

Suzlon Energy Limited

Quarter 3 Result and Analyst / Investor Call – Financial Year 2008

January 29, 2008

Moderator: Good afternoon Ladies and Gentlemen. I am Monali, the moderator for this conference. Welcome to the Suzlon Energy Conference Call. For the duration of the presentation, all participant lines will be in the listen-only mode. After the presentation, the question and answer session will be conducted for participants at the international bridge. After that, the question and answer session will be conducted for participants in India. I would now like to hand over to Mr. Tulsi Tanti, Chairman and Managing Director, Suzlon Energy. Thank you and over to you Sir.

Tulsi Tanti: Thanks a lot. Good afternoon everybody. It is my pleasure to welcome you all to the investor call for the Quarter 3 financial year 08 results. I have with me Mr. Andre Horbach, Group CEO, Mr. Patrick Krahenbuhl, Group CFO, and Mr. Kirti Vagadia and Mr. Toine van Megen, the members of the Group Supervisory Council.

The wind energy industry today is going through a rapid phase of transformation and growth. It is increasingly being recognized as a mainstream form of energy with capability of providing much needed pollution-free electrical energy to billions of people in the world. The rapid progress in technology and the project capabilities of the industry compounded with the heightening concern over climate change and energy security are the key drives for the continuous growth of the industry.

We see the global wind energy keeping pace with the projects and we are in the frontline of the industry's growth. The recent decision taken by the European Union with regards to the contribution of renewable energy ensures that this market remains very aggressive for the long term. The US, China, India, and Australia remain the other focus market for Suzlon, each of them driven by the long term and short term strong policies that support and promote renewable energy.

There have been several strategic developments during this past quarter. The Suzlon subsidiary Hansen Transmission completed its IPO at an offer price of 1.75 pounds per share and got listed on the London Stock Exchange. The company has a post money market capitalization of nearly 3 billion dollars at the present stock price, which is a good value unlocking for the Suzlon stakeholders. We also completed a successful QIP raising Rs.2183 crores which has been subscribed by a broad base of investors from around the world. This strategic move helped us in strengthening our balance sheet, improve gearing, and give us additional inputs to reach our growth targets. As a result of these strategic initiatives, our net debt/equity ratio has come down to 0.39 from 1.61. It has reduced the company's gearing ratio considerably. With this also we have done recently the split, each equity share of Rs.10 is subdivided into the five units of the face value of Rs.2.

Our CAPEX plan taking our manufacturing capacity from 2,700 megawatt to the 5,700 megawatt continues on track with deliveries scheduled to commence in the first quarter of the next year. Hansen Transmission CAPEX plans are also progressing on track. In other updates, our drive to ensure the strategic synergies between Suzlon and REpower is on track to maximize the benefits for both the companies. We are working to accelerate the synergy in the R&D and technology space to drive greater benefit at all group levels.

Looking back, we are proud to say that 2007 has been one of the best performance till date with the group sales from April 2007 estimated at approximately 2725 megawatt compared to 1637 megawatt in the previous year in 2006. The growth we have achieved in 2007 at group level is 66%, which is higher than the industry's growth and we will continue our growth going forward higher than the industry growth. I would like now to request Mr. Andre Horbach, group CEO to take you through our quarter and the results and other aspects of the company's growth.

Andre Horbach:

Thank you Tulsi Bhai and good afternoon to everybody. It is our pleasure to have you with us today. I am pleased to report that the company recorded 67% growth in its consolidated turnover at Rs.3,169.76 crores, a 61% growth in megawatt sales at 545 megawatts over Q3 Financial Year 07. In market developments, in India, we have made our maiden entry into the southern Indian state of Kerala, commissioning our first turbine there. This marks another major step forward in Suzlon's endeavor to expand the market and harness the power of wind for the nation's economical growth. We have in the past year also added several of India's leading corporations such as ONGC, Reliance Energy, TATA Power, DLF, HPCL, and global major British Petroleum amongst others to our satisfied customer base. The growing diversification of the customer base which now include energy and power majors reflects the increasing importance of wind energy in the power mix, and it is a major step forward towards a sustainable development in energy security. Also in overseas market, Suzlon continued gaining momentum in key markets. The company rounded off the quarter securing major orders in Australia, Latin America, Europe, and building on its position as a leading player in the global wind energy markets. We also completed our first shipment of wind turbines to Nicaragua, which takes Suzlon's presence into 15 countries across five continents right now.

Consolidated EBITDA for the quarter stood at Rs.388.56 crores or 12.26% in Q3 FY08 as compared to Rs.254.67 crores in Q3 FY07, registering 52.6% growth year on year. In comparison with Q2 FY08, it has decreased by 33.8%.

In the past quarter, we have achieved consolidated shares of 545 megawatt in the wind business which is lower by 138 megawatt as compared to Q2 FY08. This lower volume is partially due to the seasonality of our Indian business. We achieve peak activity in the second quarter and in the fourth quarter traditionally. In Italy, the project to which the company has supplied turbines has been stopped due to problems at the customer's end leading us, Suzlon, to cancel

the sales of 21 megawatt. We target the sale of these turbines during Q4 FY08. In China, 48 megawatts of turbines have been not recognized in sales due to project delay, which came from the customer's end. In our view, this shortfall in sales is an exceptional event.

The supply of the wind turbine nacelles by the company to the US is now subject to a 2.5% levy by the US customs. Additional cost arising as a reserve will not be passed on to customers right now in terms of our existing supply contracts. As you would be aware, we have faced certain site disruptions in Maharashtra during the first half of this year leading us to scale down our operations in the state and shifting orders where possible to other states like Gujarat. Due to the change in project planning in a short span of time, we have incurred high project-related costs such as crane hire charges. Due to these reasons i.e. customs duty and higher project costs, we have incurred an additional expense of Rs.29 crores reflected in our cost of goods sold.

In our opinion, we would be in a position to pass on customs duty to customers for future contracts in the United States. During the last part of the quarter, we have come across cracks in rotor blades of some of our turbines operating in the United States. We are analyzing the reasons for this damage, and based on the results we will initiate corrective action at all stages to minimize its recurrence. In the meantime, we made provision for replacement of those rotor blades involved to an extent of Rs.19 crores, which is reflected under the heading of the other costs. The company is progressing as per plans to reach its capacity expansion targets of 3000 megawatt as announced in the last quarter call. Consequent to this expansion, we have higher fixed expenses such as manpower costs as well as higher interests and depreciation costs. Further, we have provided for higher tax liability during the quarter largely due to exceptional items such as reserves or deferred tax asset of Rs.20 crores in the United States and tax liability due to non-deductibility of hedging cost in Brazil. Consequently, our profit after tax for Q3 FY08 was lower by Rs.29 crores as compared to Q3 FY07.

Our consolidated order book continues to be strong with 3,358 megawatt of confirmed orders as of January 25, 2008, translating to around US Dollars 4.3 billion or Rs.17,107 crores. We have recently announced a repeat order from AGL, our customers in Australia apart from orders in China and Spain. We are confident of achieving our full year's targets on basis of a strong order book, secured supply chain, and manufacturing capacity. Thank you very much and now we are open to take your questions.

Moderator:

Thank you very much sir. At this moment, I would like to hand over the proceedings to international moderator to conduct the Q&A session for participants connected to SingTel. After this, we will have a question and answer session for participants at India bridge. Thank you and over to Salvia.

Moderator (Salvia): Thank you Monali. We will now begin the Q&A session for participants connected to the international bridge. Please press 01 to ask a question. Your first question is from Karthik from Lehman Brothers.

Mr. Karthik: Good evening sir. This is Karthik here from Lehman Brothers.

Tulsi Tanti: Yes, very good evening.

Mr. Karthik: I just have a couple of questions. My first question concerns the extension of the PTC in the US and I wanted to get a sense of when we can see this coming through, especially considering that a big portion of Suzlon's order book is in the US, it will be useful to get an update on that. And secondly, sir could you throw more light on your expansion of capacity in China and considering that China has a very competitive market especially from domestic players, when does Suzlon see sales picking up to reach its optimum capacity utilization in China. Thank you very much.

Andre Horbach: Okay. With respect to PTC, obviously we do not have any visibility when this will be passed in US Congress, but I think we all know that they just missed the pass in the Congress by one vote during the last opportunity that was connected into a bill and there are several opportunities in other bills that will be put in front of Congress over the next couple of months as we know through our partnership in AWEA that it will be tried again to pass the Congress and from the information that we have we are very hopeful and confident that this will happen. On China, you know the order pipeline for China is progressing for company very well and we see a strong development of potential orders coming in, in a very short term in the China business, which means that at this point in time our plant is ramping up to full capacity as we speak and we expect into next year a very strong position in China growing up to the level of 700 megawatt.

Mr. Karthik: Okay. Sir, this 1000 megawatt expansion in China, when will it be ready, from 600 to 1000.

Tulsi Tanti: The manufacturing base is 600 MW. By adding an expansion in capacity of the rotor blade balancing capacity, and by next financial year it will be available at a 1000-megawatt capacity in second half.

Mr. Karthik: Thank you very much.

Tulsi Tanti: Okay.

Moderator (Salvia): Thank you sir. Next on line Mr. Rajesh of DoricCapital.

Mr. Rajesh: Hi, good afternoon everybody. Just a couple of questions. The weather around the world is quite bad around this point of time. Does it mean there will be any delay in the fourth quarter with respect to your targeting 900 to 1000 megawatt possibly for the fourth quarter? Is there likely to be any delays due to the weather conditions or have we planned for that already? And second, what about the availability of components? You remember in the first quarter there was an issue about the availability of critical components. What is that situation right now with respect to availability for the fourth quarter which is

likely to be a large quarter for you with 900 to 1000 megawatts being planned? And a third question related to that is one of the big issues has been availability of site crews for installation and support who are experienced, are there any plans that you are putting in place to make that happen?

