That is that much I'm confident. And last year, as we know, was a, was a big jump. It was crossing that INR14,000 crore threshold was, was a big one for us from a backlog perspective and then continuing to grow on, on that number. I think is something that we are confident of. Whether it is double digit or not, I can't say, because for double digits you need some big projects to, um, to come in, like really big projects. And that, um, that I'll, I'll want to see it actually done and then come and announce and share.

Yeah, the possibility exists, definitely.

Atul Tiwari - Analyst, J.P. Morgan
And so my second question is, uh, obviously on margin. So I mean, margins have been under pressure, the reasons are well understood, but whatever cost overruns, impairment, etc., that we needed to take, are all of them have been taken and done with, or is it some more pending? And the second part is obviously, can we hope for, say, high single-digit kind of margin to sustain at least?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Um, this last part of the answer is absolutely yes. Not only that, I do think at least, um, for a couple of quarters we should be doing Um, even better than that. I'll take this point to see, to share what are the 3 areas which is the areas that we are, um, that we are working through. Yeah, the, in no particular order, but we had, uh, large, um, uh, these large orders which I've talked about, which are primarily these FGD and government orders with with long duration. And, and some of these are projects that are -- I mean, the project that we are closing right now is its 8th year.

Yeah, the order itself was taken in 2019, and it's now getting cleared out of our, our system. So here, the -- what is remaining is getting smaller and smaller. And practically, as I've said before also, Uh, at the end of this year, the only project that will have, have some amount of significant work is the one project that we are executing in Assam. It's the same project that we took a hit against in, in Q1. Yeah, and that project now, as I said, the entire engineering is complete, everything else is done for.

Whatever is remaining is the, is the construction portion. Um, there is nothing in this quarter that has come that gives me any concern that the hit that we've taken in Q1 wasn't sufficient or anything of that sort. We expect a change order from a customer also, which we will not recognize as margin. We will keep that as part of execution for, for the remainder of the, of that project. So that then means that we had HRRL, which was also a INR500 crore order that we had picked up in Q2, which is now completely over.

Yeah, in Q1, uh, all of HRRL got over. Now what we have is change orders which we expect to come back from the customer because we have very strong reason that we have change orders and certain claims from the customer that we need to show up. So whatever will show up will be on the positive side. On the FGD projects Um, there is one project which gets finished, which actually got finished last quarter, and we took -- so, so between Q2, Q3, Q4, um, practically everything on FGD will this year also be over.

There'll be some revenue recognition at the beginning of next year, but all mechanical completion, everything will be, will be finished this year. So that is on the large project side, uh, which is just stuff that we are flushing out of the system. In the last 3 years, there's nothing that we have taken that concerns me. The execution on the supercritical one also so far continues to be good. Our margin holding on the international projects despite some of the price moves and the commodity price increases, we have continued to hold internally.

I don't see concern. Last quarter we had shared a table on our projects look also. That project, that similar look would hold. The second area has been FEPL, which is our renewables business. This is a business in which we have taken consistent losses which have been high, relatively high. And even in Q2, we, we took a loss against -- basically we have a project in Tamil Nadu which is significantly high CapEx, where after the -- and the entire project is up, which means the machines are up, the stringing is up, transmission is up.

It's just waiting. I was waiting on government approvals, which during the government change, they just came and stopped approvals of the previous government or whatever may be the case. So some of those delays which were very difficult to fathom before. Yeah. And as you know, we're looking at a -- we have committed to bringing a growth partner for, for this part of our, of our business. And the third business that remains is DBSPL, which is where As we have said, we are finishing multiple PGTRs. Um, we had 5 PGTRs which were, um, uh, which were where we had concern, of which 3 are already out.

There are 2 that relate to rice straw, which are 2 of the tougher ones, which will go into PGTR. They have been delayed because of, uh, monsoons. Our customer couldn't bring the feed that was needed to execute these projects. They will imminently go into PGTR. So I'm sharing very openly which are the areas that I have, uh, where we have, uh, potential looks, and I'm sharing, uh, quite openly what is the future of each one of these, uh, portions that we are working through.

Atul Tiwari - Analyst, J.P. Morgan
Okay, sir, thank you. Thanks a lot and best of luck.

Operator
Thank you. Next question is from the line of Shiro Kapoor from Jefferies. Please go ahead.

Shirom Kapur - Analyst, Jefferies Financial Group Inc
Hi, sir. Thanks for the opportunity. Uh, just a question on your order booking. You, you know, mentioned that in your presentation also that some large orders have been deferred. Now on the, you know, your interview this morning, you mentioned a INR100 crore export order that has impacted your order flow. But even if we see the domestic order flow, it seems to be a little down, um, YOY. So could you comment a little bit on the industrial products order flow, uh, how you're seeing it move ahead? Are there any big orders in the pipeline?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Sure, let me take and divide this up. And, and the interview in the morning, I, I wasn't -- I was talking about the revenue side, I wasn't talking about the order side. And the person was mentioning orders but was mentioning margins. So I, I, and I tried to clarify it. I, um, I don't think I did a good job of explaining that I -- it wasn't an orders push. And INR100 crore orders push here or there is not something that I would talk about. It was the revenue side that I was speaking to. On orders, so on industrial products, which is, um, which is where you would see that after quite some time there was a small pause in reduction of orders.

It was completely temporary. In October itself, that has reversed out, and you would see industrial products in domestic showing a good jump in Q3 itself, and good chunk of it is even in October itself. We have had some of those that shipped from -- slipped from September to October. Almost everything has, has come in. So that INR300 crore gap in orders that you see in industrial products in, in Q2, you will see that being made up in Q3 itself. Yeah. So I don't see a concern on domestic

demand. In our water business, we have increased our prices in water and in chemicals quite substantially on both because these are the 2 businesses where the impact of commodity costs is the highest.

