“Thermax Limited
Q2 FY‘25 Conference Call”
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MODERATOR: **MS. BHOOMIKA NAIR – DAM CAPITAL ADVISORS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Thermax Limited Q2 FY '25 Conference Call hosted by DAM Capital Advisors Limited. 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Bhoomika Nair from DAM Capital Advisors Limited. Thank you, and over to you, ma'am.

Bhoomika Nair: Yes. Thanks. A warm welcome to everyone to the Q2 FY '25 Earnings Call of Thermax Limited. We have the management today being represented by Mr. Ashish Bhandari, Managing Director and CEO; and Mr. Rajendran Arunachalam, Group CFO and Executive Vice President. Without any further delay, I'll hand over the floor to Mr. Bhandari for his initial remarks, post which we'll open up the floor for Q&A. Thank you, and over to you, sir.

Ashish Bhandari: Very good morning to everyone that are on the call. I'll keep my initial message extremely brief just to say that the quarterly numbers this time have got, like often is the case, quite a bit of themes, which I know will come up through many of the questions you will have. So without any further ado, why don't we just jump straight into the questions and through the questions, I'll make sure I'm covering all the themes that I want to.

Moderator: The first question is from the line of Amit Anwani from PL Capital.

Amit Anwani: My first question pertains to the couple of large orders, which we have won in Botswana. What is the nature of these orders? And what kind of orders are these? And how is the margin profile for this order duration of execution? And is there any further pipeline and exports for large orders, if you could highlight on that?

Ashish Bhandari: The order is for a mining client. The client is actually headquartered in India, but is executing projects globally. And this one is from our large boilers division for the project that they are undertaking in Botswana. The project, as you can see, is quite large. It has got four very big boilers that we are -- and along with a lot of balance of plant, et cetera. This is primarily delivery and supervision. There's no site services, et cetera, in terms of civil and construction that is in our scope. The margin profile is reasonable. It's not particularly accretive or dilutive for our large boilers business.

In terms of the overall pipeline for international is reasonable overall, and we have been showing that for Q1 and Q2, and especially in Industrial Products, and even in Chemicals somewhat, the international portion of our business is starting to grow. For our large boilers business, there are more opportunities, but this was the biggest of the lot on the international side.

Amit Anwani: Secondly, on the base orders, which are keeping about INR 2,300 crores – INR 2,400 crores, and wanted some colour on ordering pipeline there. You highlighted last quarter about we are exploring for power orders, and we have been seeing this lot of tendering happening across power sector, and you highlighted about package orders in power. So we wanted to understand that. In refinery orders, obviously, this one, you've got in Botswana. How is the refinery order trend in India? We are seeing a few of oil and gas engineering company getting orders this year, just wanted to understand.

Ashish Bhandari: This is one big theme that I wanted to cover through our discussion, which is on the supercritical projects in India and the outlook for those. And specifically, there was one tender in particular, which was in the market where Thermax was qualified. And there was a discussion last time around on Thermax's outlook for these projects.

We just concluded our board meetings, and there was considerable deliberation on this particular topic. The consensus opinion from the Board is that in the form that the tenders are currently out, which means we are talking about single large orders of INR 4,000 crores to INR 6,000 crores in nature to be executed over multiple years with civil and construction, all of that is not Thermax's play. Thermax will not bid for those projects in the current form that exists.

Should that form change and should the projects become more manageable -- and this was largely from a risk perspective. Because our ability to execute projects, the government ones in particular, and as you can see -- as we have often shared the theme, and even in this particular quarter that has gone by, for many of those projects, our ability to make money -- we haven't shown that in our execution.

So to apply that to a project, which is so much bigger than what we have done in the past, was not the right thing to do. That is one big decision that the Board has made after considerable deliberation on the topic. We look forward to seeing how the opportunities evolve. And should it become something that we think is better suited for the risk profile overall of Thermax, this is something we can relook at. But in the current form, the answer is no. That is one big point.

In terms of large projects, the pipeline, as I said at the beginning of the year, this year would be better. I think some of this we have shown through the orders that we have got in Q2. As we look forward also between refining, where I agree, the pipeline is starting to develop again and which we have said previously also, it may take 18 months to 2 years.

