

Suzlon Energy Limited
Quarter Two Earnings Conference Call – Financial Year 2008-2009
October 31, 2008

Moderator: Good afternoon ladies and gentlemen. I am Sandhya, the moderator for this conference. Welcome to the Suzlon quarter two earnings announcement conference call. For the duration of the presentation, all participants' lines will be in the listen-only mode. After the presentation, the question and answer session will be conducted for participants connected to WebEx International. After that, the question and answer session will be conducted for participants in India. Now, I would like to hand over to Mr. Tulsi Tanti. Thank you and over to you sir.

Mr. Tulsi Tanti: Thanks Sandhya. Dear friends, welcome to investor call for the H1 financial year 09. I have with me Mr. Sumant Sinha, COO of the Company, Kirti Vagadia, CFO of the Company, and later on CEO, Mr. Toine Van Megen will join because currently he is traveling to Australia. Once he is landed, then he will join. We live in challenging times with a rapid global inflation followed by the rapid recessionary pressures, the financial crisis, and the high-profile corporate failures. Volatility in the commodity price and the foreign exchange rate has made profitable and sustainable management of the business a very complex task. Renewable energy sector, especially wind energy, has been relatively protected from the financial crisis and credit crunch that has affected many other sectors very adversely. However, it is also not immune to long term trend in the global economies. The fact that today there is a broad-base support for increasing the penetrations of the renewable power generation with deeper, more structured market for both the project and electricity give us a confidence that the wind power sector will continue to flourish in the long term. However, due to the current global financial situation, the growth rate may be tampered in short to medium terms. As a fast growing company with a large investment in manufacturing capacity and technical capabilities, balancing of the growth and profitability targets while managing the high degree of risk have become a matter of the prime concern in today's environment. As an organization, we had a good record of the industry's leading growth while our profitability has had a significant impact for the higher complexity rising from the geographic expansion and the cost linked to the investment in capability enhancement. In the course of our journey from the local manufacture to a truly global player, we have achieved some significant milestones and brilliant success. On the other hand, there have been certain events that have drawn our attention to the need for consistently fulfilling the expectation of our customers, investors, and other stakeholders. We are committed

as an organization to overcome these hurdles in the best possible manner to provide the highest level of satisfaction and comfort to our customers and investors without compromising and have been proactively and transparently providing information about our challenge and the effort made to survive them. At the same time, we also have maintained certain level of confidentiality with the matter related to our customers and business associates, so that their interests are not compromised. Now, I am handing over to Mr. Sumant Sinha.

Mr. Sumant Sinha: Thank you. Hello everybody. I will talk a little bit about the financial results of the Company and a little bit about the outlook going forward. During the second quarter of this financial year, we achieved a growth of 33% in sales turnover at rupees 4,182 crores on the basis of a 25% improvement in sales realization and a 6% improvement in megawatt volumes over the same quarter in FY08. During the quarter, we also recorded sales of 727.2 megawatts comprising of India volumes of 204.9 megawatts and international volumes of 522.3 megawatts. Of this, sales to the US accounted for 317 megawatts making it in fact the largest market for us this quarter. We also recorded sales of 54 megawatts in China on the easing of the credit crunch situation faced by some of the customers there. In terms of growth profit, we have improved the growth profit per megawatt from rupees 1.49 crores in H1 FY08 to rupees 1.90 crores in this H1 of this financial year by keeping cost at a stable number of 68% of sales. This was in spite of a steep increase in commodity prices in the recent past. It is important to note that over the short term sales realization and growth profit per megawatt can fluctuate significantly due to leading or lagging recognition of project revenues. We expect to benefit from foreign commodity prices to a significant extent in the next fiscal year going to our tying up supplies two quarters in advance. Staff cost has doubled to rupees 234 crores in Q2 FY09 against rupees 117 crores in Q2 FY08 due to fresh recruitments for expanded manufacturing capacities. In terms of ratio to sales, staff cost increased from 4.9% to 6.9% from H1 FY08 to H1 FY09. Other expenses increased from 12.8% of sales in H1 FY08 to 13.9% of sales in H1 FY09. This increase is mainly due to the sudden spike in freight cost because of oil price increases as well as the lack of availability of ships. As compared to H1 FY08, H1 FY09 had a higher proportion of export volumes leading therefore also to disproportionate rise in the freight cost. Going forward, we can expect some relaxation in the freight cost owing to the recent drop in oil prices and shipping rates to be realized over the next two quarters. As a consequence to the above, the EBTDA for H1 FY09 has reduced to 11.4% against 14.4% for H1 FY08. However, on a per megawatt basis, we have been able to maintain the same level as last year at 67 lakhs per megawatt due to the improvement in our sales realization. Moving on, we have successfully started manufacturing operations at our