So there, there is some impact on customers a little bit delaying decisions or not doing their their refills on the services side as fast as they would, which is also just timing impact. Sooner or later, these are all businesses that customers have to make a decision on.

Shirom Kapur - Analyst, Jefferies Financial Group Inc
All right, sir, thank you for that clarification. Just carrying on from this question, from this point on commodity costs, so, you know, how do you see the outlook? Could you give some more color on, you know, the commodity cost impact on your industrial products business, especially where we've seen margins come off. So could you give some more color on how you see this playing out ahead? You know, are you -- have we not -- the reason for the decline has been customers not taking, accepting the price hikes, or has the inflation been higher than you expected?

And, you know, where you're seeing the highest impact and what kind of commodities? Just if you could give some more color on this overall commodity cost.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Let me take the second one first, and then I'll take industrial products in the margins portion specifically. Commodity costs went up in February, right when the war happened. Yeah, just as the war happened, practically every commodity shot up. And that is firstly for us, steel has a major impact both in terms of plates and pipes and even seamless tubes. All, all of them went up depending on the commodity that you look at, 10% to 15%. Then copper and aluminum. Aluminum has now softened a little bit. Copper -- and we don't -- copper doesn't affect us directly, but we buy a lot of electrical equipment.

So motors and generators and all of that that you buy as part of our, our solution set, those are boughtouts for us. There the prices went up quite substantially. And then lastly is crude and derivatives of crude. So crude derivatives would be PVC plastics. And in our chemicals business, styrene. Styrene is a derivative of crude, but it is also impacted not just by crude but by availability itself, because styrene comes from plants in the Middle East and plants in China. So the Middle East supply has dried up and in cases plants have shut down and or at least working looking at a lot lower capacity utilization.

So not only are they impacted by crude prices, they're also impacted by what happens to the, uh, to supply itself. So then in terms of our business on industrial products, the impact to this industrial products was because of commodity prices, but a bigger impact was because we had stuff that was manufactured where we could not ship things. Yeah, so, so for any plant, and especially plants where you have base cost of the plant itself, if you miss a revenue number because the stuff sits in inventory, the margin impact is not just the direct margin.

As you can imagine, you also get a double impact on, on, um, on effectively the base cost of the factories not getting covered. And you get a third impact that many of your international orders are relatively more profitable. And you can imagine with the rupee depreciating, even when you hedge, those orders only get slightly more profitable between when you, when you gave the quote and when the time the customer gives the orders. And because they're all dollar-denominated, but all 3 of these, the second portion which is the inventory sitting on the books and the margin out there, the impact on the base cost and the profitability, the additional profitability because these are

international orders.

All 3 of these are timing impacts here. Whatever is sitting in Q3, which -- Q2, which is a substantial impact which will start to show up in -- actually, I'll add a 4th one also out here, which is inventory which is in water Yeah. So our data center project for the US as an example, our chemicals business to the US, which are not affected as much by the war like it is in the Middle East, but they are affected by the time the ships take to, to get to the US. So and until we deliver it to the customer in the US, we can't recognize revenue because we sell to our local entity in the US.

So all 4 of these parts are timing impacts. Yeah, they will -- Q2, a good chunk will show up in Q3, and as things normalize between Q3 and Q4. And that is assuming things normalize, of course. The part which is, uh, which has been, uh, which is the commodity cost increase, which for industrial products was of the order of about between INR10 and INR15 crores for the quarter. That also will reduce in amount. Q2 was the worst. That also will reduce in amount. But that impact we will, we will carry into, into Q3 and a little bit in Q4.

The absolute amount will go down with, with each quarter, assuming things don't get any worse from what it already has been. And so far the signs are that things will normalize going forward. So I think I've answered your question in fair amount of detail with specific numbers and specific insights as well. Yeah,

Shirom Kapur - Analyst, Jefferies Financial Group Inc
yes, absolutely. Thank you so much for the detailed response.

Operator
Thank you. Next question is from the line of Prakshit Kanpal from HDFC Securities. Please go ahead.

Parikshit Kandpal - Analyst, HDFC Securities
Hi, Ashish. Congratulations on a decent performance in a challenging quarter. So my first question is on the US market, if you can help us understand how the data center pipeline building out there, because in the past we've been speaking about it, but of late we've not seen any new orders coming in. So both on the Cogent side as well as, uh, on the VAC, so if you can help us understand how the opportunities start building up

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
in data centers, both US and India, our cooling set of products continue to establish themselves. In Q2, we had an order in India, and Q3 also we will have another reasonable size order for cooling in India. So the good part at least is the product portfolio is starting to, to get established. For the US, I have been disappointed with both on the order side and on the, and on the revenue side. And I'll take both parts one by one. The disappointment is not on that the product doesn't have a fit or I don't see an opportunity pipeline.

In fact, the opportunity pipeline with each quarter continues to be more and more real. The projects and the size continue, and where we are involved, continue to get bigger and more exciting. Where I have been disappointed with is on the timing of these things. In every project, we see stuff moving to the, to the right, completely driven by US-specific issues, which is data center projects. Where some portion of the puzzle -- and this is particularly driven by local environmental clearances and local approvals from, from authorities coming and delaying.

So stuff just keeps moving to the right, which is of course disappointing. The stuff that is out there is getting bigger and bigger though. So Um, I'm still very hopeful, but certainly relative to when, when

we had spoken last, I would say there would be at least a 1 to 3 month delay on, on almost every project that, uh, that we were associated in working with. And that delay has actually shown up even in the, in the revenue cycle. Yeah, where, uh, like in, in Q2, we had expected that the first our data center project, which was for the US, would all get shipped out in Q2.