Andre Horbach: With respect to the weather, the answer is no, we have not made any projections that the weather will impact us negatively during Q4 in any place of the world, although we have seen in the past couple of weeks strong winter conditions, for instance in the United States. We are on schedule with the projects that we have. I talked about some delays in China. These are purely due to the fact that customers are not ready with their preparations on site, so it is not impacted by any weather conditions. Your questions on components, the component situation is still tight due to the very strong demand on the wind energy in general and at Suzlon, we presented with a very strong growth in that segment, obviously having a high demand on the suppliers. We are only partially impacted by that due to our strong backward integration, but we are obviously also impacted by some tightness that particular at this point in time visible in bearing supply as well the main large size bearings that we see on our turbines as well also the bearings for gearbox production. However, we are in a very intensified cooperation with these our suppliers and we think we can manage also the supply of components for the fourth quarter to a large extent. And then with respect to crews, we basically you know we are working very progressively there also when we secure the component adjustments in Q4. We have set up our own training facilities in the countries that we operate in, so we are recruiting the crews basically as well as experienced teams from the market also and inexperienced people which we then take into the company and which we put out for training. So, in both items, components and crews development, we do not see limitations for our growth plans right now.

Mr. Rajesh: Thank you for that clear answer. Is there a likelihood, or have you had or is there any likelihood of future penalties due to late delivery on Suzlon in the US or any other markets?

Andre Horbach: Well, in a tight market like this, you always have to make sure that you supply on time to your customers. We do not foresee any major risk in that sense.

Mr. Rajesh: So you have not had such what they call LD charges or late delivery charges in the third quarter for instance?

Andre Horbach: We had small issues in that, but nothing major that would come to the surface.

Mr. Rajesh: Okay. So, what is the main concern right now going ahead for the next two to three years? Is it still the availability of components and so forth or do you see more competition coming up now that AREVA is also trying to ramp up its own division and so forth.

Andre Horbach: No, I would say we welcome competition. Any competition makes us more agile to develop our technology and to improve our product and

to improve our service to customers. I think for the next two to three years, we clearly see that the industry will be on a very high growth track. For Suzlon, we want to be in the front end of this growth stage, and in that sense, I foresee that in the future you know there will be some continued tightness on product and component supply and as you are aware of we are trying to match that by strong investments in our own supply chain. The other tightness will be on people, the amount of specialist people with specific knowledge that we need in the industry, engineers, you know that will be a challenge to staff the growth and to staff the projects, and as I said before we are trying to meet their demand with an internationalization of our own training centers which we not only have in India right now, but which we are also setting up in United States and China and in many other markets that we operate in.

Mr. Rajesh: A last question, there have been enough talks with PTC and European targets, and Chinese targets, is the about the Indian government is also planning on some incentives to the renewable energy sector. What form do you think these incentives will come through as and do you think the wind energy sector in India will benefit as well?

Tulsi Tanti: As you know that India is in a high growth phase, 8% to 9% GDP growth is there and in the next 5 to 6 years, that growth will continue, so because of that the need of energy is continuously increasing very high level and already nearly 13,000 to 15,000 megawatt we have a grid deficit in India, so that is the key driver need of the energy for this growth, wind industries are there. For that, the acceleration of the growth point of view, the government supports are available, mainly the accelerated depreciation benefits are there. The Government of India is working to introduce the transferable tax credit model which is a similar line of the production tax credit of USA. So that FDI investment and IPP project should grow faster and large scale investment can be possible. So that is the new initiatives that the government is looking at, yet no legal frame work is there on that, but very soon may be the possibility is there, so that will be there and same point of time the accelerated depreciation will continue for the domestic company for the captive requirement because they want to hedge their power cost for the long term, so by that way the growth will continue and demand even today is also very high without any fiscal support also because the cost of energy is also increasing continuous basis because of the fuel prices increasing and high demand is there. The project can be executed in a very short span, so the need today is very high and that is driving the growth and that will continue for the India and India is the fourth largest market today in the world.

Mr. Rajesh: Okay. Thank you sir. Wish you best of luck.

Tulsi Tanti: Thanks a lot.

Moderator (Salvia): Thank you Sir. Participants who wish to ask questions, please press 01. Next on line, Mr. Jeff Jones of BNP Paribas.

Mr.Jones: Hi. I may have missed it. Could you please help to explain on the major factors of profit decline when it is compared with the second quarter for the consolidated results.

Kirti Vagadia: Your question is mainly what are the reasons for the reduction in the profit as compared to Q2, right. Okay, the first and foremost reason is loss of volume. We have missed volume by 138 megawatt which is resulting into reduction in profit by almost 207 crores. Rs.29 crores we have lost due to custom duty in the US and certain cost escalation in India project and there are certain other minor reduction. Major is in respect to tax which is about Rs.48 crores, Rs.20 crores of which is due to deferred tax reversal in the United States and Rs.28 crores is on account on non-deductibility of hedging related expense in Denmark which we explained in the speech of Mr. Andre Horbach.

Mr.Jones: Okay, thank you.

Moderator (Salvia): Thank you sir. Next on line _____ 24:50 Canam, USA.
<REDACTED (Off-topic)> 26:00

Moderator (Salvia): Thank you sir. Participants who wish to ask questions, please press 01. I repeat, participants who wish to ask questions, please press 01 now. Next on line Laura of UBS.

Ms. Laura: Hi. I have one question to the problems you have with your blades in the US. Could you give some more details on how many turbines are affected and what exactly the problems are.

Andre Horbach: Yeah, I can give you some explanation. We have found some cracks in some of our blades. We have inspected in toto all our operating turbines, 150 turbines in the United States, we have found on 34 of these machines, we have found some cracks and the root cause of this problem is at this point in time under investigation with our technology teams; however, to minimize the impact on the customers, we decided to replace all of the blades with new blades and for that you find a financial reservation in occurrence in the third quarter to the magnitude of Rs.19 crores.

Ms. Laura: Okay, thank you.

Moderator (Salvia): Thank you. Next on line S.Agarwal of Kanishka Capital.

Mr.Agarwal: Hi sir. With respect to what reasons you mentioned for the difference, can I ask how would this affect your fourth quarter in terms of volume, in terms of cost escalation, and other factors that resulted in this difference for this quarter.

Tulsi Tanti: Normally the Q2 is higher compared to Q3 , so Q3 normally 20% to 22% range is there and normally our Q4 as per the business plan, nearly 35% to 40% is there, so the volume will come more in the Q4 , Q3 volume is lower, so that each and every the cost base because the fixed cost and other cost leverage will improve and that will improve the margin in the quarter four also and the overall average of annual will improve.

Mr.Agarwal: Okay. But can we assume that the order inflow in this quarter was somewhere to the tune of 700 megawatt.

Tulsi Tanti: First of all, the Q4 , full whatever our plan is there is fully booked and supply and everything is fully secured.

Mr.Agarwal: No, that's okay. What I am asking is given us you know order book on 22nd October and 25th Jan and about execution, so can we say that this quarter we had an order book of around 700 megawatts, order inflow?

Tulsi Tanti: We have an order book of 3358 megawatt.

Mr.Agarwal: Yeah.

Tulsi Tanti: And out of that quarter four is already there and I already mentioned that quarter four is normally 35% to 40% of the volume.

Mr.Agarwal: Okay. Sir, in terms of working capital, how are we placed?

Tulsi Tanti: Working capital status is quite comfortable and improvement is there. Currently 32% is the working capital, net working capital.

Mr.Agarwal: Net working capital, 32% of sales.

Tulsi Tanti: Yeah, and going forward end of the Q4 , it will reduce as per our plan up to 30%.

Mr.Agarwal: Okay. Thank you sir.

Kirti Vagadia: Just to add on Q4, there will be reduction in interest cost because we have received money in Hansen as well as in QIP, so debt is reduced significantly and there will be savings in long-term also interest cost.

Mr.Agarwal: Okay. Thank you.

Moderator (Salvia): Thank you sir. Participants who wish to ask questions, please press 01. At this moment, there are no further questions from participants at international. I would like to hand over the proceedings back to Monali.

Moderator: Thank you Salvia. We will now begin the Q&A interactive session for India participants. Participants who wish to ask questions may please press *1 on your telephone keypad. On pressing *1, participants will get a chance to present their questions on a first-in-line basis. Participants are requested to use only handsets while asking questions. To ask a question, please press *1 now.

First in line we have Mr. Mukul Jain from Prabhudas Lilladher.

Mukul Jain: Sir, I had a query regarding your sales, could you tell me what would be the sales in terms of megawatt during the quarter as well as the international and domestic break apart?

Tulsi Tanti: The megawatt is 545 megawatt.

Mukul Jain: That would be the total, and breakup between international and domestic?

Tulsi Tanti: Yeah, just one moment. 270 MW is domestic.

Mukul Jain: And rest is international. And Sir out of this, what would be the realizations in domestic and international market?

Tulsi Tanti: Total average coming out is 4.83.

Mukul Jain: Okay. And sir would you be having the breakup of the international and domestic.

Tulsi Tanti: No, it is difficult.

Mukul Jain: Okay. Secondly, I wanted to understand about this Italian reversal order. You had this 21 megawatt reversed. What could be the prime reason for the company to actually not go ahead with the execution of this contract?

Andre Horbach: Yeah, we at Suzlon have cancelled this contract. The contract was already closed two quarters before. The project though got strong delay due to some issues that the customer had and since we could not get a clear line of sight from the customer of when the issues would have been resolved while at the same point in time there are other opportunities also to sell this product in Italy, we decided to cancel this contract and basically to put the equipment up for offer through other customers also. So, at this point in time we are both dealing with the original customer as well as the new potential customer to close this project and that will happen in Q4.