I think during that period, the pipeline is starting to develop again. We now again have a set of refining and petrochemical products, which will be competitive. But we at least see a pipeline back again. Similarly, in the steel side, there is a reasonably big pipeline. That, too should come through maybe in Q4, more likely in Q1, Q2 of next year, but there is a reasonably large set of projects, multiple of them, where we will see what Thermax's win rate looks like. The pipeline is decent.

Moderator: The next question is from the line of Bhoomika Nair from DAM Capital Advisors Limited.

Bhoomika Nair: Sir, I just want to ask about these base orders. Now if you see for over eight quarters, we have been fairly steady at the INR 2,000 crores to INR 2,500 crores range. How do you see that entire pipeline developing? How are the base orders? Do they remain in this range? Or do we see really an improvement per se on that side? Which sectors are really driving? And how is the outlook, particularly with the whole election and the change in guard? Are you seeing any further uptick in terms of the entire capex cycle from these small base orders?

Ashish Bhandari: Even in the base, what we call as base orders, they are actually subthemes. And maybe the subthemes, they best look at in terms of what is going on in the segments themselves. So if you take a look at Industrial Products, there, we have been showing steady growth.

That portion continues to -- even in this particular quarter and for the year as a whole, will show double-digit growth. Yes. And most of this, you could call it as part of multi-segment base growth bucket. This portion continues to get larger and larger. From INR 700 crores, INR 800 crores, now it's getting into the INR 1,300 crores range over the last couple of years and continues to be reasonably bullish.

There is one part which I had spoken previously as well, which relates to the whole ethanol sector, where there is potential. If that segment comes back again, which is expected, you could even see a slight kick on top of whatever we have done in the past as well. Here, even on the international side, we are doing reasonably well and that growth curve -- I guess, it's not a curve, it's more a line, which should continue.

The second is our Chemicals business, where also -- I think I've been talking about growth in chemicals for quite some time. We haven't been really showing that growth on the revenue line. But if you see that on the order side, some of that is starting to show.

Last quarter, we crossed well above the INR 200 crore number. This quarter also, we were right at INR 200 crores. Chemicals, unfortunately, was impacted by some of the freight and all the other challenges that happened because a good chunk of our revenue comes from what we sell in Europe and especially in the U.S.

And a lot of our inventory was stuck on the water. So it affected both profitability out there and a little bit on the top line. But overall, I expect that orders kick to continue to happen and continue to push on the growth on the chemical side. We have got small M&As and bits and pieces also coming in, which should make it organic plus kind of growth curve.

The place where we have choked a little bit purposely so on the growth side has been on the projects side and especially the medium projects side, which is the INR 200 crores to INR 500 crores kind. Many of these were part of the government projects where the kinds of places where we were not making money in the past.

So we took a step back to say, how should we relook at these businesses and how do we do more profitable business out here. And this is the part of the business which has been missing almost. And in the coming quarters, we need to see this part coming back in, which is the ability to do project orders, that are of the medium to and even large possibly, which as I said, in the steel sector and otherwise are starting to show up. But how do you do them where they are more profitable than how we have done them in the past.

Historically, as we have shared on FGD projects and the like, we really haven't made money. And I don't think, not just we the industry as a whole hasn't made money. I hope the next cycle of projects that we do, we make more money. So it's a longish answer because what we call as base orders is not base. There are two elements out there, which are growing and which we continue to expect to grow.

There's a third element, which we have purposely pulled back a little bit on. But as we go into the second half into next year, there also, we see a pipeline developing. But we will access that pipeline only if we think it is more profitable than what we have done in the past. And if that happens, then that can also continue to build growth.

Bhoomika Nair: Sure, sir. On the one update on the FEPL, if you can give where are we. We were impacted by the Tamil Nadu rain, et cetera. So how is that scaling up? And if you can get an update on both FEPL and TOESL, and I'll come back in the queue.

Ashish Bhandari: FEPL, I think, the impact that the floods had and overall impact on execution was quite severe, and it showed up in our Q2 numbers as well. Q2 for FEPL was a tough quarter, and which means even Q3 and the rest of the year also, we are taking a moderate impact because the execution of projects has been impacted.