And that has moved from Q2 to Q3 and a small portion in -- and a medium portion in Q4, completely driven by how the project at the customer's end has been delayed. And we really wanted it to be up and running sooner so that we could showcase some of our capability as well. That said, we are getting deeper into the customers, into the design specifications of more and more projects in the US. So as those projects finish their funding and as they go through their ordering cycle, where THERMAX stands, that portion I'm more and more excited about.

The India portion is -- while the pie is relatively smaller, a typical order is only between 40 and 100 crores -- that portion continues to have movement. Yeah, in Q2 we got an order in India. Q3 also we got, uh, we have already closed one more order, and we see continued activity on the, on the India front.

Parikshit Kandpal - Analyst, HDFC Securities
So on the US, typically what will be the order size? Like in India you said it's about 40 to 100 crores. And this is only -- is it only for the -- I understand in India it will be only for cooling products, but, uh, in US, if you can help us understand what the opportunity will be in terms of order size, so both for the cooling as well as the boiler opportunity.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
So both the boiler portion is depending -- would they -- would all be in hundreds of crores in the US.

Parikshit Kandpal - Analyst, HDFC Securities
And cooling?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
No, I'm talking cooling boilers as well and cooling as well. Yeah, the boilers would be fewer but size-wise larger. Cooling would be more in number but also in hundreds of crores.

Parikshit Kandpal - Analyst, HDFC Securities
Okay, so and what could -- any specific idea on what could be the opportunity or the bid pipeline in US which currently you are choosing? So what kind of bids where you're putting your numbers?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Numbers are large, and given what we have done Um, I would see the first order that we got was slightly north of 20 million, and that to us was a medium-sized product project. Yeah, small to medium. It wasn't one of the like medium to large size data centers, in which case you're talking about multiple times potentially also of the kind of what we did on the first one. So, and but because I think that all I can say is the numbers are, are large, but anything I say will only raise expectations beyond.

We just need to deliver on those expectations and not, um, you will be happy with the size whenever that comes through.

Parikshit Kandpal - Analyst, HDFC Securities
So Q4,

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
it's not like there's one, there's, there's not one there. Uh, there are multiple. It is from a timing perspective, I guess, which is you're already talking about Q4. I previously said I would be disappointed if we don't do one. My expectation was 2 within the year. I think I would be -- I would say where I'm standing now, close one within the year seems more likely. Could be Could be more, but I think relative to when we spoke last, slightly more pessimistic on the timing perspective, more optimistic on the size of the overall opportunity.

Parikshit Kandpal - Analyst, HDFC Securities
But PUE-wise, you have delivered. I mean, we are quite confident that on the reduction --

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
more than confident, and more than now getting into the design specification for some of the biggest names in the industry.

Parikshit Kandpal - Analyst, HDFC Securities
Thank you. I wish you the best. Look forward to hearing some good news.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Thanks.

Operator
Thank you. Next question is from the line of Hardik Chera from Lark. Please go ahead.

Hardik Chera - Analyst, Lark
Yeah, uh, sir, I just wondered if you could quantify the margin picture in numbers. You explained it in detail regarding Q3, Q4. Could you just put a number number as to in the H2 what kind of margin can we expect?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Um, significantly better than the first half, which is not saying much given what we have shown in the, in the first half. Our Our potential scenario for the second half, lot will depend on, on how much of the revenue which we think we can do, we are able to, to deliver. Um, let me put my neck out here.

The number on the revenue side we expect in the second half to be INR7,000 crores plus. Yeah, between Q3 and Q4, which is not much. Yeah, this is our, our scenario given the geopolitics and, and how Q1 and Q2 was particularly low. So it is just assuming, um, a teens growth, uh, compared to where we were last year. Can we do even more than that? I think we, we can. But this is, in our view, based on kind of a scenario where the war continues for another couple of months, etc. This is what we think is reasonable.

If we deliver this revenue, the profitability impact is quite substantial. Yeah, is, um, and in product line over product line, uh, we can pull up in, in industrial products as an example where we have done barely 6% profitability for Q1 and Q2. You will see that number will jump to the other side of the mean very quickly. Yeah, and this is including, uh, the impact that we have had from from the commodity cost prices and, and all of that. On the -- and I'm, I'm not sharing exact numbers because not that we don't have all of those estimates, but I'm giving you as much of the working numbers internally as I possibly can.

And I'm saying I'm extremely bullish on on Q3 and Q4 without giving a specific number. Then the -- on industrial projects, um, that is where you will see an even bigger jump. On industrial products -- projects, there is one part which is on how much we can recover in terms of change orders from our customers, which is then the which is then the icing on the cake. And right now we are in a mode, especially as we finish off these big projects, where we have got substantial claims from our customers to, to come back and which are all relatively straight to the, to the bottom line.

And, and in most cases they are -- in all cases the claims are genuine. And in most cases there is reasonable confidence that, that we will get these because we have a very strong reason to get that. I cannot completely estimate what that number will look like, which is why I will hold off on, on giving a number on industrial projects, industrial infra specifically. And third, let me take chemicals because we haven't talked about chemicals. Chemicals is going through possibly the, the most change in its environment because this is where the impact of commodity prices has been massive, and a good chunk of what it does is export.

So you are competing in this world against Chinese supply and global supply, whereas India is particularly affected in this environment. So Q1 and Q2, we increased our prices massively in, in chemicals. The overall impact of commodity prices was 22 20+ crores, between 20 and 25 crores in, um, in Q1 and Q2, of which majority of that was absorbed by price increase. The end impact in chemicals was just 2 crores in, in the first half. And crude has -- a week ago was 116+ and today it is 90-odd. I haven't seen the number this morning, so you can see how badly and how much it is fluctuating.