Mukul Jain: Could you highlight what could be the issue that was there? As you mentioned, there was an issue with the availability from the Italian guys, so we canceled, but what could be the exact issue, if you could highlight that?

Tulsi Tanti: We have to understand, we have Nandigram in India also no.

Mukul Jain: Right.

Tulsi Tanti: That is the answer.

Mukul Jain: Okay. Sir, coming to your tax ratio, you said there is a hedging as well as your deferred tax asset. This deferred tax asset which was accrued, this is on a particular contract? how does this accrue suddenly as a reversal item?

Tulsi Tanti: In the quarter, Rs.87 crores is there.

Mukul Jain: Right.

Kirti Vagadia: There are two things. One is we recognized deferred tax asset in past in United States. Now we found that some of the deferred tax asset

will not be possible to get tax credit in the future, that is why we reversed about Rs.20 crores from deferred tax asset, and we expensed out as a tax in P&L account. That is one. Second, this Rs.28 crores we made a hedging for Brazilian currency. This hedging was done in Denmark Holding Company. Now, gain arising out of that was recorded in Brazilian company whereas a loss on account of that is in Denmark company. Now, loss is not deductible in Denmark and that is why this Rs.28 crores is additional burden to us.

- Mukul Jain: Okay. This is will be a one-time entry?
- Kirti Vagadia: Correct, both are one-time entries.
- Mukul Jain: Sir, your custom duty you mentioned that US custom duty has increased by 2.5%, so going ahead also we will be bearing this cost and considering this cost coming through you believe your US margin?.....
- Andre Horbach: Now, what I see at this point in time it is a one-time cost because it is related to contracts that we have closed, some of them two years ago, but going forward, obviously now we know that this duty is existing, we will incorporate that in our pricing strategy to the market.
- Mukul Jain: So, the current order book of 3358 megawatt that we have, out of that, this would not capture the custom duty impact, is that so or we have already captured that and then given a pricing to the customers?
- Andre Horbach: Partially, we have captured it already.
- Mukul Jain: Okay. And sir last question I have regarding REpower, now I believe in REpower, you will be looking at a substantial margin improvement, what kind of margin improvement can we expect from REpower over a one-year period?
- Tulsi Tanti: The current REpower margin is nearly 3% to 5% range is there and for the next financial year we are targeting improved at 3% to 4% additional.
- Mukul Jain: Okay. So, moving up to 8% to 9% or so?
- Tulsi Tanti: Yes.
- Mukul Jain: Sir, eventually when do we see the margins coming in line with Suzlon margins?
- Tulsi Tanti: Within three years.
- Mukul Jain: Okay. And sir this AREVA stake we will buying out in May if I am not mistaken, is that right?
- Tulsi Tanti: Yeah, 24th May.
- Mukul Jain: We have the money already tied up for that?
- Tulsi Tanti: Already fully tied up.

Mukul Jain: Okay. Thank you so much sir. I will come back to you for further questions.

Tulsi Tanti: You are welcome

Moderator: Thank you very much sir. Next in line, we have Mr. Abhishek Tyagi from CLSA.

Mr. Rajesh: Hello sir, this is Rajesh here.

Tulsi Tanti: Yes Rajesh.

Mr. Rajesh: Yeah. Sir, first question is on these problems with the blades in US. You have around 1920 megawatt of order backlog from US at the end of November I believe and this additional 2.5% custom duty will be levied on the entire backlog and to that extent there would be a hit of not exactly 2.5%, but to some extent there would be a hit of margins right, so what is the extent of that hit on margins which is likely on the US sales?

Tulsi Tanti: In Q3, we have taken the hit of Rs.15 crore and the Q4 also the hit will come, but after that the new contract is there, and there is a possibility to recover from the customers.

Mr. Rajesh: Okay and what is the extent of the hit you expect in the fourth quarter?

Tulsi Tanti: The fourth quarter will be somewhere if the same amount will be there or less than that, because fourth quarter more supply is not in US.

Mr. Rajesh: Okay. And the other issue of these cracks being found in the turbine, in the blades, you said out of 150, around 34 turbines have this problem, so as far as future orders are concerned, how are you dealing with that because this problem may occur in the sales which you are going to do in the coming quarters also right.

Tulsi Tanti: No, it is part of our guarantee warranty which is there. This is whatever the technical problem we found, so proactively we have done the provision for that to protect certain risk and other things. It does not mean that it will affect to the whole supply.

Mr. Rajesh: No, what I mean is that there is some problem, as you said that you have not identified that problem right now why these cracks are occurring and for the future sales which you will be making over the next few quarters in the US, if you have not identified that problem, then how are you addressing that issue?

Tulsi Tanti: No, it will not take too much time because the technology team is working on that project and within the next couple of weeks, conclusion has to come, so that is not a issue and it is not so large impact to us because it is a in-house manufacturing and productions and everything we have that capability and competency in house, so as a precaution and proactive action point of view, we have taken some of the decision so that customer should not suffer. At the same point of time, we are mitigating some of the risk plan.

Mr. Rajesh: Okay. If you look at the supply timeline, it would take at least you know six months once you accept the order and the delivery time and during the time the turbine is getting prepared, so orders which have to be delivered over the next few quarters, the preparation would have already started, so do you see there could be some delays in supplies to US, suppose you identify a problem, problem may be because of XYZ and for future supplies you may delay those supplies because you want to rectify that issue?

Tulsi Tanti: No, nature of the problem is that it will not affect any supply and other things and repair or replacement situation is there, so it is not affecting the business or anything. It is only a question of either we have to do some proactive actions to protect that and that is part of our normal technical solutions.

Mr. Rajesh: Okay. And usually what is the warranty/guarantee you provide per megawatt when you supply turbines to US?

Tulsi Tanti: Normally, each and every component is the one-year equipment guarantee and warranty is there.

Mr. Rajesh: What is the amount you provide for that?

Tulsi Tanti: We are doing different market based on different provisions we are doing.

Mr. Rajesh: Okay, US market you will not have the figures right now?

Kirti Vagadia: In US market, we are reserving if I remember correctly about US Dollars 15,000 per machine.

Mr. Rajesh: 15,000 dollars per machine. This is 2 megawatt machine?

Tulsi Tanti: Correct.

Mr. Rajesh: Okay. And what is the expenditure which we are incurring when you are replacing these blades? Is it the entire cost of the blade can be taken as....

Tulsi Tanti: No, I think we are going in a more detail questionnaire. It is part of our guarantee and warranty is there. If anything is problematic, we have two choices immediately, either we should repair or either we should replace. First, we have taken action for the replacement so the performance of the machine should not be affected and that will be continued and then those products will be repaired and then further it will be utilized for the machines.

Mr. Rajesh: Okay. And sir you mentioned in Maharashtra there were expenses of Rs.29 crores which were one time in the current quarter right.

Kirti Vagadia: About Rs.15 crores, not Rs.29 crores. Rs.29 crores is a total of two things. Rs.15 crores is about expense in Maharashtra and part is additional custom duty in US, total 29 crores.

Mr. Rajesh: And sir this Maharashtra problem, you had written off some amount in the last quarter, so that is behind us, we do not expect any further write-offs in there right?

Kirti Vagadia: Yeah. I think we have written off total Rs.66 crores in H1 which was replacement cost of material.

Mr. Rajesh: Okay. And any guidance for volumes for FY09 as such?

Tulsi Tanti: FY09, next year? Normally you know the Suzlon environment and culture to grow, the higher than market grows.

Mr. Rajesh: Okay. Thank you sir.

Tulsi Tanti: You are welcome.

Moderator: Thank you very much sir. Next in line Ms. Aparna Shankar from SBI Mutual Fund.

Aparna Shankar: Yeah. Good evening sir. Can you give us some fair idea about the segmental margins because we have been seeing very you know different, I mean very drastic moves from quarter on quarter. In the yearend, what sort of margins you expect to generate sir?

Kirti Vagadia: Yeah, you are looking for quarterly margin right, particularly in Suzlon and Hansen?

Aparna Shankar: Yeah, I am looking for the consolidated margins for wind turbines and gearboxes.

Kirti Vagadia: Consolidated, for Q3, Rs.310 crores at EBITDA level which is 12.26% in wind business, 11.56% in gearbox business, consolidated is 12.26%.

Aparna Shankar: But for the year-end, I mean for the whole year, how do you see the margins moving?

Kirti Vagadia: I think that is guidance and you know that as a policy we are not giving.

Aparna Shankar: Okay. But is there any form of margin improvement from this year to next year.

Tulsi Tanti: Yes, for Q4, the things are there, up to Q3 nine months the consolidated margin is 12.26%.

Aparna Shankar: Okay.

Tulsi Tanti: Nine months is there, 12.26%. Q4 is total 40-45% of the total sales of the annual business is there.

Aparna Shankar: Okay.

Tulsi Tanti: And fixed cost versus the volume will be higher in quarter four, so that naturally is a good room for improvement in the margin in quarter four.

Aparna Shankar: Okay.

Tulsi Tanti: It will give the total average improvement also on annual basis.

Aparna Shankar: Okay.

Tulsi Tanti: At the same point of time in Hansen also, the quarter four is always very high volume.

Aparna Shankar: Okay.

Tulsi Tanti: The profit margin in the last quarter is there. Of course, they are ramping the capacity and the new capacity was ready by the last December, that will be utilized in this quarter, Q4. So that will give more volume and more margin.

Aparna Shankar: Okay.

Tulsi Tanti: The new price framework also. So both put together, there is fair chance for the improvement of the margin.

Aparna Shankar: Okay.

Tulsi Tanti: Q4 plus on average of the annuals.