And specifically for our Tamil Nadu project, there's a good chunk, which is relating to insurance as well. So some of those discussions that have prolonged longer than what we expect, but with expectations that they will be resolved amicably and to our strength, in a way, because we are making a case that there was a reasonable impact on that.

So that whole portion was impacted. In Q2 also there were unseasonal rains. Q2 for wind was expected to be a good quarter. But Gujarat, which is where we have a fair bit of wind exposure, the entire grid was shut down for a period. So some of that has impacted FEPL overall, which will, I think the effect will linger on.

But the good part, I guess, is that some of the newer projects that we are doing in FEPL, where also we have a better line of sight to execution. The overall profitability and equity IRRs are also better than what we have shown in the past. So through the whole period that we are working through, we are learning a lot as well, and we are getting better and better. That's the message on FEPL.

TOESL continues to be decent on execution, continues to be good on profitability, continues to be good on equity IRRs. I would like to see more orders show up and the orders on TOESL have been relative to our internal plans below. There is a reasonable pipeline, which is -- which we expect to execute and win as well. On the execution side, we are doing well on TOESL within general happy customers and many showcase projects in TOESL.

Moderator: The next question is from the line of Pulkit Patni from Goldman Sachs.

Pulkit Patni: My first question is on your Green Solutions business. If I look at the last 7 - 8 quarters in terms of our order inflow, the average, if it comes up, to be about INR 66 crores. Obviously, it's varied by quarter. And when I look at our revenue recognition in that segment, it's been close to INR 140 crores. Given that our order inflow has been rather weak in energy -- in Green Solutions, how should we look at revenue for the next 4 - 5 quarters in that segment? That would be question #1.

Ashish Bhandari: Okay. I think we -- and this is a question that I have to our finance team as well. I think we can look at our orders differently in the way we report them. In Green Solutions, for example, each one of our TOESL orders is a 10-year take-or-pay commitment. But we tend to only show the orders that we have for one year of that.

Maybe what we need to do is show our backlog in a slightly different manner because the rest we don't even show as part of backlog. We only show on one month, one year as part of our backlog. So that revenue will always look better than orders because you need to add up orders over a period of time to get a sense of how the revenues will go up.

That is one part, which may explain the numbers why there is a divergence between orders and revenue. Overall, if I look to the future, as I answered the question previously as well, both FEPL and TOESL are areas that we continue to want to invest in and their top line should continue to grow up in the coming years.

FEPL, based on the projects that we put in, and we'll announce each one of those projects and give a sense of what that would look like. TOESL depends on customer orders coming in, where, as I said -- this year, I expected a much bigger order inflow for TOESL, which in the first half, we haven't shown. Let's see if the second half is better -- the pipeline exists. Thanks, Pulkit.

Pulkit Patni: Sure. That helps. Ashish, my second question is, if I take off the subsidies that you've got. When you reported 8.3% margin on a consol basis. Now as I look at again, the next 5 to 7 quarters, where obviously, you're improving margin across other segments. But a larger chunk of your execution will be on the Industrial Infra business, particularly with these large orders that you won, plus the ones that you highlighted are in the pipeline.

In that context, how should we look at the margin profile? Will we be okay with the 8.5% - 9% margin if we are able to make it on a consol basis? Or is there an outside chance that you could actually surprise on the upside on the overall margin front with that kind of mix going forward?

Ashish Bhandari: I think you should look at Thermax going forward also as a weighted average of the four segments that we are showing. It would not be right for me and it is not how I look at the business, which is a blended average of the four because each one has its own growth story and hence, its own outlook. If I take Industrial Infra in particular, because that's a big part of what is driving the mix.

What it means is that if we get an order, which we think is up the alley of what we can do, and it is a large order, we will take it. And that may then impact our mix and hence our profitability on a consolidated basis on a percentage basis lower, so be it. So I will not come back.

Take a look at each one. In each one, at least in Chemicals, you can reasonably see our trend in Q4 was different. Q2 was different because of, as I said, some of the freight issues and all. But in that 17% - 18% number with the top line growth that we are showing, you can see that we're trying to be in that space even as we look forward and continue to grow. Industrial Infra is where I want to go spend more time, specifically because of the question that you have answered.