And so we are in a place where we have increased our prices substantially. We, we have to be sure that it continues to hold and we can continue to work that through. October has also been, uh, very good. We are able to hold on to our price increases in an environment where a couple of our competitors, even couple of our domestic competitors, have perhaps not increased prices as much as we have. We have increased our prices And we plan to continue to hold on to a higher price, uh, number and, uh, and expect that because these are all real costs and, and that the supply chain, if the same supply chain applies to everyone, uh, others will also have to increase prices sooner or later.

But so far October has also held up very well, and I give very a lot of credit to our team in this difficult environment, uh, to to manage the chemicals business. So, so we have done -- so chemicals have less clarity into Q4. It could be a very good quarter also if prices come down and the war slows down. If there's continued volatility, there's some amount of uncertainty. Q3 looks like will be okay based on a very good October as well. Then that brings us to green solutions. In green solutions, we have 3 parts.

One is SEPL, where we have taken losses between first half and first quarter and second quarter. Every quarter we have taken losses due to a little more than what we should have. We expect that. And when we started the year, we didn't expect this to, to be the outlook. So relative to that, our outlook in SEPL is worse and that we expect to continue for Q3 and Q4 as well. We don't -- our current estimate is that we will take losses in FEPL in Q3 and Q4 as well. Tosil continues to look better and better, is performing extremely well and has a very strong pipeline and continues to hit all its numbers, continues to do better.

BioCNG, which is our -- the 3rd business which provides revenue out here, we are finishing all the PGTRs. It is, it is still losing money every quarter, small single digit, but that number is going down with each quarter. So, so I think there, look, one part is finishing the PGTR. If we finish the PGTR, I

can come back and say all the stuff on BioCNG is completely done. And then you have a very good, hopefully, an orders profile that will come into this business as the BioCNG business turns with the government price increase, which is, which is now happening.

So that's my outlook for the rest of the year without giving you a very specific number. I'll just say extremely bullish that -- and of course, I can't With how we have started the year, I can't deliver on a percentage basis what we did last year, which I would say was also not that great. But we will, we will cover up a fair amount of gap is what I would say.

Operator
Thank you, sir. Next question is from the line of Karthik Kohli from Kotak Institutional Equities. Please go ahead.

Kartik Kohli - Analyst, Kotak Institutional Equities
Hi, sir, thanks for taking my question. Uh, while you obviously talked about how you, you know, see margin and execution in 3Q and 4Q, I would want to understand the 1Q and 2Q better because even in the last quarter's call you had highlighted that there were about 300 crores of shipments that did not go out and hence got into the numbers. So just wanted to understand, like, in direct quantum terms, what has happened in 1Q, how much of it, uh, went through in 2Q, and, and what was the deficit into itself, which is basically what is, you know, bringing on margins in the product segment.

That will be my first question.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
So the amount that we had in Q1 was quite substantial on what moved to Q2. What has moved now from Q2 to Q3 is slightly smaller than the amount that we had in Q1, but a substantial amount again moved in from, from Q2 to Q3. And this is just completely driven by -- well, let me take a step back. In Q1, we also had a bigger impact on the supply chain overall, which means there was shortage of gas, there was shortage of vendors' ability and our supply chain to even make stuff, yeah, which also created -- made that number slightly higher.

That is now working itself out of the backlog. Like in, in PBWES, as an example, our capacity utilization in Q1 had come down quite substantially because of lack of availability of gas and all that. In Q2, that has worked itself out. There are no shortages of gas, there is relatively much lower shortages of manpower, or I would say zero shortages of manpower in the factories. Yeah, that is also completely normalized. What we haven't been able to normalize is that carry forward of international projects, and especially of the more profitable international projects, which is something that has moved from from Q1 to Q2 and is continuing to, to push from Q2 to Q3.

And there is an additional impact where 2 big orders that we had, both in like a supply of chemicals and then of our cooling equipment as well, where stuff is on the water, but it has -- those are all, all of these places have got fair amount of margin which is sitting. And I don't want to share specific numbers because then I'm talking about profitability of individual orders and all that. The number is between all of these is quite substantial. Um, we're talking about north of 30 crores.

Kartik Kohli - Analyst, Kotak Institutional Equities
Oh, sorry, I know you don't want to say numbers, just wanted to get a sense of the quantum because you shared this in the last quarter's call. It was 300 crores. And why this is relevant is because you're, you're saying, you know, even with everything that continues, you expect or you can do INR7,000 crores. So just wanted to get a sense of how much is essentially moving away from

1x to 2x. So

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
about, um, so from what moved from, from Q2 to what is moving is about, uh, slightly more than INR200 crores would be my, uh, would -- how I would say. Yeah, when we started the quarter, based on what we thought was realistically doable based on customer needs, etc., was about INR3,100 crores. We ultimately ended up only barely crossing INR2,800. So that is the, that is the impact that we see. Yeah, the second half was anyway much stronger based on backlog and deliverability as well as that. And then you had, um, uh, this miss.

Yeah, overall, I, I mean, if we take a look at what is actually deliverable in, in the second half, that number is much higher than INR7,000 crores. The number that I am sharing with you is what we think is, is practically, uh, doable with some of these supply chain challenges and everything else that we're

Kartik Kohli - Analyst, Kotak Institutional Equities
looking at. Uh, just one second question on this. It's more linked to the PV area that's done and the CBG pipeline that is developing.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Sorry.