Kirti Vagadia: Small correction. Nine month margins are wind business 13.11%, gear business 10.51%, and aggregative is 12.7%.

Aparna Shankar: Okay. Thanks a lot sir.

Moderator: Thank you very much maa'm. Next in line we have Mr. Karthik from Sunidhi Securities.

Mr. Karthik: Good afternoon sir. Can you give us some volume guidance of Q4 in terms of megawatt?

Tulsi Tanti: Normally, the total volume of the Q4 is 35% to 40% of the total sales.

Mr. Karthik: And you have got other income of Rs.72 crores for the quarter, what is the component of other income sir?

Kirti Vagadia: Other income is mainly in respect of interest on fixed deposit kept with banks.

Mr. Karthik: And have you written off the FCCB issues in the quarter or still to be written off and if ignored, then what is the amount you have to write-off the issue expenses ?

Kirti Vagadia: Issue expenses are very negligible and that has already been taken care at the time of the issue.

Mr. Karthik: Since Q4 accounts around 40% of the total turnover. If I remember right, in the first con call for the year where you said you will be having

operating margin of 15% for the full year, you will be able to maintain it. So, does it mean that you will be able to do around 18% to 19% margin in Q4 on a consolidated level?

Tulsi Tanti: First of all, we have to understand the nine-month current level margin is 12.76% on a consolidated basis and quarter four volume will be the higher which will improve the quarter four margin also and it will improve the annual margin also.

Mr. Karthik: Okay sir. Thanks.

Moderator: Thank you very much sir. Next in line we have Ms. Shilpa Krishnan from JPMorgan.

Shilpa Krishnan: Yeah, good afternoon everybody. Just some small housekeeping question to start with. You have booked new orders of around 342 megawatt in the domestic market and 309 megawatt in the export market. Out of the 342 megawatt in domestic, around 51 megawatt is accounted for one large ONGC order. Could you clarify if there are any other large orders or these are like smaller orders from various customers?

KV: All are medium-sized orders actually. Whatever we can disclose separately with the consent of customers, those orders we are separately disclosing. Other names we are not in a position to disclose due to commercial reason.

Shilpa Krishnan: Okay, not a problem. Sir, my second question is you know broadly can you tell me in WTG set, what percentage of the cost is accounted for by the rotor blades and what proportion by the nacelle assembly?

Tulsi Tanti: That breakup at this moment is not with us. We will give you separately.

Rohit: Sir, this is Rohit. Just one clarification sir. You have mentioned in the press release that the group sales for the CY- 2007 are estimated to be around 2725 megawatt, so just wanted to understand that includes REpower or....I am not able to get the number of 500 odd megawatt for Q3, so just was wondering how this number comes about.

Tulsi Tanti: First of all that number is for the calendar year, from January to December.

Rohit: Yeah, yeah.

Tulsi Tanti: 2006 and 2007.

Rohit: Yeah.

Tulsi Tanti: It is including REpower.

Shilpa Krishnan: Sir, one final question from our side. You were mentioning in an answer to one of your questions that the accelerated depreciation will likely continue for captive customers, but for the other category which is investors you know we may have a PTC like system and that means

the accelerated depreciation benefit will be withdrawn for this category and how will it be monitored?

Tulsi Tanti: I think government is working on both the options. One is for the domestic customer and domestic captive requirement, they are looking for the accelerated depreciation, but government can decide on that what should be done on that, but to attract the FDI investment and IPP project on a large scale basis and to reduce the financial cost to that and to make the project more commercially viable and lucrative, so that will be there. In that case, accelerated depreciation will be not available.

Shilpa Krishnan: Okay. But what about domestic investors who you know look for a particular IRR when they invest in wind power project. Will it be a PTC like system that is applicable for them or...

Tulsi Tanti: The investor, means any type of wind customer investor has two choices. Either he selects the accelerated depreciation or they go by the TTC option. My observation is this. I am not sure what the government will do.

Shilpa Krishnan: Alright. Thank you.

Rohit: Sir, just one thing. Sorry to belabour on this rotor blade thing. Sir, basically this was one lot of rotor blades or it was several lots over several periods of time which has been found to have this particular problem?

Tulsi Tanti: First of all, the rotor blade production is mainly for the – the production is done with a mould right?

Rohit: Right.

Tulsi Tanti: So, we have three mould production in the USA and three different mould production is in India. So, this supply is going from India also, this supply is going from US also.

Rohit: Okay sir, thanks.

Moderator: Thank you very much maa'm. Next in line we have Mr. Sunil Kumar from Birla Sun Life Insurance.

Sunil Kumar: Sir, thank you so much, my question has been answered.

Tulsi Tanti: Very nice.

Moderator: Thank you very much sir. Next in line we have Mr. Manish from Wealth Managers.

Mr. Manish: Good afternoon sir. Sir, we had just said that the domestic sales were 270 megawatt and the export sales were 275 megawatt for the quarter. Can you give us the corresponding figures for the previous year?

Tulsi Tanti: The last year total megawatt was 339.

Mr. Manish: Okay. And the breakup in terms of domestic and the exports sir?

Tulsi Tanti: Yeah, within one minute we will give you. May be another question.

Mr. Manish: And sir what is the, if you can give us a breakup of this export sales of 275 megawatt region-wise in terms of let's say US, China, Europe, and the rest of the world?

Tulsi Tanti: So domestic the megawatt is 120 and export is 218.

Mr. Manish: Okay sir.

Tulsi Tanti: And regarding, what was the second question?

Mr. Manish: The breakup of the export sales of 270 megawatt for the quarter in terms of regions.

Tulsi Tanti: Yeah it is 40 megawatt China.

Mr. Manish: Okay.

Tulsi Tanti: 88 megawatt US.

Mr. Manish: Okay.

Tulsi Tanti: Europe and the rest of the world 130, Australia is 17, and total is 275 and 270 India and total is 545.

Mr. Manish: In the same fashion, can you give us the breakup of the order book?

Tulsi Tanti: Order book total is 3358 megawatt.

Mr. Manish: The breakup of the international order book, the 2916 megawatt in terms of region?

Tulsi Tanti: Yeah, 1832 USA, 202 China, 346 Australia, 231 Brazil, 304 Europe; 2916.

Mr. Manish: Okay, fine sir. Sir, can you summarize your capacity position as on FY08 and what it will be for various components.

Tulsi Tanti: The current manufacturing capacity for this current financial year total is 2700 megawatt; India, China, and US. India is 1500 MW, 600 MW is in China, and 600 MW is in US.

Mr. Manish: And how this will be in FY09 end or available how this will be for FY09?

Tulsi Tanti: The next financial year beginning will be, it starts with 2700 from day one and end of the year it will 5700 megawatt.

Mr. Manish: And will this include REpower also?

Tulsi Tanti: No. REpower at the beginning of the year is 600 and end of the year is 1600.

Mr. Manish: And from 2700 to 5000, what is the total expansion in terms of money which is pending to be incurred?

Kirti Vagadia: Total is Rs.1500 crores for wind business and for foundry and forging, we will be investing about Rs.1100 crores.

Mr. Manish: This will all come in FY09?

Tulsi Tanti: Partly is currently financial year up to March, partly, and the maximum will be the next financial year and that will be only up to December.

Mr. Manish: Okay. And for REpower?

Tulsi Tanti: It is the same situation.

Mr. Manish: This is inclusive of REpower in terms of amount which you gave?

Tulsi Tanti: No, amount for the REpower is separate. It is nearly 40 million Euro.

Mr. Manish: Okay. Sir can you just throw some basic light on the execution cycle for this further backlog for domestic and export order separately?

Tulsi Tanti: Means?

Mr. Manish: Means the order book of 2916 megawatt which we have on international orders.

Tulsi Tanti: Yes.

Mr. Manish: What would be the approximate I am saying execution cycle time?

Tulsi Tanti: It is different, different customer order. Some order is 2008, some order is 2009, and some also in 2010 is there.

Mr. Manish: Yeah, so this is stretching till 2010 and can we broadly say that maximum of that will be used in FY09?

Tulsi Tanti: Yeah, maximum will be utilized in the next financial year, but you have to understand for the next financial year, India we are not taking an advance order. Normally, quarter by quarter order is there in India, so that capacity we are selling on quarter basis where China half yearly basis sales is there, where Europe one year basis is there and US two year basis is there.

Mr. Manish: Sir, can you just repeat, it was a little fast for us sir.

Tulsi Tanti: In India, we are selling on a quarter basis.

Mr. Manish: Okay.

Tulsi Tanti: The China is half yearly basis is there. The Europe one year basis is there and US two year basis.

Mr. Manish: So, even after the expansion phase, it would remain the same or we will be better off on this cycle?

Tulsi Tanti: No, this is a market place and there is no relation with the capacity point of view. So, capacity expansion, beginning of the year is 2700, end of the year it will be a capacity of 5700 and we will always utilize with the full capacity as and when it is ready and the market order cycle position is what I have explained quarter to two-year cycle is there, different different is there, so that is the order taking cycle.

Mr. Manish: What I wanted to understand was it for Europe it is one year, now even on the increased capacity you will continue to have one-year cycle?

Kirti Vagadia: What Tulsibhai is trying to explain is market preference actually, that customers are normally placing order one year advance in the rest of the market.

Mr. Manish: Okay. Thank you sir.

Moderator: Thank you very much sir. Next in line we have Mr. Dipen Mehta from Dipen Mehta Shares.

Dipen Mehta: Just wanted to understand the fully delivered equity will be what sir? Because as per the result, it is Rs.299.39 crores, that should go to what post conversion of FCCB and other issues sir?

Kirti Vagadia: Both FCCB will result into total dilution of about 3.8%.

Dipen Mehta: That means the equity of Rs.299 crores should go to?

