

# MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

## 1. Economic Overview

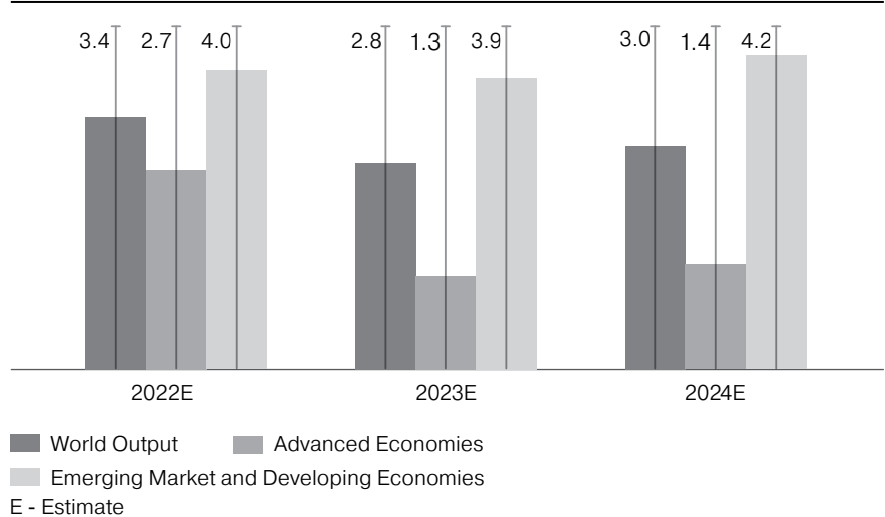
### Global Economy

Real global gross domestic product (GDP) grew by 3.4% in 2022, as estimated by the International Monetary Fund (IMF). The world witnessed a major geopolitical conflict in early 2022 which prolonged economic recovery, followed by supply chain disruptions, rise in commodity prices and surge in inflation in most economies. The tightening of financial conditions across the world took its toll on economic activity, while financial markets remained volatile. Central banks, led by the US Federal Reserve, responded with a synchronised policy rate action. As the global economy continues to face headwinds and due to a tighter monetary policy, the International Monetary Fund (IMF) has forecasted global GDP growth at 2.8% in 2023, before rebounding to 3% in 2024. It also predicts global inflation to reduce to 6.6% in 2023 and 4.3% in 2024, significantly lower than 8.8% in 2022. With the shift to clean energy accelerating, global investment in clean energy technologies is significantly outpacing spending on fossil fuels.

As COP27 conference urged world leaders to move faster in facilitating energy transitions, U.N. Secretary General Antonio Guterres described the situation as 'Code Red for Humanity', and a death knell for coal and fossil fuels, before they destroy the planet. As the world is certain to face further climate disruptions for decades, immediate, rapid and large-scale action is a must to reduce greenhouse gas emissions and bring global warming under control.

World Economic Output

(%)



### Indian Economy

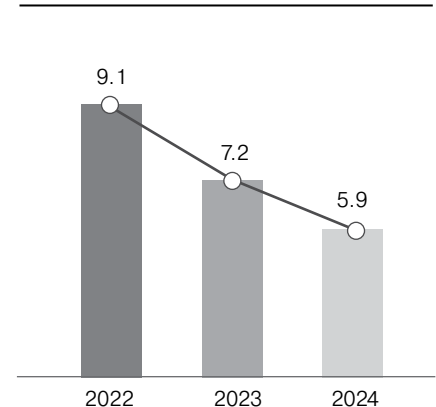
India's GDP in FY 2022-23 was 7.2%, against 9.1% in the earlier fiscal year, outpacing major economies. The growth was driven by broad-based investment in domestic drivers such as private consumption, public consumption and investments. India remains the world's fifth-largest economy, underpinned by strong investment activity bolstered by the government's capex push and buoyant private consumption.

The economy is expected to be at 5.9% in FY 2023-24, based on IMF's estimates, citing lower consumption growth and challenging external conditions. IMF has projected that India will be the fastest growing economy in the world, despite considerable challenges such as inflationary pressures, effects of the Russia-Ukraine war and the persistent impact of Covid-19 over the past three years.

With its sheer size and huge scope for growth, India's energy demand is set to grow. At COP27, it laid the plan for

long-term decarbonisation. For the global fight against climate change, it is implementing a phased transition to cleaner fuels to achieve net zero emissions by 2070. Renewable energy is growing at a faster rate in India than any other major economy, with new capacity additions on track. As a leading Company providing energy and environment solutions, Thermax is well-positioned to be a partner in the energy transition journey of its customers as well as contribute to the sustainability of our planet.

IMF's Projection on India's Economic Growth (%)



## 2. Industry Overview

Refinery & petrochemicals, food & beverages, metal/steel, sugar/distillery, power and chemicals are the top sectors that contributed to Thermax's order book during the year. However, the orders received from power and chemical industries have declined compared to the previous year due to increase in commodity prices.

### Order Booking by Industry

	Percentage Growth		
	FY 2020-21	FY 2021-22	FY 2022-23
Refinery & Petrochemicals	16%	12%	15%
Food & Beverages	8%	7%	15%
Metals/Steel	10%	8%	13%
Sugar/Distillery	3%	6%	9%
Power	5%	18%	8%
Chemical	10%	14%	8%

## 3. Company Overview

Incorporated in 1966 as Wanson India, Thermax Group is a Rs. 8,090 crore company headquartered in Pune, India. It has grown into a leading conglomerate in the energy and environment space, strategically spreading its operations to markets worldwide and catering to a gamut of industries. The Company offers integrated solutions in heating, cooling, power generation, water treatment and recycling, air pollution control and chemicals, with an emphasis on ensuring clean air, clean energy and clean water.

As a one-stop utility solutions provider, Thermax extends comprehensive operations and maintenance support allied to each of its business verticals as well as a multitude of several specialised services, including retrofitting, revamping, upgrading, and auditing. Additionally, the Company has also expanded its services portfolio by introducing digital solutions catering to all asset lifecycle needs on a real-time basis for a diverse range of its products.

### Key Segments



Industrial Products



Industrial Infra



Green Solutions



Chemical

➔ For more details, refer to the Core Business Segments on page 08.