Kartik Kohli - Analyst, Kotak Institutional Equities
I just wanted to get a sense of how many, uh, bio-CNG orders are currently pending in the PBTR exercise, and what is the sort of pipeline you're seeing, you know, that is being developed on the CBD side of things after the go-government scheme? Is there a pickup that you are seeing on ground in terms of inquiries and, you know, bigger players or bigger capacities being, you know, thought through in the industry?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
There is a good pickup in inquiries. We are still -- the inquiry pipeline that has gone up has been across the, across the board. It is from many of the smaller players looking at 5-10 ton plants and then some of the larger players. And I would say these are not largest business houses. They are big players but not the biggest players, and, uh, who are looking at these 15 and 20-ton plants where we have quite a few discussions that are imminent. I would say Q3 itself we don't expect any orders. Uh, we do expect ordering to show up in Q4.

Kartik Kohli - Analyst, Kotak Institutional Equities
Oh, so I answered on the number of orders in your backlog which are currently pending the performance Guarantee?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
We have about, um, 4, if I remember right, uh, 4 or 5, if I remember right, here, of which 2 which are the rice straw ones, 100% rice straw ones. Those in our view are the, um, are the slightly tougher ones, and most others we are more than confident of meeting the

Kartik Kohli - Analyst, Kotak Institutional Equities
All right, sir. Thank you so much for taking my question.

Operator
Thank you. Next question is from Mahesh Patan from ICICI Securities. Please go ahead.

Mahesh Patil - Analyst, ICICI Securities
Yeah, hi. Uh, thank you, sir. Uh, sir, my one clarification. You mentioned that the Q2 to Q3 revenue slippage was around INR300 crore, right?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
200 to 300. Yeah,

Mahesh Patil - Analyst, ICICI Securities
200 to 300. Okay. And so on the order side, you have mentioned, uh, about 2 orders, uh, getting shifted to Q3, right? What would be that quantum approximately?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
No, no, no, orders -- I didn't say anything particular. I said orders in industrial products where we had -- where it showed as if we took, um, uh, you know, about 300 crores of lesser orders relative to what we had last year. I think that much of a gap you will see us picking up very quickly in Q3. That's what -- that's correct.

Mahesh Patil - Analyst, ICICI Securities
Okay, so I think in the presentation we have mentioned that there was some deferment of major orders, so I'm just checking on that.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Sorry, deferment of major orders into Q3?

Mahesh Patil - Analyst, ICICI Securities
Uh, yeah, presentation we have mentioned order booking in industrial product segment came ke to dependent of major orders to Q3.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
yeah, which I said no, about 300 crore, which I said, we will pick it up pretty quickly in Q3, which is what I said, it was just a shift between Q2 to Q3.

Mahesh Patil - Analyst, ICICI Securities
okay, okay, got it. And sir, in the morning, I th And also,

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
sorry, go ahead.

Mahesh Patil - Analyst, ICICI Securities
Yeah, and so lastly, on the, uh, 2 non-recurring items that we had, right, the impairment in one of the RE projects and the incentive for the received -- I,

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
I think there's a bit of background noise. I heard impairment in the RE business, and what was the second one?

Mahesh Patil - Analyst, ICICI Securities
The incentive, incentive we have booked, right?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Okay, the incentive that we have, we have had the incentive for the last few years on a regular basis. Yeah, if anything, um, and, and this has been part of Thermax's numbers. We've been sharing, uh, whatever the number is year on year quite, uh, actively. What was the number this year? It was between 15 and 20 crores. Yeah, this quarter

Mahesh Patil - Analyst, ICICI Securities
around 20 crores.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Okay. Sorry, Rajendran,

Rajendran Arunachalam - Group Chief Financial Officer and Executive Vice President, Thermax Limited
the PSI incentive.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Yeah, that was the number for the quarter on the supply chain. And, and then, uh, um, sorry, what was the other question that you have on, on the non-recovering? This I covered. On the RE business, I've shared previously on the message also what our outlook is on the RE business. For the, for the year as a whole. Yeah.

Mahesh Patil - Analyst, ICICI Securities
And so regarding your comments on building inventory for the export orders,

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
that is just not a -- that is not -- that is just a timing issue. It is not a concern at all. It is not even a cash issue. All of these are paid for by the customer, um, on the books. In couple of cases, the customers are also open to paying storage charges and all that. So inventory is more from getting the profitability out of these. These are not really -- and you can see our working capital numbers are not bad at all. Yeah, working capital numbers are, are quite good and continue to be, to be robust.

We don't see a concern on cash, we don't see a concern on collections, and even on the stuff which is lying in inventory, we don't see concerned that customers are not paying. In all of those cases, the customers have, have paid substantial amounts, uh, of what is lying out there.

Mahesh Patil - Analyst, ICICI Securities
Okay, thank you.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Thank you.

Operator
Thank you, ladies and gentlemen.[Operator Instructions] Next question is from the line of Rabindranath Nayak from Nirmal Bank Institutional Equities. Please go ahead.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Thank you, sir, for the opportunity and good morning. Uh, sir, regarding this industrial project product margin, so we, as you said, that, you know, 6%, uh, for last 2 quarters we are doing and the Uh, how, you know, is it already -- we have, you have already taken some price hikes. So we have around INR5,000 crores of backlog right now, which is hardly around 3 quarters of backlog, you can say, if I go by the last year's second half performance. So how much it has been pricing protected, uh, for this, you know, the commodity price, and how much price increase you have taken And can we go to 8 to 9% margin, uh, in the full year, or more than 7% margin to full year?

That is my first question.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
For industrial products?

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Yes, sir.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Oh, easily much more than that.