Kirti Vagadia: Go up by 3.8%.

Dipen Mehta: Okay.

Kirti Vagadia: 34.09% which is held by public, non-promoter, will become almost 37.89%

Dipen Mehta: Basically we are having about Rs.11 crores dilution on account of FCCB, am I right sir?

Kirti Vagadia: Convert that in percentage terms, so we need to calculate it again.

Tulsi Tanti: Total is 500 million dollars and two tranche is there, both pricing is Rs.1800...

Dipen Mehta: And Rs.1859.

Tulsi Tanti: Yeah.

Kirti Vagadia: Yeah, your number is correct.

Dipen Mehta: Okay sir. You know there is a swing of about Rs.60 crores when you compare the standalone EBITDA versus the consolidated EBITDA

from December 2006 to December 2007 quarter. Basically in December 2006, the EBITDA on standalone was Rs.254 crores and it has gone to Rs.388 crores whereas it has gone from Rs.205 crores to Rs.394 crores for standalone. So, there is basically a loss in the subsidiaries when you are aggregating, so which are the subsidies which are booked at loss sir?

Kirti Vagadia: See basically it is not subsidiary, I will explain that. One is acquisition interest arose in certain subsidiary which is not coming in Suzlon (standalone). So, one part is acquisition interest. Rs.48 crores is on account of taxation which...

Dipen Mehta: No sir, I am not talking of tax on interest. This is at EBITDA means earnings before considering interest, depreciation and taxation. Basically, standalone EBITDA is Rs.394 crores.

Kirti Vagadia: Correct.

Dipen Mehta: And consolidated EBITDA is Rs.388 crores, correct if I am wrong sir.

Kirti Vagadia: Correct. Yeah, so the EBITDA level one is a blade cost which we have accounted for, which is about Rs.19 crores.

Dipen Mehta: Okay.

Kirti Vagadia: And rest is on account of our project companies particularly in India and overseas market where in March period we are normally booking major sales. So, in quarter three, they may not be in a position to absorb all that cost.

Dipen Mehta: That means the US subsidiary has booked a lot, about Rs.19 crores?

Kirti Vagadia: US and India both, project companies basically.

Tulsi Tanti: Total Rs.29 crores.

Dipen Mehta: Okay. Sir, just wanted to understand that the average capacity for FY08 and the average capacity for FY09 and the average capacity for FY10 if you have you know some sort of number for that, because expansions are going on stream at various points of time.

Tulsi Tanti: No, the capacity, we have explained that, the beginning of the next financial year is 2700 MW and it may go up for Suzlon.

Dipen Mehta: Okay.

Tulsi Tanti: End of the year is 5700 megawatt.

Dipen Mehta: Okay.

Tulsi Tanti: So, capacity will naturally come on average.

Dipen Mehta: Total production for FY07 should be what sir, in considering that 45% would come in Q4?

Tulsi Tanti: That is indirectly you are asking the guidance.

Dipen Mehta: No, I am just trying to understand what percentage in average capacity or average production FY08....

Tulsi Tanti: Normally we are utilizing our all the capacities, so 90% to 95% efficiency level.

Dipen Mehta: Okay. I have some more questions, I will come back later. Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Jain from Voyager.

Mr. Jain: Hi sir. Just want to quickly reconcile some numbers which are exceptional for this quarter.

Tulsi Tanti: Yes.

Mr. Jain: We have an exception of Rs.48 crore on the tax front, which is Rs.20 from US deferred tax and Rs.28 from the hedging related activities right? Hello??

Tulsi Tanti: Yeah, correct.

Mr. Jain: We have Rs.29 crores, which is bifurcated into custom duty effect 14 crores and site restoration Rs.15 crores, that is Rs.29 crores right?

Tulsi Tanti: Correct.

Mr. Jain: And 19 crores from the US blade cost right?

Tulsi Tanti: Right.

Mr. Jain: So, that is on the exceptional cost front right?

Tulsi Tanti: One time cost.

Mr. Jain: Yes. You know you also have mentioned that 138 megawatt has been the notional loss in the volume, so...

Tulsi Tanti: That was the comparison between quarter two versus quarter three. Quarter two volume was the 683 MW.

Mr. Jain: Right.

Tulsi Tanti: Current year quarter is 545 MW.

Mr. Jain: Exactly, exactly. Sir, coming to the Italian sales of 21 megawatt, what you are trying to say is that in the earlier quarter this 21 megawatt was booked and now it is reversed?

Tulsi Tanti: Correct.

Mr. Jain: Right. Coming to US, you know there was some 47 megawatt because of which the sales was not recorded in your books, because

the customer's end was ready, so it would be fair to presume it would be done in Q4.

Tulsi Tanti: It is China, not USA. 48 megawatt is in China, 21 is Italy, so Italy will come in Q4. China is 48, that may be utilized in Q4.

Mr. Jain: Okay. 69 megawatt in India?

Tulsi Tanti: 69 megawatt is

Kirti Vagadia: No, actually 69 is total difference what you are talking about.

Mr. Jain: Right.

Kirti Vagadia: Basically that is a bit amount of seasonality, that is resulting into balance difference.

Mr. Jain: Right, right.

Andre Horbach: And can I also make a further correction. The Italy order was not booked in our sales. We were counting to have that order booked in our sales this quarter in Q3. So, we basically took the order, right Kirti?.

Kirti Vagadia: No no, It was booked partly in last financial year and partly in Q1 and now we were required to reverse because customer's side was having certain problems.

Mr. Jain: Right. Sir, one thing on the PTC in the US, you know last month we saw that the US government did not ratify that policy, so could you throw some light as to one side when we see that US is you know in the favor of green environment and adopting green technologies and on the other side the PTC norms have not been ratified, so (a) when you see they finally taking up this thing, (b) what are the ramifications if this thing you know is not ratified say after two months also on Suzlon business model?

Tulsi Tanti: First we have to understand what is the objective of the country is, (a) it is very clear they need more renewable energy.

Mr. Jain: Right.

Tulsi Tanti: And (b) they require energy securities and (c) is environment mitigation plan point of view, so that is a very clear agenda of the US government that is there. Now, this PTC is not the key driver for the US business. The key driver for the US business nowadays is RPS, renewable portfolio standards, and that is why based on that irrespective of the PTC expiry of 2008, we have an order book for 2008, 2009, and 2010 also because it is mandatory for utility obligation for the RPS. So, that is key driver, we need to understand that. Now, the government process is like this. See today this PTC framework is available up to December 2008, (a) possibilities of extension, they have not taken any decision, not to extend, not to do this, there is no decision is there, it is a status quo we can say. Extension will be done. Second possibility is may be the government

will come out with a new legislation or new framework which will be more positive and lucrative for the growth, ultimately they need a growth. There is no concern to restrict and stop this development.

Mr. Jain: Sir, so what you are essentially that even if PTC is not ratified, there is a renewable portfolio standard which is enough to take care of this entire momentum right. Hello?

Tulsi Tanti: Yes, yes.

Mr. Jain: Sir, could you give us some thing on what would be the tentative interest cost in Q4, because in this quarter we have seen an interest cost of 156 crores and you have been rightly mentioning that in Q4 there would be some repayment, so what would be the tentative interest cost one can vouch for?

Tulsi Tanti: It is the two resources, one is the Hansen IPO money and second is the QIP. So, that is a good liquidity for the reduction in the debt and that is why our debt/equity ratio has gone down from 1.61 to 0.39, so the substantial interest reduction will come in quarter four.

Mr. Jain: Can you quantify it sir?

Kirti Vagadia: Not really, because it will amount to guidance on a particular item. You can make your own assumption on basis of what amount we have already raised in December.

Mr. Jain: Fine sir. Sir, also you know you were talking to a couple of small manufacturers in India, they are talking of some newer technology called gearless technology and you know two-three companies are really aggressive on this thing, so could you throw some light as to what is this gearless technology and how it differs from our product?

Tulsi Tanti: In turbine industries, all the technologies are good.

Mr. Jain: Hello?

Tulsi Tanti: In wind industries, all type of the gear or gearless, both the technologies are good.

Mr. Jain: Sir, I mean what could incentivize anybody you know to buy your technology? If that technology is available without gearbox for with the component are in critical shortage, why should one not look for gearless technology where the delivery can be really speeded up?

Tulsi Tanti: May be you are aware that Bajaj Auto has a scooter with gearbox and Kinetic Honda is without the gearbox. So, customer will decide which type of the scooter they are looking for. Two different products are there and both have some advantages and some disadvantages.

Mr. Jain: Fine sir. Thanks a lot. For more questions, I will revert to you sir.

Moderator: Thank you very much sir. Next in line we have Mr. Sachin Trivedi from UTI Mutual Fund.

Sachin Trivedi: Yes sir, hi. First of all, this Hansen capacity expansion when is it coming?

Tulsi Tanti: By March 31, 2008, means April 1, 2008, 6000 megawatt will be ready in Belgium.

Sachin Trivedi: Okay. And sir this additional capacity is it booked right now or we will have to put some fresh effort for that.

Tulsi Tanti: Sorry.

Sachin Trivedi: This additional capacity that is coming in, have we booked that capacity already or we will have to put some fresh effort to do the sales?

Tulsi Tanti: No, it is sold out.

Sachin Trivedi: Okay, this additional capacity is sold out. Sir, my question is in January, somewhere around January we were expecting some price hike in Hansen, so has that happened and how much is there?

Tulsi Tanti: Yeah, it is already increased, but we are not able to share the customer information.

Sachin Trivedi: Okay, but it should be sufficient to take care of additional margin and the cost pressure?

Tulsi Tanti: Yes, absolutely right.

Sachin Trivedi: Okay. Sir, the next question is regarding if you can also share the order book for REpower with us?

