

MESSAGE FROM THE MD AND CEO

Sowing Seeds for a Greener Tomorrow

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Dear Stakeholders,

As we close the books on FY 2024-25, I am pleased to share that Thermax is making significant progress toward becoming a 'partner in energy transition.' Financially, our performance last year fell short of my expectations. Orders were muted, particularly in the Industrial Infra segment, as we focused on improving the project mix. Profitability was also affected mainly on account of higher technology intervention costs for bio-CNG (TBSPL) projects. However, Thermax's FY 2024-25 financial performance is not reflective of the potential the Company holds. This was a year of planting seeds. Thermax continues to build capabilities across all aspects of our strategy (read more on page 90-95). In a world that is going through a millennial shift, building new strengths is essential to securing Thermax's future.

Our World in Constant Flux

The past few months have been a reminder of how complex and fast-changing our world has become. Recent policy changes in the US, including a slowdown in green energy funding and an impending increase in tariffs, are beginning to impact the global business environment. In the short term, this is likely to affect the pace of growth in climate-change technologies, with capital flows, government support, and R&D all taking a hit. At the same time, higher tariffs could slow down global trade, but they may also open up opportunities for Indian manufacturers by creating differential access to the US market. India's exports to the US reached \$86.51 billion in FY 2024-25, up from \$77.52 billion

in FY 2023-24. Relative to the size of the US GDP, these numbers of trade are small. While the short term brings uncertainty, I remain confident about the long term. Climate change is real, and technologies such as green hydrogen, renewable power, carbon capture, and advanced biofuels will play a big role in shaping a cleaner future. According to Bloomberg NEF's Energy Transition Investment Trends 2025 report, in the calendar year 2024 alone, global investment in the energy transition reached a record \$2.1 trillion — a strong signal that this direction is here to stay. Artificial Intelligence (AI) is also making its presence felt across industries. While adoption in manufacturing is still at an early stage, the potential is significant. As AI matures, it will reshape how we run operations, design products, and serve our customers.

India: Slowing, Yet Stable

India's economy moderated but remained stable in FY 2024-25, with GDP growth of 6.5%. Importantly, the government has doubled down on infrastructure, clean energy, and industrial decarbonisation—all areas central to Thermax's business. Budgetary allocations toward PM Gati Shakti, the continuation of the PLI schemes in renewables and green hydrogen, and new announcements around bioenergy corridors and ethanol blending targets - all point to sustained demand for clean-tech solutions. Regulatory clarity on waste-to-energy frameworks and bio-CNG, expanded emission norms, and fiscal incentives for energy-efficiency projects are further initiatives needed. These policy

moves are not just directional—they are actionable. They create tangible value through import substitution, improving quality of life, and cutting India's energy intensity.

Owning Our Challenges

Before I address some of the big areas of focus for Thermax, I want to reflect on what we could have done better. One of the most instructive experiences in the past couple of years relates to our bio-CNG business. While our delivered plants are now among the most reliable in the country, the journey was not without its setbacks. Scaling up and operating the plants consistently to rated capacities proved to be more complex than anticipated. Challenges arose due to customer-site conditions, feedstock variability, and technical rework. As a result, Thermax's Bio-CNG business (reflected in TBSPL's performance, read on page 78) incurred significant losses, comprising write-downs, customer settlements, and an additional Rs. 66 crore investment in higher technology intervention in FY 2024-25. Despite this, we remained resilient and are improving plant design, investing in cutting-edge technology, incorporating deeper O&M insights, and realigning customer expectations.

From a technology standpoint, we now have a good understanding of what can be consistently delivered, giving us a strong base to scale with greater predictability. Another area where we can improve is project execution, particularly in projects with large civil and construction scope.

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Thermax consciously avoided supercritical projects that involved multi-year execution with interdependent scope and extensive site work. Going forward, we are investing in best-in-class project execution capabilities through digital tools, process improvements, and focused people training. Projects remain a core strength of Thermax, and we are committed to sharpening that edge.

New Engines of Growth

Our Chemicals business is undergoing a structural transformation. In FY 2024-25, we consolidated and expanded operations under Thermax Chemical Solutions Private Limited (TCSPL), with a sharper focus on performance-engineered chemicals. Thermax partnered with global brands such as Vebro Polymers (UK) in the industrial flooring segment and Oswaldo Cruz Quimica (OCQ, Brazil) to manufacture acrylic resins and polymers in India. Additionally, we acquired Buildtech Products, an Indian company, to strengthen our capabilities in infrastructure-related applications. Capacity expansion at Jhagadia, Gujarat, the groundbreaking of our Chemicals plant in Jakarta, Indonesia, and the launch of Thermax Chemicals Europe will enhance our ability to serve customers across industries and geographies with greater agility.