Rabindranath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, okay. And so, uh, okay. And so you recently launched a Thermax i-Series intelligent boiler and heaters, uh, uh, you know, product in the Boiler India Conference exhibition. This year. So what is the potential of that? You know, I saw certain other competitors are there, uh, in the particular MNC competitors. What is the potential of that product and how do you see the things for this product in coming periods?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Okay, so let me take the first part of the question. Yeah, so first part, I actually give -- gave even more bullish commentary than 7% overall for the year for industrial products. Yeah, and you can see industrial products each year when the revenue goes up, uh, the profitability jumps up here. That has been part of the profile of industrial products because the capacity utilization at the plants, uh, go up quite, uh, quite substantially. On top of that impact which you see every year, uh, between -- you will see industrial products between Q4 and Q1, what profitability you have.

And Q4 typically has been the biggest quarter. So you can draw that line. You -- and on top of that typical impact here, you will see a bigger impact from, um, from the margin change happening because some of your most profitable orders of the first half have moved from the first half to the second half. Yeah, which is the international shipments that I talked about. So for the year as a whole, um, I am, uh, lot more bullish than just the 7% as a year, as a total number. Yeah, we should be doing much, much more than 7% and certainly aspiring to, uh, to as close to 9 to 10% profitability for the, for the year.

Yeah, that is at least. And the gap that we see is a little bit of the impact on -- more than a little bit of impact on commodity prices. But a big movement in industrial products overall is what I would commit to already based on what we see.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, thank you, sir.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
The second point I will take you to is on new, um, on new products overall. On new products overall, Thermax has been doing very well. In fact, our entire cooling portfolio that you would see is, uh, a portion of it. Everything that we are doing on the India cooling space is completely a new range of products in cooling that we have launched as part of SustainX portfolio. It can not only do very high efficiency, what we are calling as hybrid CLCTs, we also have heat pumps where some of the technology that we have launched is competitive with, with from a technology standards perspective with globally best here in terms of what we are able to do.

We can do heat pumps up to 120 and now aspiring for 140 degrees centigrade also. Adiabatic cooling towers also we have from the technology front quite good. On electric boilers, which is a range of products that we have launched, we have become India's number one by far provider of electric boilers. And again, we are seeing good uptake on electric boilers. In our announcements, you will see in this last quarter we got a gas purification order for green hydrogen. So this is not where we are providing electrolyzers.

The electrolyzers are coming from somebody else. It is one India's, uh, one of India's most high-profile green hydrogen projects where we are supplying the gas upgradation system. So, um, so we have got in industrial products a whole constant stream of new products that are coming out which are, which are doing reasonably well in the, in the marketplace, which is also one of the reasons why on industrial products committing to growth over last year and overall continuing to be on that good double-digit growth is something I can say with confidence Now coming specific to the iBoiler, the iBoiler is something which is unique not just for India but world over.

Yeah, and the amount of science and patents that have gone behind it is something that we are super excited about. At the simplest, if I have to explain to you, is if you think about a car, um, uh, going and And a car which is going through multiple different scenarios relatively quickly, which means it's going through a hill, then, then kind of something in the environment changes, uh, braking changes, many, many things that happen in the environment. Today all boilers run manually, which means the human has to take a look at a whole family of parameters and then decide what changes they want to bring in terms of the amount of fuel to feed, the amount of air to feed, the positioning of various dampers, valves, etc.

A lot of that becomes, um, a human decision. What we have introduced now is an automatic boiler where the boiler itself is self-learning. It anticipates there is a change in the process that is coming or a change in the input conditions and optimizes itself very quickly. And in almost all trials that we have done, we have seen that compared to how the customers were operating it themselves, the, the intelligent boiler gives them a substantial jump in, um, in efficiency that they can get. So now if I come to what is the market potential for the, the overall environment, overall scope is what, what is our -- a big portion of our heating boilers.

Yeah, so we think the applicable size of the market in the first set of series that we have launched is of the order of few hundred crores because our overall heating business is about, uh, without giving exact numbers, between INR1,500 and INR2,000 crores. Of which a substantial portion, one, uh, one of the biggest product lines is where we have introduced this capability. And this is premium. This is like the highest priced product in the market because there's nothing like this anywhere, not just from Indian companies, not from anyone internationally as well.

So this will only go to customers who will, who are willing to pay a very high premium for this capability. And in return they will get very quick payback in terms of the efficiency that they will get.

Um, we will come back and share what the, uh, what the uptake is. But overall, as a family, what new products is doing for industrial products, that portion is, is something that we are doing quite well with.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, okay. So one last question. Currently the theme -- some, some government is developing a theme of community boiler. What is the view, uh, your view on this, and what -- how it's going to impact our business in future, positively or negatively?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
So that is, uh, good for us for -- in 2 ways, because -- and one of the largest players of community boilers, company that supplies community boilers, is actually working with Thermax's boilers only. So the boiler comes from Thermax, they provide the overall business and the servicing and all that. In fact, that company is India's largest provider. Thermax too is capable of providing these solutions under TOSIL, but only if it is 100% green. Yeah, so there are some opportunities that we are looking at for community boilers, and not only community boilers, even community water, district cooling.

Many of those places Thermax would have a play. Community boilers, I'll say, would be the highest.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, okay. And so in the industrial intra-project, there was a INR20 crore --

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
if I, if I may come back to you later on, as I said.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, sir, no problem. [Speech Overlap] Yeah, thank you, thank you,

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
thank you,

Operator
thank you. [Operator Instructions] We will take the next question from Amit Anwani from PL Capital. Please go ahead.