Tulsi Tanti: Currently, we do not have, but approximately I will give the estimated number, it is a 2 billion dollar order book.

Sachin Trivedi: Okay, okay. Sir, what will be our inventory in transit now. I mean it is likely to increase in Q4?

Kirti Vagadia: No, inventory in transit is in line with what we had in Q2. It is not going to increase, but today we have inventories in our factory at various stages which is semi finished goods.

Sachin Trivedi: Okay.

Kirti Vagadia: Total amount of inventory is 1454 crores.

Sachin Trivedi: Okay. And sir one last and final question on the tax rate. Sir, even if I deduct this 48 crores from my tax payment, still the tax rate is coming slightly higher. So, what will this be on account of and what will be the tax rate going forward?

Kirti Vagadia: That is on account of mainly interest and certain expenses in US which are not deductible, rest on acquisition which we are not getting deduction right now.

Sachin Trivedi: Okay.

Kirti Vagadia: Both the things will be available for deduction in future. There is a conservative policy we are not recognizing deferred tax asset on it.

Sachin Trivedi: Okay, okay. Sir, but going forward, the tax rate definitely should be around 10% to 11%, is it that way should be understand?

Kirti Vagadia: Exactly, it will be closer to MAT rate.

Sachin Trivedi: Okay thanks. This is from my side.

Moderator: Thank you very much sir. Next we have Mr. Nayanesh Rajani from Tata Mutual Fund.

Mr.Rajani: Good evening sir, I just have one question. You mentioned that Q3 there was a hit of Rs.15 crore which was a customs duty impact, just wanted to know this quarter you mentioned that total supply to US was around 88 megawatt and if you just take the average realization of 4.5 per megawatt, this Rs.15 crores, that accounts to 3% to the total value that you would sold in the US markets. Now, you mentioned that Q4 there would not be any hit because you will not supply any more contracts in US or any more orders in US. The 1832 megwatt of order book that you have, how much of impact would customs duty increase have on this 1800 megawatt order book sir?

Tulsi Tanti: First of all, we would like to clarify in quarter four we are not saying we will not supply to US, our supply will be not too much.

Mr.Rajani: Not much, absolutely right sir.

Tulsi Tanti: Compared to the total sales of the quarter.

Mr.Rajani: Absolutely right, absolutely right. That's fair enough sir.

Tulsi Tanti: And quarter four that effect will come because we are taking some of the action on that, the customers with some of the new orders.

Mr.Rajani: Okay.

Tulsi Tani: Which we will be executing in quarter one onwards.

Mr.Rajani: Okay. But mainly can we safely assume that if this 15 crores is approximately 3% of the total value that you have delivered in Q3 of the total 1800 megawatt that you would be supplying in the next one year, the total value of the impact on account of this increase in customs duty would be to same tune in terms of percentage sir?

Kirti Vagadia: No, it does not work that way.

Mr.Rajani: Okay.

Kirti Vagadia: See the duty is 2.5% on nacelle value, not on rotor blade and tower first of all.

Mr.Rajani: Okay.

Kirti Vagadia: And the sales value recognized in current year has no relevance with the duty amount.

Mr.Rajani: Okay.

Kirti Vagadia: So, duty is calculated on nacelle entering into US port.

Mr.Rajani: So, of the total, you would not be able to mention what would be the contribution of nacelle and what would be the contribution of other components in your total order book sir?

Kirti Vagadia: Even we would not like to give that.

Mr.Rajani: Alright sir, no issues. I will get back on that probably some other time.

Moderator: Thank you very much sir. Next in line we have Mr. Srivatsav from Doric Capital.

Mr. Srivatsav: Hello sir.

Tulsi Tanti: Yeah hello.

Mr. Srivatsav: You said that 34 out of the 150 turbines are affected, that is the rotary blade. How can you say that the problem is not so serious because you have only 150 rotor blades and out of that 34 are affected? What serious steps are you taking to foresee that this is not going to happen?

Tulsi Tanti: No, first of all, all the turbines we have already inspected and we found that no problem is there. Out of that, whatever the some of the cracks we found, that we are taking proactive actions to mitigate that risk.

Andre Horbach: Let me also clarify. It is 150 turbines that we inspected. Every turbine has three blades, so it is in total 450 blades. Out of these 450, we have seen 34 with cracks. So, that is the basis of damage that we have seen and based on that our technology team at this point in time is studying what the root cause of this problem is.

Mr. Srivatsav: Okay, thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Viraaj from JM Financial.

Mr.Viraaj: Sir, if you can share with us the CAPEX numbers for the nine months that you have done.

Kirti Vagadia: Total, we have invested about Rs.319 crores till date.

Mr.Viraaj: Okay. This is only on the wind side or...

Kirti Vagadia: No, wind side is separate.

Mr.Viraaj: How much is it if you can...

Kirti Vagadia: Hansen numbers are not available off hand right now.

Mr.Viraaj: Alright. Sir, WTG expansion that comes up in the next year, if you can just break it up into phases and tell us how much will it be for the first half of 09 and the second half?

Kirti Vagadia: Approximately Rs.1500 crores will go to next financial year, the rest will be spent in this financial year.

Mr.Viraaj: Okay. Also sir, regarding this customs duty in US, when was this levied and what was the rationale for the US government to do this or probably how does it affect your competitiveness, vis-à-vis the local players there?

Tulsi Tanti: First of all, most of the turbine in the US is coming from outside the US. There is very less quantity of production in US is there. Most of the companies are supplying from Europe and we are supplying from India.

Mr.Viraaj: Right.

Tulsi Tanti: We are trying to communicate to government because of this renewable industry and nowhere these types of duties are there, so that association is trying to do that, but that result will come anytime, we do not know, but meanwhile there is an effect to us and at the same point from the next financial whatever the order, our marketing team is working with the customers to share with them.

Mr.Viraaj: But, when was this enforced sir, when did this come in force?

Tulsi Tanti: It has come from July.

Mr.Viraaj: And you said you were relatively confident that you will be able to pass on this increase, but will the customer accept it given that local companies are offering now probably at a more competitive rate.

Tulsi Tanti: First of all, hardly 20% production is in USA.

Mr.Viraaj: Right.

Tulsi Tanti: Second thing, the next three years the turbine delivery is not available in the industries.

Mr.Viraaj: Right, right.

Tulsi Tanti: There is no supply available, one side, and second thing genuine things are there which nobody can foresee anytime government taxes and other things, so currently we are paying that duty and everything, but at the same point of time we are discussing with the customers.

Mr.Viraaj: Also sir if you can share with us what has been the megawatt sales for Hansen for the three months and the nine months period?

Tulsi Tanti: We are not sharing the megawatt information of Hansen.

Mr.Viraaj: Okay, but whatever is being produced is being sold in the market.

Tulsi Tanti: Because the gearbox is the key bottleneck component in the industries that are there.

Mr.Viraaj: Right.

Tulsi Tanti: There is nearly more than three years booking is there.

Mr.Viraaj: Alright.

Tulsi Tanti: If anybody wants today any supply, he will not be able to get before three years. So, a big constraint of the supply is there. So, in that environment, naturally the Hansen capacity is fully secured.

Mr.Viraaj: Right, right. One final thing sir. If you can give us the balance sheet figures, the debt and the cash position that you have.

Kirti Vagadia: This is the net debt.

Mr.Viraaj: Yeah.

Kirti Vagadia: It is about Rs.2884 crores

Mr.Viraaj: Okay. Alright sir. Thank you so much.

Moderator: Thank you very much sir. Next in line we have Mr. Pankaj Sharma from UBS.

Mr.Suhas: Yeah, hi, this is Suhas from UBS. I just had a couple of questions. One is how often do we see cracks on the blades, is that a problem which occurs for other equipment suppliers as well, is there a precedent which you have heard or the clients are probably just used to it. And second is when we look at our you know target for FY08, you mentioned almost 900 to 1000 megawatt as the planned-for production, just wanted to get a sense of how it works. Sorry if this has already been asked, but your average capacity during the fourth quarter will probably 675 megawatt which is just 2700 divided by 4 and of that about 75 megawatt will actually be in China and given that the orders from China are not that high, so you are actually probably left with 600 megawatt and you have to meet demand of your production plan of 900 megawatt, so if you can just help us understand this.

Kirti Vagadia: Second question I will take first, that is mainly the gap is on account of inventory. We have Semi Finished Gods which is close to about 400 megawatt which is available so wherein you do not require much efforts on manufacturing, it is synchronization and balancing components.

Mr.Suhas: Okay. And how is the planned production or supply for 900 megawatt across the region for fourth quarter?

Kirti Vagadia: I think first of all 900 megawatt is right or wrong, that is to be quantified, but if that much is available from inventory, then the balance capacity you yourself have calculated as to what is available to us.

Mr.Suhas: Okay. And the first one?

Andre Horbach: I think we just explained it already. On China, the order booking rate typically is half year cycle. Tulsibhai explained it how that is just differently in markets, India three months, China it is half a year, Europe it is typically a year, so yes we obviously do not have a full order booking for next year for China yet, but we know in what stage of the negotiation we are with the customer, and what I said in my opening remarks is in that sense the whole balance what we have in potentials, that we can close over the next couple of months, looks very promising. So, in that sense, we do not have any worries on the volume.

Mr.Suhas: Okay, and on the question on the cracks, I guess there have been too many questions asking on it, but how often do these occur and is that something you see it for other equipment suppliers as well?

Tulsi Tanti: Normally it is not occurring, but continuous basis we are normally observing all the turbines and blades and other things because based on some of the location and some of the wind turbulence and other things, sometimes it may affect some of the machines, so we have to do our periodical operation maintenance checking inspections, so it is you can say on the routine part of the process.

Mr.Suhas: Or rather, I mean because you know it should not clearly affect your future business.

