



Press Release

**Thermax amicably resolves pending dispute:
Settles trade secret litigation regarding its Ion Exchange Resin business in the US**

Pune: February 24, 2010

Thermax Ltd. has entered into an amicable settlement with Purolite International Ltd. ending an outstanding legal dispute regarding its ion exchange resin business in the US. As per this out-of-court settlement, Thermax will pay Purolite four installments of USD 9.5 million each, spread over the calendar year to settle the litigation. The two parties will now be joint co-owners in perpetuity of the information and technology in dispute. The agreement permanently resolves all claims and counterclaims. There will be no further financial obligations on this account.

While the terms of the agreement are confidential between the two parties, Thermax is following all norms of corporate disclosure and has promptly informed the stock exchanges where it is listed.

Thermax had been regularly reporting the lawsuit in its Annual Reports, but decided not to make any further public statement as the matter was sub judice. On the basis of the facts of the case, report from a renowned technical expert in the US and feedback from its US attorneys, the company did not expect any serious liability from this case. The case, involving a series of inter-related claims and counterclaims, was to be judged at a jury trial in March in a US district court.

However, there was an unexpected turn of events last month, where the US district court passed an order that three production processes (for certain kinds of ion exchange resins for applications in water treatment) in dispute, constituted Purolite's trade secrets. Thermax then evaluated its options: One, to continue with its defence at the jury trial and beyond -- by way of filing an appeal, should that trial be unfavourable or, two, to resolve the matter out of court.

The Board of Directors along with the management leadership team chose the latter option after taking a long-term view of potential risks of significantly higher liabilities, given the uncertainties associated with jury trials, as well as the costs and time involved in protracted litigation. Thermax has tremendous growth opportunities; and therefore the decision was to settle this at a level that is less significant as compared with its future growth prospects.

Thermax is confident that, given the situation, this decision is in its best interest. Beyond a one-time impact on the balance sheet, the settlement paves the way for Thermax to move on and focus on growing and strengthening its energy and environment business.

About Thermax Limited

Thermax Limited, a Rs. 3300 crore energy and environment solutions provider, is one of the few companies in the world that offers integrated, innovative solutions in the areas of heating, cooling, power, water and waste management, air pollution control and chemicals. The sustainable solutions that Thermax develops for client companies are environment-friendly and enable efficient deployment of energy and waste resources.

Thermax has a well established technology research and development facility. The company has 120 patents, 82 national and 16 international trademarks to its credit.

Over the years, Thermax has had technology partnerships and alliances with at least 40 global organisations.

For more information visit www.thermaxindia.com

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Background information

- The settlement is for a lawsuit filed by Purolite in the Eastern District Court of Pennsylvania in 2005.
- In the first quarter of 2005, four employees left Purolite and joined Thermax US, in its ion exchange division. They were senior professionals with years of experience in this industry.
- Purolite filed a lawsuit claiming that these former employees had misappropriated its trade secrets and had planned to share these with Thermax.
- Thermax then entered into a stipulated temporary restraining order providing that it did not and would not use any of this alleged Purolite information.
- Subsequently, one of the former Purolite employees, who had been heading the production of ion exchange resins at Thermax, confessed that he had retained a number of documents from his employment at Purolite.
- This had not been known to Thermax until this confession.
- As soon as the employee disclosed this in court, Thermax made him return all the documents.
- At the time, Thermax also sought the advice of a technical expert in the field of ion exchange resins from a highly reputed company in the US.
- His independent study concluded that there was no infringement of any trade secret and that the information in question was already in the public domain.
- However, with Purolite claiming its trade secrets had been infringed, the litigation since then extended over a series of claims and counter-claims, which were to be judged at a jury trial.
- Meanwhile, last month, the district court passed an order that three production processes (for certain kinds of ion exchange resins for applications in water treatment) in dispute, constituted Purolite's trade secrets.
- The jury trial was slated to begin on March 1st, 2010.
- Were the March jury trial to confirm that the 3 processes in dispute were trade secrets, the court could have, under certain circumstances, imposed three times the damages plus certain litigation costs of the other party.
- With the amicable settlement, the case stands fully resolved.