Amit Anwani - Analyst, PL Capital
Hi sir, thank you, uh, for the opportunity. So first question on FEPL, uh, you did highlight it, uh, maybe the, the impact will continue. Uh, what could be the size of impact in H2 in FEPL? And broadly, uh, I recollect we wanted to as a long-term strategy go, uh, 900 megawatt to 1,000 megawatt in next few years. So just wanted to understand, uh, even the impact should continue next year also, and, uh, what is the status as on today in terms of network and investment?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Yeah, sure. So the, um, the business itself, um, the level of hit that we have taken in the first half, we expect that a similar impact or even slightly larger than that is possible for the, for the second half of the, uh, for the second half of the year as well. Yeah, the -- so that is on the first part of what you, what you asked. The business itself, uh, we are, as of -- as I had mentioned last quarter as well, we are looking, uh, to bring in external growth partner to come in into, into the business.

And that is something that we expect the whole thing to get finished by Q1 of next year. Right now,

as we speak, the IMs have gone out. The detailed due diligence of the assets and all that is about to begin. Post that detailed due diligence, we will get non-binding offers. And by the -- before this financial year, we expect that at least one binding offer we would have that we would want to, to look to conclude with. Yeah, that is the timeline. So, so I think what the future of that business is next year and beyond, I would like to wait a bit because there is a whole process that we are going through.

So looking too far ahead may not be correct. Okay,

Amit Anwani - Analyst, PL Capital
and so what's the megawatts as of now and investments in that business?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
So I think we will, um, as part of the IM, we are starting to share quite a bit of details. Um, I would wait because we've got a whole process that is going on underway. So I would wait on, on sharing because as part of the IM, we are sharing quite a bit of details. I'll wait for some of that process to progress and then I can come back and share. Okay.

Amit Anwani - Analyst, PL Capital
Yeah, second, sir, on CBG, what's the similar -- again, the question, uh, in terms of impact, uh, and are we taking, uh, more orders, uh, and what's the current order book in CBG?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
For the nothing right now, the order book that we have is about INR138 crores, which is INR130-something crores. Yeah, between INR100 Yeah, Rajan, what's the exact number of the backlog that we have in CBG that we are finishing the execution on? This is largely PGTR and customer retentions and, and all that. Yeah, so that's the number which is remaining. We haven't taken a single new order in the last, um, 3 years practically, 2024 beginning. So 2 and a half years. Yeah, we haven't taken a single new order. Whatever has been has been just change orders, etc., on the existing plants that we are working through.

And Q3 also, I don't think we will be booking anything in CBG. After the Gobardhan scheme, the interest has gone up substantially. There are a lot of discussions going on I do think in Q4 we will book orders, but nothing in Q3.

Amit Anwani - Analyst, PL Capital
Thank you, sir. Thanks.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Thank you.

Operator
Thank you. Next question is from Amit Mahaver from UBS. Please go ahead.

Amit Mahawar - Analyst, UBS
Ashish, hi. I just want to understand and spend some time on second segment, industrial infra. Um, we have a lot of capacity available on on DACCOCK. And, you know, can you throw some light on, you know, this year, second half, and next year, what kind of clients are you targeting in India and out of India on this segment particularly? And in line, in light of that, and, you know, a practical assessment of how much orders realistically Thermax can target and win, some bid-to-win ratio, or

next 2 years, what kind of scale this segment can do?

Because in the entire scheme of things, in all segments, this is by far the most important potential segment which is not able to realize the potential in the current environment where energy equipments are having a great time. So some color here, Rajesh. Thank you.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
So I'll, um, a lot of moving parts, so I'll share whatever I think I can comfortably talk about. And it is not that TBWES is not realizing its potential. You can see TBWES profitability and its numbers are -- has been getting better and better with each year. And even in our current numbers, if you take compared to last year to now, the biggest jump in our backlog has been TBWES. In this last year, we have added more than INR2,000 crores of backlog into TBWES. And where we stand right now, we see almost every scenario where this plant will be With the demand that we have, the plant is already practically sold out.

Yeah, we are right now debottlenecking the plant and also, uh, spending nearly INR100 crores to expanding capacity at the plant. And we are also actively working, uh, sub-vendors in multiple parts of the country to manage capacity, to add, to enhance capacity where things where we think we have a bottleneck. But somebody else can do that as well. We will take that work outside of, outside of our plant and use third parties to, to manage that. So there's a massive effort that is going on, on increasing capacity for TBWS.

And in terms of realizing its potential, TBWS is doing a reasonably good job within this demand scenario because we are very clear we don't want to take full EPC projects with site construction, civil, all of that, and then take into account, uh, the full boiler and the BOP. If supercritical is the specific point of discussion, we are very clear. Yeah, we want to focus on just the boiler and nothing else, uh, beyond that. So in that, with that, as the as the framework under which we are operating.

TBW, yes. And even the profitability of its backlog, everything is only getting better and better. I don't see -- I wouldn't say that to your comment where I would push back is that the business is not doing its potential. Yeah, the business is leading in its space for the boilers across multiple segments. Yeah. And I'll take those segments back again. Thermal in India, variety of other application sets in India including waste-to-energy, cement waste heat recovery, ASBC, CSBC, all that entire application set, HRSGs and waste heat recovery for refinery and petrochemical plants for Middle East, Africa, um, power for US for data centers.

This kind of wide variety of capabilities There is nobody else who has it in India, and very few have it internationally as well. Where we are definitely limited right now is actually on the -- on little bit on the capacity side, which as I said, we are debottlenecking. Um, what would the outlook be? Where I cannot commit to is on, say, supercritical as an example. Do we think -- do I think we will book at least one order? I think with very high probability this year we will book at least one more supercritical order, is my expectation.