In Industrial Infra, we will not slow down on large orders. If we see something in our basically swinging arms, so to say, with two caveats. One, we understand that our history hasn't been good. So we have been careful, and especially in the last 4 to 5 quarters, we have been particularly careful, which is why you haven't really seen big orders coming in from Thermax.

Because we said, let show we can actually execute some of these better and in areas that we think we don't execute as well, don't do anything at all. So we have stayed away from some of the larger tenders that previously, we may have said, why don't we go and work those.

The second part is even if you take a look at supercritical, as an example, the decision ultimately to not do it was driven by exactly the question around execution, et cetera. So with those 2 as caveats, if we see projects that we think we can do well, we will not stay back. And we know that is the capability that we have, which is very important to a lot of what the market is asking for.

So we will not slow down. The specific set of orders that we see coming in and even the specific order that we got from Botswana, that will be dilutive to the overall Thermax business. Very clearly. It's a large order, gone at margins that are representative of the large boiler business. So it will be dilutive to Thermax, but it's -- in terms of total profit, rupees coming out of it, very profitable.

And in terms of cash flow, et cetera, also in line with the cash flow trends where we manage kind of our working capital very tightly. It is representative of that. So we like that as an order. And similarly, if we see more such things showing up and they exist in the pipeline that is out there, we will continue to do that.

Pulkit Patni: Sure. That is very clear, and I must compliment you for actually separating out the subsidy bit because that makes your disclosures very, very clear. So very good job on that.

Moderator: The next question is from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Ashish, congratulations on a decent quarter. My first question is on this entire renewable theme. Now we are seeing that the solar cell capacity is coming up, even some people are putting the wafer capacity, so which will require a lot of water treatment. So how do we see this as an opportunity? And are we looking at participating in this?

Ashish Bhandari: Yes, we are, and we are growing out there, not only water, even our environment business, which makes things like scrubbers, gas management systems, including pollution control systems, all of these are growing quite well. They show up in our Industrial Products business and water is perhaps the fastest-growing portion across Thermax, where there are multiple themes on the water side, which are interesting and are driving in water. So maybe I'll use this to talk a little bit about Industrial Products also overall. You would have seen that the overall profitability in Industrial Products has gone up over the last few years, and that has been driven by two parts.

Within our Industrial Products business, the most profitable part of our business is our small boilers business. And for a long period of time, every part of the Industrial Products business was growing reasonably well. Right now, it is the other part, which is the environment and the water portion of the business of Industrial Products that is growing faster. So, while their profitability is growing reasonably well, they are dilutive to the overall Industrial Products business. So we are working a mix portion.

We are doing a lot of work on improving our cost positions on multiple parameters, including on our small boilers business, taking cost out. While it is our most profitable business, we continue to get that back on the growth path. And on our small boilers, this whole ethanol slowdown, which we expect to come back has been part of the theme on why that has slowed down relative to some of our other product businesses. I think this is the most clarity we have given on some look within our products business, and I thought with some of the slightly diverging themes that are happening, it was an important one to give clarity.

Parikshit Kandpal: Okay. And the second question was some of the recent investments. I mean, the flexi boilers, the coal gasification, hydrogen, bio-CNG, CBG. So, any update there? How has been the inquiry pipeline? How do you see over the next 2 - 3 years growth coming in from this segment?

Ashish Bhandari: Flexi boiler continues to do reasonably well. The entire biomass portion where we have even on the small boiler side, a big focus on biomass, there is a whole Biomass Centre of Excellence, a lot of new products that we released as part of our capability set. Those continue to do well, and we expect them to continue to build as we look to the future as well. That is good. Bio-CNG specifically, I think continues to be in my mixed bucket.

On one side, there is a massive pipeline that is developing, which you can see in terms of many of the announcements that are coming from some of the bigger players in the marketplace. To me, the execution challenges are still not solved, and last quarter, when we had the big discussion and we talked about taking a big hit on our numbers, and I said maybe when we talk in November, I could come back and give you more insight into have we failed or have we succeeded.

Unfortunately, where I sit today, a lot of the interventions that we have done, we have done well. Many of our sites are doing much better than what they were doing before. But I don't think we have taken any site to its full potential. So, I really don't know how do I look at the sector going forward.

And clearly, if we are in any position where we are taking significant risk relative to the commitments we are making to the customer, our choice would be to step back and not look at it, and in my understanding, not just Thermax, nobody in the sector so far has been able to deliver a plant entirely to the commitments -- with which those plants were set up.

In parallel, there's also a realisation that maybe some of those initial specifications are unreasonable to expect, and the government also is doing a lot of policy changes and moves, which should make the overall economics of the sector better, even at some of the lower kind of throughputs that the plants may deliver. So, one of the most fascinating spaces, I really don't know how it will come about.

On gasification, I'm personally disappointed that while the government wants to set up tens of thousands of crores of gasification projects, the support for domestic technology, which is not kind of tested at a very large scale is something that is not clear how that will happen, because we love what we have done. We are very confident of our technology, but we won't take the risk of an INR 2,000 crore project. It's not Thermax's profile.

We are not a developer who will go out and say, I'll set up a multi-thousand crore project. We are not a developer. That's not our cup of tea. We are willing to take technology risk, but the development of the project somewhere needs to happen. So, we continue to look at that space. But it's getting to the end of the rope in my opinion. Yes, there are discussions happening, and we literally have three relatively serious discussions that are going on. I would say less than 50% chance that one of the three will come to fruition.

Parikshit Kandpal: Sir, just if I can take the last question with your permission?

Ashish Bhandari: I think because we are only limiting two questions. I promise you almost every question that you have will get answered by someone or the other. So just hold off.

Moderator: The next question is from the line of Amit Anwani from PL Capital.

Amit Anwani: One question on the renewable energy, if you would like to share what is the current installed capacity in megawatts? And what is the equity and debt investment required for the remaining megawatts? Some updates on the megawatts in solar?

Ashish Bhandari: Okay. So, we have 200-odd megawatts delivered, another 100 under construction, which over the next one to four months will come into deployment. Beyond that, there are some land and the next set of projects that we want to do for which some cash has been deployed. The plan is to set up about 600 megawatts at an investment of INR 700-odd crores, which is what our Board has approved as part of the first bucket. We expect to take this to up to 1 gigawatt and continue to -- over the next three years, and then we will look back in terms of where we stand.

Amit Anwani: And lastly -- for our understanding, some colour on the incentive income, it is related to what? And is it a percentage? And are we going to get more incentive income in coming quarters?

Ashish Bhandari: Sure. So, this is one more of the themes that we wanted to share. The incentive income is from the Maharashtra government, relative to a plant that we had set up some time ago relating to production from that plant. While we are taking a big number now, which relates to a certain period of incentives, a portion of -- period of those incentives that we are taking around based on certain confirmations that we have received from the state government. This is not the only one that we expect. We expect these benefits now to show up periodically for the next three years even.

Moderator: The next question is from the line of Bhoomika Nair from DAM Capital Advisors Limited.

Bhoomika Nair: Sir, just to clarify, earlier you spoke about the margins of the large order won in this quarter would be quite comparable to the other boiler orders that we've done in the past. Now the segment orders for -- or the segment margins for Industrial Infra have been impacted by the past orders in FGD, et cetera.

So as this order gets into execution over the next couple of quarters and it ramps up, can we expect margins in this segment to kind of trend towards the 5% to 8% upward trajectory if not a number? Some colour on that would really be appreciated.

Ashish Bhandari: I think the better way to look at where our large boilers business shows up is in the TBWES business for which we share segment financials. And there you can see -- we have been step-by-step over the last few years, continuing to improve. The problem that we are having is as these projects go into site construction, civil and work on the ground, which is where a lot of the challenges start to show up. And in particular cases, at least the civil and construction portion is not in the scope of what we are delivering out of India.

Bhoomika Nair: Okay. Fair point. Sir, the other part was on the bio-CNG. We didn't really discuss much as yet on that. We had a little bit of a challenge in that in the previous quarters. So, if you can just talk about where are we -- is the pain behind us in that? Are we starting to see an improvement?

Also talk about the outlook in terms of new ordering activity out there. How do you see the viability actually of that entire business going up further? If you can just give a more -- not only just a short-term answer but even from a medium to long term if you can just provide some details out there.

Ashish Bhandari: To answer that question and just the previous one or the one before that, where I had answered, a, kind of the execution issues are better. But on performance, I don't think we have still answered the question around the performance of these plants. And relative to what we have committed to our customers, we still haven't reached that performance.

With that in mind, in terms of future orders, we are being cautious in the short term. In the medium to long term, bullish and maybe even very bullish depending on how things take off because you can see the market is making big announcements on some of the project outlook.

Also, the government is coming in with a more structured approach to the whole space, which should improve the viability of these projects even at lower performance than what they had previously set up. But a lot of this is still work in progress. In the short term, we will be conservative. And in the last couple of quarters, we haven't taken any orders. It's quite possible in the next quarter or so until we resolve and at least know very clearly what is the upper limit of our performance capability, we will continue to stay conservative.

Bhoomika Nair: Sure. And just lastly, Sir, on FEPL, we were looking to commission 60 megawatt of wind plant. Is that on track? And what kind of capacity are we now at? And where do we look at '25 and '26 in terms of new capacity?

Ashish Bhandari: We had said, and that also I just answered, we have got 200-odd megawatt done. We have got another 100 megawatt which is -- of which the wind one that you're talking about is part of it, which is continuously coming into execution. Some of it came into execution in October as well, November. Over the next four months, we will complete the execution of that 100 megawatt, which is based and broken up into two projects. We continue to expect to execute. I don't want to provide a commitment, but our goal in -- by 2020 -- by next financial year is to get to 600 megawatt and then very quickly move that to 1,000 megawatt which is a gigawatt by FY '27, '28 period.

Moderator: The next question is from the line of Mahesh Patil from ICICI Securities.

Mahesh Patil: Sir, my question is regarding the Industrial Infra segment. So, in the first half, the PBIT that we reported INR 70 crores is inclusive of this incentive of INR 66 crores, right? My question is on the margins in this segment that are under pressure. And if we look at also on the slide 15 on the presentation, as the export orders in this segment are going up, how do you see the margins going forward? And any steps that are taken there? And what does the margin profile look like going forward?

Ashish Bhandari: I hope I answered this question at least in two parts. Let me take this. The first quarter, this Industrial Infra, if I take the production incentive out, it was pretty poor margins. Very frankly, there's no other way to put it. The answer is that -- and even there, there are two parts.

The places, which is on the projects that we were going through final execution on and like the FGD projects that we are doing, we had to take -- we have been taking hits periodically, but our least profitable of those projects is going through its final completion right now.

And instead of extending the pain, part of what we are looking to do is to take the pain early and finish that project out. The last FGD project that we have is actually our most profitable FGD project, which will get executed and finished next year. The one is done.

The second one, which was our least profitable FGD project is going through its final push as we speak. Even HRRL, which we had reported as a win, I think, 2.5 years ago, is also going through its final push. There also, we have had major delays in civil and construction, etcetera. And while we have quite a few claims back on the end customer for a variety of different reasons, for the execution portion, we are taking the hit, and we were kind of finishing off whatever we need to, to get these.

So, a little bit of this is some of the tough decisions we have had to take to clear out some of these projects. I do expect what remains in the pipeline to be better than what the first half has been showing. So, I do expect Q3, Q4 to be better on Industrial Infra -- we know we won't have some of these production-based benefits. But even otherwise, we expect Q3 and Q4 to be better. We -- as I said, even Chemicals, I expect the profitability to be back and Industrial Products to continue to be on the path that it is on.

Specific to your second question, which is on the export order and the profitability relating to that export order, I think I answered it quite clearly in the response that I gave to Bhoomika as part of the last question.

Moderator: The next question is from the line of Parikshit Kandpal from HDFC Securities.

Parikshit Kandpal: Sir, if I look at the Chemicals business, you have been acquiring stakes in companies and further consolidating this business. I think Buildtech products you acquired. Any further missing pieces you want to cover up here?

Ashish Bhandari: Yes. I can't share all. And at the right time, we will share. But yes, as I said, committed, I think maybe in Q1 when we do our next review, we can spend a lot more time on Chemicals, where I can share a bit more -- in a lot more detail on what is our larger push in our Chemicals business. But without sharing any further details, which I cannot, the simple answer is yes.