Services is another area where Thermax can create long term value. As industrial customers demand higher reliability, efficiency, and sustainability, we are expanding our service offerings across both Thermax and non-Thermax installations. Project Amplify aims to grow our aftermarket revenue while deepening customer engagement through digital tools like EDGE Live and new platforms such as Urban Water and Steam-as-a-Service. Service initiatives such as Amplify are fuelling our ambition to significantly scale up service revenue and cementing services as a core pillar of Thermax's future-ready growth (Read more on Project Amplify on page 37).

At the same time, our focus on innovation and R&D continues to gain momentum. Through our licensing partnership with Ceres, we are co-developing solid oxide electrolyzers (SOEC) for green hydrogen production in India. We are also making strategic investments in three emerging verticals: carbon capture & upcycling, green hydrogen & electrochemical technologies, and biofuels & bioprocessing. Our Research and Technology Innovation Centre (RTIC) is advancing pilot-scale projects in these areas through strengthened collaborations with premier government research institutions and leading academic partners, including the IITs. One such initiative involves transforming CO₂ into methanol.

These efforts aim to develop scalable, indigenous solutions that support India's energy transition.

The above are just some notable examples. Across Thermax's businesses, we have launched a range of innovative products, including Effitron, a compact electric boiler; GreenPac and GreenBloc, biomass-fired solutions designed for low-density fuels; hybrid heat pump and hybrid closed loop cooling tower — all aimed at improving energy efficiency and reducing carbon footprint. Supporting utility and process optimisation, Thermax has also launched Compact Pressurised Condensate Recovery System (CPCRS) for efficient condensate recovery, Instaheat 2.0 for hot water generation at precise temperature, and A2Zflo-S for accurate steam flow measurement. For modern sewage management, we introduced Biofilter Pro, addressing growing sustainability needs.



16 MWp solar PV project site in Sivagangai, Tamil Nadu, India set up by our subsidiary First Energy

Putting Our People First

We are investing in our people through focused career and capability-building initiatives. As part of this, the Executive Development Programme (EDP) in particular, designed for our senior leadership in collaboration with global institutions such as Harvard Business School and London Business School, is enabling them to lead in an increasingly complex environment.

Beyond leadership development, we implemented key initiatives such as salary corrections, digitised recognition platforms, and expanded learning opportunities, including coaching, AI training, and managerial capability workshops were conducted. Over 1,600 employees have participated in more than 70 training sessions, achieving a 97% satisfaction score.

Employee engagement has been a priority. Our ongoing Pulse Surveys, conducted three times over the past three years, have enabled data-driven improvements, raising our satisfaction



MD & CEO Ashish Bhandari with team Thermax, our channel partner Value Addition, and esteemed customers at Gulfood Manufacturing Expo, Dubai

score from 71 to 76 on a scale of 100. Structured feedback forums and wellness initiatives further reinforce our employee-first culture.

Together, these efforts have contributed to a 2.7% decline in overall attrition.

Welcoming New Leadership

I am pleased to welcome Arun Unni and Dr. Santanu Chaudhuri to our Executive Council. Arun brings deep insights in digital transformation and operational excellence, while Santanu offers strong expertise in sustainability and innovation, both critical to Thermax's growth and future readiness.

A Note of Thanks and Optimism

FY 2024-25 was a year of sowing seeds. FY 2025-26 will be about watering and nurturing those seeds as we prepare to scale new heights. As I look back on the year, I want to thank the Board for their trust and guidance.

I am also thankful for the resilience shown by the larger Thermax team. Many of our site operations were delivered under exacting conditions. Our commitment to not letting a customer down is a sentiment that runs strong across every employee of the organisation.

Despite the uncertainties of the global environment, I am optimistic because we have invested and continue to invest in the areas that matter. On behalf of the Thermax leadership, I thank our employees, customers, partners, and shareholders for your continued trust. Together, we will keep building an enterprise that thrives on challenge, delivers meaningful impact, and stays true to our promise—'Conserving Resources, Preserving the Future'.

Best regards,

Ashish Bhandari
MD & CEO