Tulsi Tanti: No, no, no. it is a repairable problem. It is not an impact on the business plan.

Mr.Suhas: But there is a loss of production for the utilities also, right?

Tulsi Tanti: No, there is no...because this production is going on and the repairing work will be done, whatever is required, so it will not affect the production, supply, or business plan.

Mr.Suhas: Okay. Thank you very much.

Moderator: Thank you very much sir. Next we have Mr. Agarwal from Sundaram BNP Paribas.

Mr. Agarwal: Thank you sir. My question has been answered.

Tulsi Tanti: You are welcome.

Moderator: Thank you very much sir. Next we have Mr. Venkatesh from CitiGroup.

Mr. Venkatesh: Sir, what is your total debt at the end of the quarter and also what is the total receivables on a consolidated basis?

Kirti Vagadia: Net debt is Rs.2884 crores.

Mr. Venkatesh: Rs.2884 crores. This includes the FCCB?

Kirti Vagadia: Yes.

Mr. Venkatesh: And what is the receivable amount sir?

Kirti Vagadia: Wait for a minute, receivable is Rs.4474 crores.

Mr. Venkatesh: Sir, once again on that blades issue, when there is a problem when there is a crack with the particular blade, is it like it gets repaired or it gets completely replaced?

Tulsi Tanti: First of all, full chance of the repair is there, but based on the locations on the blades, if it is technically it is not repairable then only the replacement is there, but blade is composite material, so always it is repairable.

Mr. Venkatesh: No, because usually these blades would be made through castings right?

Tulsi Tanti: It is not casting, it is a composite material.

Mr. Venkatesh: Okay sir, thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Arun from Capital Market.

Mr. Arun: Hello, good evening sir.

Tulsi Tanti: Yes, very good evening.

Mr. Arun: I joined a bit late. The taxation has been strong, it has seen a sharp growth and is there any extraordinary thing is there actually, what about that Rs.48 crores or something you have discussed. Hello?

Tulsi Tanti: Regarding the taxation, the Rs.20 crores is earlier we have explained that for the US tax, and Rs.28 crores is the Brazil tax that is there.

Mr. Arun: Rs.28 crores Brazil tax. Hello?

Tulsi Tanti: Both these are one-time taxes.

Mr. Arun: One-time taxes, okay. Coming back to another extraordinary item of Rs.29 crores, US customs duty is for Rs.15 crores, is it not? What is the other one that Rs.14 crores?

Kirti Vagadia: Rs.14 crores is mainly increased project cost in India due to Maharashtra issue.

Mr. Arun: Pardon me, increase in?

Tulsi Tanti: Increase in the project cost, in particular in the crane cost in Maharashtra.

Mr. Arun: Yeah, restoration cost that is shifting of the thing.

Tulsi Tanti: Yeah.

Mr. Arun: Okay. Sir, the sales return, you have booked the sales return of Rs.97 crores or something no.

Kirti Vagadia: Correct.

Mr. Arun: Where it has been accounted actually?

Kirti Vagadia: Yeah, it is in our European subsidiary. It comes in a consolidated sales also as a sales data, so the sales number which you are seeing in my result is the net of that return.

Mr. Arun: Okay, sales is net of that one?

Tulsi Tanti: Yes.

Mr. Arun: Okay, thanks a lot sir.

Moderator: Thank you very much sir. Next we have Mr. Karthik from Sunidhi Securities.

Mr. Karthik: Sir, what is the average cost of debt you have?

Kirti Vagadia: FCCB is 0% and almost USD 500 million is FCCB. Rest is mainly for acquisition purpose, that is Euribor plus 125 to 150 basis points, so it is floating rate. At current Euribor, that comes to close to about 5.25%.

Mr. Karthik: And what do you see your debt to be as of March end sir, the net debt of the company?

Kirti Vagadia: It should be within this range only.

Mr. Karthik: Thank you.

Moderator: Thank you very much sir. Next is a followup from Mr. Manish of Wealth Managers.

Mr. Manish: Sir, just a followup question. The number which you gave for last quarter in terms of megawatt sale, you gave 339 megawatt, Q3 FY07 I am saying.

Tulsi Tanti: Yes, 339 MW

Mr. Manish: And on the other side you said 138 megawatt was the backlog from 545 MW, so that comes to 407 MW, so I was just not able to reconcile this.

Kirti Vagadia: No, 339 MW is Q3 last financial year.

Mr. Manish: Correct.

Tulsi Tanti: Q3 last financial year.

Mr. Manish: Q3 FY07, that is, financial year 07 so which ends on March 07 that was 339 MW, what is 138 MW megawatt backlog which you said?

Kirti Vagadia: 138 megawatt is the difference between Q2 this year and Q3 this year.

Mr. Manish: Okay, okay, sorry sir, that was one mistake. And the second one, the Hansen gearbox facility is available to Suzlon, on that can you throw some light?

Tulsi Tanti: We have started the delivery from Hansen and this financial year we are getting some supply from Hansen.

Mr. Manish: Some means, in terms of at least percentage if you can throw some light, on our percentage, means on 5700 when we will complete, which will be supplied through Hansen.

Tulsi Tanti: It is very difficult to give exact numbers, but very few percentage of the current financial year Hansen is giving to Suzlon.

Mr. Manish: Okay, and when will it be, means at any future time do we have an arrangement where it will be fully available to us or fully....

Tulsi Tanti: No, no, Hansen is already selling to other customers, so most of the capacity currently they are selling to others, but same point of time, the large expansion capacity is going on in India, this 5000 megawatt capacity by October 08, that capacity will start the production from India and out of that capacity, Suzlon will get more from that capacity and at the same point in October 08, China will start the production, so whatever the requirement for China also will be available from their capacity, so we do not see any difficulty for the next financial year for the gearbox.

Mr. Manish: Sir, China how much it will be, sir I missed that.

Tulsi Tanti: China capacity is 3000 megawatt.

Mr. Manish: For Hansen?

Tulsi Tanti: Hansen.

Mr. Manish: So, Hansen will go from 6000 megawatt plus 5000 MW in India plus 3000 MW in China?

Tulsi Tanti: 6600 megawatt in Belgium, 5000 megawatt is in India, and 3000 megawatt is in China, so total will be 14600 megawatt.

Mr. Manish: So, by FY10, we will more or less be fully from Hansen.

Tulsi Tanti: We are not saying like that because as per our strategy we will continue to take the supply from other supplier and some supply will come from the Hansen and at the same point Hansen will supply to Suzlon and REpower and at the same point they will supply to other customers also.

Mr. Manish: Sir currently what we take from Hansen and what is available from outside, what is cost difference right now?

Tulsi Tanti: It is very difficult, but it is not much difference is there.

Mr. Manish: Hansen will be more costly?

Tulsi Tanti: Premium products, so it may be 5% expensive.

Mr. Manish: Okay. Sir, one more question regarding the EPC revenue. Can you just give a figure what was the EPC revenue during the quarter?

Kirti Vagadia: I think we can provide later on. Right now, it is not available handy.

Mr. Manish: Okay sir.

Kirti Vagadia: Right.

Mr. Manish: Thank you sir.

Tulsi Tanti: You are welcome.

Moderator: Thank you very much sir. Next is a followup from Mr. Abishek Tyagi of CLSA.

Mr. Rajesh: Sir, Rajesh here. One question, you have shared the debtors on the consolidated level and you had shared an inventory number which was Rs.1454 crores, I believe that is only wind business. Can you give us the inventories of consolidated level?

Nishit Dave: Rajesh, that is actually the semi finished goods and work in progress, consolidated inventory, not the wind business.

Mr. Rajesh: Okay overall inventory, can you give it me for the consolidated business.

Kirti Vagadia: Rs.3939 crores.

Mr. Rajesh: Rs.3939 crores?

Kirti Vagadia: Correct.

Mr. Rajesh: And can you give separately both the debtors and inventory numbers for wind business alone?

Kirti Vagadia: We will provide it later on.

Mr. Rajesh: Okay. There is some confusion on the Italy you know the cancellation of order. Was the sales booked or not booked in the previous quarter?

Tulsi Tanti: Yeah, earlier we have revenue recognizes and supply already we have done.

Mr. Rajesh: Okay.

Tulsi Tanti: That we have done reversal in quarter three.

Mr. Rajesh: So, basically you had supplied, but because of installation problem, the customer was not able to accept the product.

Tulsi Tanti: He has accepted, that is not an issue, but he is not able to execute his project, so there is no sense to keep material there, we have taken back, and we have cancelled the order from our side and now within Italy we are giving this product to other customers.

Mr. Rajesh: Okay fine. So, that was a revenue which was recognized. Is there any impact of that revenue which has come in the current quarter or will it be done in that period itself?

Tulsi Tanti: No, Rajesh you are mixing two things. Earlier, we had revenue recognized in earlier two quarters, so we have booked the sales.

Mr. Rajesh: Okay.

Tulsi Tanti: Quarter three, we have reversed the sales.

Mr. Rajesh: Okay. So, there is a negative impact of that in Q3.

Tulsi Tanti: Yeah, it is already there.

Mr. Rajesh: Okay fine.

Tulsi Tanti: It is a net-off that is there. Now , Q4, we are offering to new customers.

Mr. Rajesh: Okay.

Tulsi Tanti: So, revenue will recognize in quarter four and at the same point we will get may be a better price also.

Mr. Rajesh: Okay, great. Thank you.

Moderator: Thank you very much sir. Next in line we have Mr. Charanjit Singh from HSBC Securities.

Charanjit Singh: Good afternoon sir. My question is on the margins. Generally what we have seen is the margins during the first nine months in the first quarter, the difference was roughly around 1% to 1.5%, so I believe this year will not be much different. Am I right in assuming that?