Parikshit Kandpal: Just second question, so where is the incremental R&D spend now going? And even I think last time when I had last question, I asked about hydrogen. I don't know whether you answered that. So, if you can also cover the hydrogen piece.

Ashish Bhandari: Yes, I'll cover the hydrogen piece. Right now, we have a big -- I guess, big is a relative question, but a reasonable-sized team, which is working entirely on the Ceres work that we need to do to building the first portion of the product and bringing that -- basically for -- as a released or at least as a developed product out of India by September of next year.

And to be able to do that, the team, the investments, the license fees, the R&D labs, infrastructure, all of that is something that we are spending money on. There is I think, work that is going on in terms of what is capitalised on that and what is expensed, et cetera.

I think in the next quarter, maybe we can share some of this information in slightly more detail. Some of this is also competitive information, so we may not want to share. But there's a whole team which is completely geared up and working on a singular focus on building that product up.

Parikshit Kandpal: Any initial investments like planned or capacity plan for at least in the near term? How are you thinking on those lines?

Ashish Bhandari: On the next -- between -- over the next 18 months, INR 100 crores is the expected investment and commitment that we are internally working towards, but that is stage gated with progress that we expect at each portion. As that progress comes in, then the next stage money will get allocated.

But internally, over the next 18 months, we expect around INR 100 crores to go in. But I don't have a breakdown on how much of that will be expensed, how much of that will be capitalised, et cetera, et cetera. Also, given the stage gate nature, I cannot commit into will all of it come, will more than that come, will less than that come.

Parikshit Kandpal: And capacity, sir, for this INR 100 crores?

Ashish Bhandari: So, all of this is to get ready to put a plant up. Then we will look at the plant itself. And initial expectation is we want to set up a plant somewhere in the 100 to 300-megawatt range. The question is what does that product look like that will drive the size of the plant itself.

Moderator: The next question is from the line of Shirom Kapur from PL Capital.

Shirom Kapur: I just wanted some further clarification on your green assets business where you're planning 1 gigawatt. You mentioned a number of about INR 700 crores investment planned to set up your

600-megawatt capacity, which you said over the next 1 - 2 years. So, is this INR 700 crores additional investment that you're planning to make up the balance of 300 megawatts?

Ashish Bhandari: I think, Rajendran, you want to share the exact numbers. A good chunk of it is already allocated spend, which you can see in the FEPL numbers, but Rajendran can share the exact numbers here.

Rajendran Arunachalam: The current investment is close to about INR 400 crores in equity. We have a loan availed of about INR 1,300 crores in that segment for setup of the projects. And there is an additional commitment for the further capacities that we are adding up. Equity commitments are in place from Thermax and the debt will be availed as the time goes by for those projects.

Shirom Kapur: So that INR 700 crores is the equity investment that has been approved, right, by the Board? And this is just for up to now for the 600 megawatts, not for the eventual 1 gigawatt that you're planning by the next year. That investment approval is yet to come?

Ashish Bhandari: Yes.

I think we have the last couple of questions if there are any. If there are not, we can call this to a close.

Moderator: Sure, sir. We can close the call. As there are no further questions, I would now like to hand the conference over to Ms. Bhoomika Nair for closing comments.

Bhoomika Nair: Yes. Thank you, everyone, and particularly thanks to the management for giving us an opportunity to host the call. Sir, any closing comments or any points that you felt that we didn't really discuss and need a conversation or any closing comments from your side?

Ashish Bhandari: No. I think we have discussed Industrial Infra, both the kind of top-line movements, the onetime and kind of it's not onetime, but it's what we will see for a period showing up in those numbers, some of the work around supercritical, the larger projects outlook, international, we have discussed.

Next is on Industrial Products. We have shared -- some of the mix changes, the general strength in that business outlook, Chemicals we have, including an expectation that once we think we are -- some of what we are trying to do is out, we can share a larger strategy theme on Chemicals as well. And then Green Solutions in terms of FEPL, TOESL, hydrogen, bio-CNG, we have shared everything that is to talk about. Rajendran, anything else?

Rajendran Arunachalam: No.

Ashish Bhandari: Thank you so much.

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