Will it be multiple? High probability it can be multiple as well. So that range between super confident and high probability is just from a numbers perspective is so wide and some of those decisions then influence what else you choose to do in the market or not is very clear. And we are also clear we don't want to overload our plant with just one thing. Yeah, we have got a wide variety of application sets and capabilities. We want to be able to do a good amount of business internationally as well with customers that have worked with us.

The penetration that we are having with oil and gas customers in the Middle East Uh, we don't want

to lose that. So we are very clear, we don't want to fill up our plant just with supercritical or anything. We will work in a structured manner with customers. Um, that's as much as I can share.

Amit Mahawar - Analyst, UBS
Oh, very helpful. Again, quick one. Um, say in FY28, and you mentioned about Segment 1, um, in FY28 going by the current, and you have a good order book right now in Segment 25% plus, and I'm sure it's largely TBW also. Um, what can be the best case next year, uh, performance in second segment, scale and profitability, whatever you want to share? Thank you.

Operator
Thank you.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Thanks.

Operator
Next question is from -- yeah, please, sir, go ahead.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Sorry, I'll refrain from answering that question. I think, uh, the best case scenarios, of course, is just, uh, to range. I think let me take a -- let me share the question at least that I'm comfortable asking, answering, which is it is abundantly clear to, to the leadership of Thermax, and starting with me, that this yo-yo thing that we have done in industrial infra is just not done. Yeah, it is just -- it drives a lot of operational heartburn internally. It drives a lot of concerns for, for our external stakeholders, um, and that is just not something that, uh, that is, that is right.

I will -- my only submission again is that the areas where That said, our industrial projects, because when you have a big delivery, uh, and you will have yo-yo impact, yeah, the nature of this business is such that you will have yo-yo impact, but that yo-yo impact can't be -1% and then +13%. Those ranges are just absolutely not right. Yeah, they will be yo-yos, but in a much narrower range, um, and that first means to get this, the bad orders, out of the system. And there I can say again and again, for the last 3+ years, there is nothing that we have taken in our backlog that worries us, that, wow, we have done again something that, that we committed we won't do.

Yeah, so that part I, um, I like. I have shared previously also what I think is a reasonable case for this business. Long term, which means if I take a INR6,000 crore industrial infra business, of which INR3,000 crores is TBWES product side, INR1,500 crores is services, and INR1,500 crores is EPC, what the profitability mix of that business looks like. I think that to me is -- and that to me looks like a reasonable case for, for next year. That looks like a reasonable case. Yeah, there is an upside case, and of course, as we have shown, we have been stupid enough at times.

There could certainly be a worst case as well.

Amit Mahawar - Analyst, UBS
Got it. Thank you, Ashish. Thanks.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Thanks.

Operator
Thank you. Next question is from Rabindranath Nayak from Nirmal Bang Institutional Equities. Please go ahead.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Thank you for the opportunity, sir. So I was asking about this, uh, you know, for the incentive income, that it is related to the industrial infra project, uh, that you booked in the last --

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
[Speech Overlap] yeah, industrial infrastructure. Yes, it is related to TBW US business, which is industrial

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, okay. And sir, there is an impairment of INR15 crores in APPL. Uh, what is the pattern? Whether any other impairment is expected? And secondly, about the -- we have, if I calculate your, uh, interest income related to allocated to APPL is around INR55 crores. Can we expect this would be in the range of INR120 crore allocation for APPL this year?

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Sorry, I didn't understand the, the question on the interest. Rajendran, would you help this out on the interest rate allocation for the, for the whole year impact to FEPL?

Rajendran Arunachalam - Group Chief Financial Officer and Executive Vice President, Thermax Limited
So actually, I also didn't get the question quite well. Rabinath, if you would want to explain that again, please.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Yes, sir. You, you are calculating your interest cost, you know, FEPL, and you are deducting that, you know, giving the, uh, separately. Right now, because you know, if you see, there is a -- it goes up to interest cost in the below the segment item, right? So I'm just deducting it, the -- and calculating the interest cost. And if I calculate for 2 quarters, 55 crores it is coming out to be, if I'm not wrong. So whether this should be 120 crores, 150 crores, uh, this year, that's what I'm asking. It is basically a project plan and a funding plan of APPL, you can tell us

Rajendran Arunachalam - Group Chief Financial Officer and Executive Vice President, Thermax Limited
operating projects. It would be fair to assume that this would be the interest cost that would be the most likely repeat. Uh, we'll also have to take into factor that, uh, you know, recently there's been an interest rate marginal hike that happened in the market which will start reflecting going ahead. Uh, there is also a few projects that will come online time during the balance part of the financial year, and the interest cost for those projects then will get started, will, will be accounted to the profit and loss statement, unlike now some of them being accounted to the capital cost.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Also, so we can take in 120 to 130 crores this year, full year total?

Rajendran Arunachalam - Group Chief Financial Officer and Executive Vice President, Thermax Limited

I have stated that. Yeah.

Rabindra Nath Nayak - Analyst, Nirmal Bang Institutional Equities
Okay, okay, okay, sir. Okay, thank you very much.

Operator
Thank you. [Operator Instructions] As there are no further questions from the participants, I would now like to hand the conference back to management for closing comments.

Ashish Bhandari - Managing Director and Chief Executive Officer, Thermax Limited
Nope, thank you very much. I, um, we didn't get questions on some of the other portions we covered. I guess chemicals, uh, tangentially, and I shared my outlook. Um, otherwise also we, we covered the look on industrial products, on industrial infra. I'm fine. I don't think I have anything else to share at this point.

Operator
Thank you very much, sir. On behalf of Jam Capital Advisors Limited, [Operator Closing Remarks].