Tulsi Tanti: Sorry.

Charanjit Singh: The margins over the first nine months, the cumulative margins for the first nine months and one in Q4 may generally differ by 1% to 1.5%, so I hope this year also it will be the same.

Tulsi Tanti: We cannot tell like that.

Charanjit Singh: No because for the last two-three years, what we have seen is that whatever is the margin in the first nine months, the cumulative margins of the first nine months, Q4 is roughly 1% or 1.5% over it.

Tulsi Tanti: The earlier year and current year, the major one difference is the volume of Hansen is also taking a substantial growth. So, if you see the nine months, the margin of Hansen, 10% is there, so going forward in quarter four, that margin will be quite positive because volume is good plus there is an improvement in the price level also, so that will give the...some comfort area is there. Number two is the last year versus current year, the volume difference is also the key impact is there and because of that we believe there is a margin improvement which is possible in quarter four and also annual basis.

Charanjit Singh: But sir in the first nine months what we have seen is a decline in margin from 16.2% of the last full year to 12.7% for the first nine months. And if you look into the nine months data also, I think it nearly stands at the same position, so are you saying that quarter four you will be able to generate significant amount of sales so as to convert the revenue or so as to take the revenue from 12.7% to roughly around 16%, is that possible?

Kirti Vagadia: You can make your own estimate, you have historical data available, but unfortunately we will not be in a position to give you guidance on margin.

Charanjit Singh: Okay. Sir, if we talk of the next year sir, is it safe to assume that the margins for the next year will be at the level of this year only or do you see a slowdown in the margins for the next year?

Tulsi Tanti: We have to understand the dynamics of the business is very clear. If volume is increasing, the margin improvement opportunity always is higher because the fixed cost of this type of business is higher, so we are ramping the capacity, so naturally we will increase our volume in the next financial year also, so that will give good support in continuous basis.

Charanjit Singh: But you have seen increase in volumes for the current year also, but thereafter we have seen a decline in the margins.

Tulsi Tanti: Yeah I understand, but also some of exception cost is affecting also of the certain conditions like Maharashtra this year affected 2.5% due to the custom, another is some tax issues, so lot of things unforeseen is coming out, so it is one of the cost impact that is also affecting and if that is not that type of situation will occur, then it is a good opportunity for the margin improvement.

Charanjit Singh: Talking about US and Brazil, it was not made a pass-through to the customers in the purchase agreement.

Tulsi Tanti: It is a corporate tax.

Charanjit Singh: Okay. You said one time, so I was just wondering that

Tulsi Tanti: It is a one-time impact.

Charanjit Singh: Can you just please elaborate on this, how it is going to be a one-time event.

Tulsi Tanti: Yeah, quickly we will explain. Rs.20 crores in USA and Rs.28 crores in Brazil. Kirti?

Kirti Vagadia: Yeah, see in USA in past we incurred certain loss. We believe that this loss will be absorbed against future project. Since we are not in a position to do that in the current year, we have reversed that deferred tax asset of about Rs.20 crores, so that is one item. This Rs.28 crores in Brazil, is basically there are two different subsidiaries, one in Brazil and one in Denmark. Denmark is a parent company of Brazil. Now in Brazilian currency, we have certain sales. For that, we made forward booking in Denmark banks. Now, this Denmark bank, due to Brazilian currency appreciation; in Denmark we have a loss, but in Brazil we have a profit. So, Brazil profit is taxable whereas in Denmark the loss on account of currency is not deductible expenditure. So, at organization consolidated level, we are losing about Rs.28 crores on account of taxation.

Kirti Vagadia: Clear now?

Charanjit Singh: Okay. One more question. Hello?

Kirti Vagadia: Yeah, yeah, please carry on.

Chiranjit Singh: Can you please let me know what is the debt/equity ratio as of now?

Kirti Vagadia: 0.39.

Tulsi Tanti: 0.39.

Charanjit Singh: Okay. Thank you very much.

Tulsi Tanti: You are welcome.

Moderator: Thank you very much sir. Next is a followup from Ms. Shilpa Krishnan of JPMorgan.

Shilpa Krishnan: Yeah, good afternoon once again. Sir, could you please tell us when these cracks in the US turbines were first discovered and at what point of time did you make a decision to make provisions on account of these cracks?

Andre Horbach: We discovered these cracks I believe not before the last two months, or end of the last month (December, 07) and we decided to make provision for this.

Shilpa Krishnan: Okay. Could you also clarify if these cracks are on 34 blades or on 35 turbines?

Andre Horbach: Yeah, on 34 blades.

Shilpa Krishnan: 34 blades, okay. And sir, are you also in a position to assure investors and analysts that you do not see foresee any further provisions on account of these cracks?

Andre Horbach: We cannot foresee that at this point in time because we also said that our technologists are investigating the root cause of this problem and until we have identified that, we are taking at this point in time the replacement action.

Shilpa Krishnan: Okay, fine. And sir secondly on the question of the nacelle, you know if you could just help me with the maths, 2.5% is Rs.15 crores, so that means that value of the nacelle that you have shipped to the US is Rs.600 crores. Now although you do not have the value of the nacelle ready, even if nacelle were to account for 25% of an average WTG, it means it implies Rs.2400 crores of total sales, so you know there seems to be some disconnect in the maths; is it over two quarters or is it over one quarter?

Kirti Vagadia: Shilpa, it is on nacelle received at US port, so maths will not work in that fashion for the sales revenue we are recognizing on complete nacelle tower and rotor which has already been discussed by Suzlon, so this Rs.15 crores is mainly in respect of nacelle received during quarter at US port.

Shilpa Krishnan: Agreed sir. Now, for Rs.15 crores is on account of the nacelles received at the US port and that Rs.15 crores corresponds at 2.5%, is that part right?

Kirti Vagadia: Sorry, I missed it.

Shilpa Krishnan: This is on account of the nacelles received at US port.

Kirti Vagadia: Correct.

Shilpa Krishnan: And that Rs.15 crores of extra duty that you have to pay is 2.5% of the nacelles received at US port.

Kirti Vagadia: Correct, correct.

Shilpa Krishnan: So, total nacelles received at US port is around Rs.600 crores.

Kirti Vagadia: Yes.

Shilpa Krishnan: Right. So, that implies that you know you obviously have local rotor blade production and you know you might be importing tower from elsewhere, etc. So, that implies that even if the nacelles received at

US port were to account for 25% of the overall, you know the overall value of the delivery, it implies of Rs.2400 crores of deliveries in the USA.

Tulsi Tanti: You are calculating total supplies, out of that 35% is the nacelle value, am I right?

Shilpa Krishnan: Based on 25% sir.

Tulsi Tanti: But we are not able to share with you the amount, but 35% is extremely low.

Shilpa Krishnan: Okay, fine, got it. Sir, also one small clarification. Was this amount only for the December quarter or was it for September quarter as well. This amount of Rs.15 crores was only for the December quarter?

Kirti Vagadia: Yeah, it is for December quarter.

Shilpa Krishnan: And there would have been something for the September quarter as well, right?

Kirti Vagadia: Yeah, but that was negligible amount.

Shilpa Krishnan: I see. Okay sir, thank you so much.

Moderator: Thank you very much maa'm. Next is a followup from Mr. Sachin Trivedi of UTI Mutual Fund.

Sachin Trivedi: Hello.

Tulsi Tanti: Hello.

Sachin Trivedi: Yeah, sir just if you can share us with the absolute amount of gross margin that we enjoy on our turbine?

Kirti Vagadia: It is per megawatt or what?

Sachin Trivedi: Per megawatt, gross margin.

Kirti Vagadia: Gross margin for megawatt during this quarter has been Rs.1.45 crores.

Sachin Trivedi: And what was it last quarter or may be last year also, how has it moved, I just wanted to check. Hello?

Kirti Vagadia: Yeah, last year, it was Rs.1.67 crores.

Sachin Trivedi: Rs.1.67 crores. Okay sir next question is regarding... we have been ramping up in the number of people, so has that got over or still we are doing that, for Hansen and for our other expansion plans?

Tulsi Tanti: We are increasing the production capacity of Hansen, REpower, Suzlon. We have to simultaneously increase our manpower requirement.

Sachin Trivedi: Okay. So, it will continue may be even next year.

Tulsi Tanti: As far as we continue to do expansion of the production base, also on a continuous basis we require for operation and maintenance.

Sachin Trivedi: Okay, okay sir, fine, thanks.

Moderator: Thank you very much sir.

Kirti Vagadia: Moderator, we will be in a position to take only last question because we have some commitment at 5 o'clock.

Moderator: Sure sir. We will take the last question from Mr. Deepak of Future Capital.

Mr. Deepak: Hello.

Tulsi Tanti: Yes.

Mr. Deepak: Sir, do we enjoy any tax benefits in US and China manufacturing unit?

Tulsi Tanti: Yes.

Mr. Deepak: Could you quantify that?

Kirti Vagadia: We are not enjoying any tax benefit in federal tax in US, but in China definitively we are enjoying benefits.

Mr. Deepak: So, on a consolidated level, because of Hansen, REpower, and manufacturing units out of India, our effective tax is to go up?

Kirti Vagadia: No, I think it will go down. In future, our manufacturing units are coming up in SEZ where we are not subject to even minimum alternate tax, so it should go down.

Mr. Deepak: Okay, thanks.

Moderator: Thank you very much sir. At this moment, I would like to hand over the floor back to Mr. Tulsi Tanti for final remarks.

Tulsi Tanti: Thank you very much. We have tried our level best to satisfy all the queries and all the questions and we are looking at very good, long term good future in the industry. Thank you very much. Thanks a lot.

Moderator: Ladies and gentleman, thank you for choosing WebEx conferencing service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines.