

## MESSAGE FROM THE CHAIRPERSON

# Navigating a Purpose-Led Journey Through Progress and Responsibility

“People remain at the heart of our organisation. Our culture of respect, empowerment, and inclusion continues to evolve meaningfully. We are investing in leadership development through platforms like the Executive Development Programme (EDP), Senior Leadership Development Programme (SLDP) and Young Leadership Development Programme (YLDP) across the organisation. These efforts are building more agile, robust, authentic and forward-looking leaders.”



## My Dear Shareholders,

Thermax is nearing 60. As I look back on this journey, it has truly been one 'driven by purpose and defined by impact'.

The last financial year brought in a mixed bag of business development initiatives, a number of successful events strengthening our customer reach, highs and also misses. It has been a year of both celebration and introspection - meaningful progress, as also a reminder to reinforce our business imperatives and commitment to our people, processes and the planet we serve.

Before I delve into the year gone by, on behalf of the Board, I would like to welcome Parag Shah to our Board of Directors. His vast experience in building new businesses, leading start-ups, driving turnarounds, managing joint ventures and mergers & acquisitions, along with his strong financial acumen, will be a significant asset to Thermax. Welcome Parag!

## Global Uncertainties

We are living through a time defined by extreme uncertainty. Geopolitical developments, prolonged conflicts and wars, and instability in the Middle East are deeply disconcerting, with innocent lives being lost and many injured. At the same time, global supply chains are being disrupted, raising input costs and causing delays. Rising US-China tensions and protectionist trade policies are reshaping global sourcing strategies.

Even on issues like climate change, which once had near-universal consensus, the global narrative appears

fragmented. Yet amidst this volatility, the need for clean air, clean energy, clean water, and a liveable planet remains urgent and undeniable. For Thermax, this complex environment presents both challenges and opportunities.

## Business Performance and Strategic Growth

Moving on to business performance and strategic growth, the last fiscal year proved to be one of measured progress for Thermax. While our consolidated topline reflected an upward trajectory, profitability took a hit, due to cost escalations in select projects and higher technology investments, particularly in our Green Solutions segment. Despite a softer pace in order intake, our order pipeline remained healthy, supported by demand across energy, environment, and chemical solutions.

Building on the strategic foundation laid in FY 2023-24, we continue to align our efforts around the six key themes that define Thermax's long-term direction. We continue to advance our commitment to energy transition - developing new waste biomass-based products and introducing initiatives such as the 'Biomass Centre of Excellence'. We are penetrating the market with our waste-to-energy and green utility solutions, and broadening our capabilities through partnerships in emerging areas such as green hydrogen and biofuels.

Among the four verticals, our Industrial Products segment contributed to 42% of total sales and 70% of the Company's total profit. The higher revenue can be attributed

to strong growth in the metal & steel, fertiliser & agro and food & beverage sectors. This has been supported by the increasing shift towards climate-conscious technologies, coupled with stringent sustainability norms being implemented by industries.

The overall Industrial Infra segment performance remained below expectations. Thermax Babcock & Wilcox Energy Solutions Limited (TBWES), a wholly-owned subsidiary of Thermax, has performed well and is gearing up for growth, parts of our EPC business, which is changing trajectory due to shifts in the market with energy transition, has been slow to take off - areas such as advanced biofuels, carbon capture utilisation & storage and non-power process plants. Looking ahead, we hope to make a breakthrough in some of these areas.

Another subsidiary under this segment, Thermax Bioenergy Solutions Pvt. Ltd. (TBSPL), incurred additional technology intervention costs of Rs. 66 crore to address scale-up challenges in our bio-CNG projects, particularly those involving the complex processing of rice straw. Despite these hurdles, our teams have been working diligently to improve plant yields and operational efficiency. While our long-term vision remains centred on unlocking the full potential of rice straw and municipal solid waste as sustainable feedstocks for large-scale bio-CNG production, the viability of this business is closely tied to the evolving regulatory landscape and continued government support for clean energy initiatives - both of which are being monitored with optimism and caution.

## MESSAGE FROM THE CHAIRPERSON

As part of this segment, I would like to share an update regarding the arbitration case mentioned in last year's report. The matter remains sub-judice, with the final hearing challenging the award currently in progress before the Bombay High Court. We hope for a decision in the next few months.

First Energy Private Limited (FEPL), our subsidiary under the Green Solutions segment, commissioned 43.5 MWp of solar and wind open access projects during the year. With a renewed focus on strategic partnerships and timely project execution, the business is better placed for an improved performance in the year ahead.

Last year we signed a technology partnership with Ceres - a company in the UK, that has developed technology for solid oxide electrolyser cells (SOEC) to produce green hydrogen. This technology is particularly useful for the hard to abate emissions in industries like steel, refineries, fertilisers. The teams are working together to develop the stacks and balance of plant, aiming to reduce costs and have a working model in place by 2027.

Coming to the fourth segment, our Chemicals business is undergoing a transformation. Recognising its vast potential, we are adopting a focused approach to drive innovation, explore partnerships and M&A opportunities, and accelerate growth.

### Partnering with Our Customers

Our customer relationships were further strengthened through the Thermax Roadshows and Intouch

programmes, which gave us the opportunity to connect, not just across India but also in Indonesia. These vibrant gatherings saw enthusiastic participation, where customers openly engaged with us, providing feedback as well as how Thermax can be a trusted partner in their energy transition journey.

### Commitment to Sustainability

I am pleased to share that we achieved a 38% absolute reduction in carbon emissions internally, surpassing our original FY 2024-25 target of 25% from the base year of FY 2018-19. This success has emboldened us to revise our goal to a 50% reduction by FY 2029-30. Initiatives like transitioning from light diesel oil to piped natural gas at our Chinchwad (Pune) plant, scaling up renewable energy use, and modernising our manufacturing operations have played a key role in this effort.

Our manufacturing plants in Solapur, Shirwal, and Sri City have been certified as water positive by TÜV SÜD, reflecting our ongoing efforts towards water sustainability. We are also in the process of working towards water neutrality certifications for our remaining plants.

### Empowering People and Building Inclusive Leadership

People remain at the heart of our organisation. Our culture of respect, empowerment, and inclusion continues to evolve meaningfully. We are investing in leadership development through platforms like the Executive Development Programme (EDP), Senior Leadership Development Programme (SLDP) and Young Leadership Development



↑ Bag filter supplied to the largest cement mill in Kenya



↑ Chairperson Meher Pudumjee and Non-Executive Director Pheroj Pudumjee welcome Dinesh Dakhve and Hanamant Bahirgonde, two of Thermax's oldest factory workers, to inaugurate and unveil Thermax's latest products at Boiler India 2024

Programme (YLDP) across the organisation. These efforts are building more agile, robust, authentic and forward-looking leaders.

On the diversity, equity, and inclusion (DEI) front, we continue to focus on enhancing gender diversity through targeted hiring, nurturing talent with focused development programmes, fostering a mindset shift through unconscious bias training, and driving inclusive growth. While we have increased women's representation from 9.4% to 10.1% this year, we remain some distance from our goal of 15% by FY 2025-26.

### Giving Back to Communities

Project Saathi, under our Social Compact (SoCo) umbrella, expanded its footprint to 70 project sites across 15 states in India, engaging over 2,000

contract workers and enabling access to critical social security benefits.

Through Thermax Foundation, we have extended our skill-building training to over 600 individuals surrounding our manufacturing locations. Our Worker and Community Facilitation Centres have been able to reach over 15,000 informal workers, providing them with direct monetary and indirect benefits under varied government schemes, such as Ayushman Bharat, ration cards, voter ID cards, to name a few.

Quality and holistic school education of underserved communities, as well as a focus on their alum programmes under PPP (public private partnership) with the local government continues. Preparing youngsters for college or vocational careers also continues to be an area of focus for the Foundation.

I am very happy to share that the SLDP programme mentioned earlier, also included projects within the social sector.

### Notable Recognitions

Our commitment to excellence was recognised through several prestigious awards this year. My mother, Anu Aga, was honoured with the Lifetime Achievement Award by Business Today—an acknowledgement of her enduring legacy in HR, turning around the Company during its toughest time, and in shaping Thermax's values.

We were conferred with the Best Governance Award in the GIGA category at the Indian Family Business Awards 2023 by Moneycontrol and with the Excellence in Sustainability and Circular Economy Award 2024 by Manufacturing Today. We were also pleased to see our 43<sup>rd</sup> Annual Report earn global recognition at the LACP Vision Awards, winning Gold and being ranked among the top 100 reports worldwide.

### Looking Ahead

As we look ahead, our ambition remains clear—to continue to be a long-term purpose driven, financially healthy and future-ready organisation.

I would like to express our heartfelt gratitude to Ashish Bhandari, our Managing Director and CEO, for his strategic leadership. My sincere thanks to our BU and SBU leaders, and each and every Thermaxian — your dedication, resilience, and belief in our vision continue to shape our journey.

I am equally grateful to our customers, suppliers, investors, partners, and communities who walk this path with us. Your trust and support inspire us to do better every day. Thank you for your continued belief in Thermax.

Warmly,

**Meher Pudumjee**

Chairperson