manufacturing units located within the special economic zones in H1FY09. These facilities comprise of 3000 megawatt integrated wind turbine manufacturing capacity, 70,000 tons per annum forging and machining unit, and 120,000 tons per annum foundry and machining unit. The forging and foundry capacities have been set up under our subsidiary SE Forge Limited while the other capacities have been set up on the other wholly owned manufacturing subsidiaries. The commencement of capacity utilization has resulted in a higher depreciation charge at rupees 111 crores for this previous half against 71 crores in H1 of FY08. The new manufacturing unit for generators and the forging unit, part of the expanded capacity are expected to commence operations from Q3 of this financial year. During the last half, we have recorded a significant but notional mark-to-market loss of 343 crores on the US dollar 500 million foreign currency convertible bonds outstanding against the gain of 28 crores on the same item in the first half of FY08. The maturity dates for these bonds fall in June and October 2012. The proceeds of these zero coupon bonds have been utilized to repay interest-bearing loans for acquisition of REpower Systems. This mark-to-market loss has been treated as an exceptional item. We have some other exceptional items totalling 165 crores for H1 FY09 which comprise of mark-to-market losses on foreign exchange forward and hedging contract at rupees 91 crores and WTG restoration and consequential generation/availability charges of rupees 74 crores. The Company continues to believe that these expenses are exceptional and notional or not recurring over the long term. We also expect to resolve the issue of availability charges on account of the blade cracking problem within a short span of time on the basis of progress achieved in the blades replacement, the root cause analysis, and the retrofit exercises that are currently underway in the US. Other income from H1 FY09 stood at rupees 59 crores against rupees 79 crores in H1 FY08. The loss before tax for the wind business stood at rupees 58 crores for H1 FY09 against profit before tax of rupees 509 crores for H1 FY08. If the notional loss on account of the mark to market of FCCBs liability is added back, the net profit for H1 FY09 as per the above stands at rupees 219 crores against rupees 453 crores in H1 FY08. The order book as on 29th October 2008 stood at 2,505 megawatts or 14052 crores for the wind turbine business. This comprises of 236 megawatts for domestic business and 2,269 megawatts for the international business. This position does not include the order books of Hansen Transmissions or REpower Systems, for which details are available separately. Further, the Company has now embarked on the component sales business for which the order book stands at an additional rupees 1080 crores. The Company appreciates that the current order book position is significantly lower than the position at the same point of time last year, and we will make every effort to ensure that proper visibility in terms of orders have established at the earliest possible. At the same time, the Company expects a very

significant growth in its component sales business on the basis of synergies established across the spectrum of its activities. As mentioned earlier, we have been able to successfully commence operations in new manufacturing capacities being set up in India according to the time table communicated earlier. The balance plants and facilities are coming up as per schedule, and we are confident of achieving full capacity by March 2009. We have already started manufacture of wind turbines, nacelles, rotor blades, other components and forgings. Hansen Transmission has also commenced manufacturing operations at its new plant in Coimbatore, India. We are comfortably placed in terms of availability of funding and cash flows for the capital expenditure as well as operational requirements and would like to allay any concerns that the investors might have in this regard. As you are aware, we have recently received equity funding from IDFC Limited into SE Forge Limited, our forging and foundry subsidiary even before its commencement of operations. We have raised rupees 400 crores with a dilution of 17% which has unlocked significant value for our shareholders and demonstrated confidence in our technological and management capabilities. Similarly, we have also completed the root cause analysis of the blade cracking problem, the outcome of which is according to our expectations. The retrofit exercise for V2 S88 blades is being started and is expected to be complete by May 2009. As part of our ongoing technology development plan, we have designed and released a further improved version, the V3 of the S88 turbine, which is performing exceptionally well in places such as Australia and Portugal where it has been already installed since some time in terms of its appearance to power curve, machine availability, and blade performance. The blade design of the V3 has been reevaluated following the problems with the V2 and has been found to be satisfactory in terms of all the requisite parameters. On the basis of the aforesaid developments, we expect to garner renewed support in the wind power market and are confident therefore of demonstrating good work, good order book growth and visibility in the months to come. We would now like to throw the floor open for your questions please.

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

International Moderator: Thank you moderator. We will now begin the Q&A session for participants connected to the WebEx International Bridge. Please press *1 to ask a question. Your first question comes from the line of Mr. Robin Charles with RBS.

Mr. Robin Charles: Hi there. Thank you very much for the presentation. Can you hear me?

Mr. Sumant Sinha: Yes.

Mr. Robin Charles: Great. A couple of questions. I am interested to see where you are with your CAPEX spending. It seems as though a number of the projects are drawing to a close. Can you give me some guidance on what you expect the capital expenditure number to be for this year and what you expect it to be for next year?

Mr. Sumant Sinha: Yeah, just one second, Kirti Vagadia, our CFO will answer the question.

Mr. Kirti Vagadia: Yeah, please hold for a minute. CAPEX as we are anticipating about 973 crore to be invested in H2 of this financial year. For next financial year, we have not yet prepared any CAPEX budget. So, it will be premature to say it right now. You might have noticed that we have already announced to stock exchange that Board of Directors yesterday have decided not to go ahead with one tower manufacturing facility which was planned earlier. So, there is a reduction in already approved CAPEX by 669 crore.

Mr. Robin Charles: Okay. And what was the CAPEX number for H1?

Mr. Kirti Vagadia: Till H1, the CAPEX totally invested was 1259 crores. I don't have separate number for H1, but it is till 30th September 08, 1259 crores, so part of that might have been invested in last financial year as well.

Mr. Robin Charles: Okay. Thanks for that. In terms of the order book, have any other orders been canceled other than the Edison order that was cancelled earlier in the year or is that still the only one?

Mr. Tulsi Tanti: No, there is no any order cancellation except the earlier which we have announced of the Edison order only. There is no other order, any cancellation is there.

Mr. Robin Charles: Okay. Thanks for that. I guess that our FX number also sticks out of the fairly big one, do you have any hedging in place for your foreign exchange or are you going to put any hedging in place to cover that?

Mr. Kirti Vagadia: Hedging in respect of normal sales purchase transaction or what you are talking about? We do have active treasury in place and they are doing hedging for our exposure on budgeted exposure basis.

Mr. Robin Charles: Okay. I guess I am looking at this mark-to-market losses on the foreign exchange....

Mr. Kirti Vagadia: Yeah.

Mr. Robin Charles: ...on the zero coupons. Do you have a natural hedge in your business which means that you obviously don't hedge that exposure or you are actually going to hedge that because I guess with the share price values and I appreciate it is a long way to go, but the conversion of that FCCB is looking...those FCCB is looking less likely.

Mr. Kirti Vagadia: Yeah, on FCCB, we have relied on our natural hedge because our 70% to 75% of volume is coming from international market, that is one and secondly the proceeds of FCCB have been used in acquiring the assets mainly in Europe, Hansen and REpower, so basically all assets in which they are invested are sitting in foreign currency only.

Mr. Robin Charles: Okay, thank you. And last, I will just put a question on your EBITDA margins. It looks that they have come down quite a bit, specifically in the second quarter. Can you run me through why that is again?

Mr. Sumant Sinha: Yeah, actually, you know, one of the reasons is that some of our costs have gone up, a couple of them being logistics and freight cost and because of the fact that...we just mentioned the fact that shipping cost went up, oil prices went up, and so, but also because a lot of our orders were in fact in the international markets in that particular quarter, and that is one reason. The second was as we said also that our employee cost and so on went up quite a bit in preparation of our increased capacity which is to come on stream fairly quickly now. So, the result of some of those factors, in fact, our EBITDA margin, actually some of our costs went up and therefore the EBITDA margin actually fell, but, you know, one thing I would encourage you to look at is really focus maybe on half on half comparison as opposed to Q-on-Q comparison because there tends to be some degree of lumpiness in the way we service our orders and so that does begin to impact quarter-on-quarter numbers. So, I think, you know, looking at maybe half-on-half numbers gives a little bit of a better operating picture

Mr. Robin Charles: Okay. So, can you run me through the last for those three reasons. You say in advance of new orders coming up, what was the last one?

Mr. Sumant Sinha: No, no, no, the reason is that, you see, we have new capacities coming on stream and in preparation for the new capacity, we have hired people.

Mr. Robin Charles: Okay.

Mr. Sumant Sinha: We have started to incur some of the costs against those new facilities, but the production hasn't actually yet begun or it is just

about started now and also in the other, sort of in our markets you have to hire more people to service the higher volume going forward. So, as a result of that, some of the costs have gone up, but the volumes will start kicking in only in the second half.

Mr. Robin Charles: Okay, understood. Thank you very much.

International
Moderator:

Your next question comes from the line of Lori Woodland from Ferox Capital.

Ms. Lori Woodland: Hello. Could we talk a little bit about the Company's liquidity in terms of how much cash you have on hand at this point and how much debt you have maturing over the next year?

Mr. Tulsi Tanti: Yes.

Mr. Kirti Vagadia: At a group level, we have cash of about 3,600 crore...

Ms. Lori Woodland: Okay.

Mr. Kirti Vagadia: ...on September 08. That includes...

Ms. Lori Woodland: I am sorry, is that as of September 30th?

Mr. Kirti Vagadia: Yeah, as of September 30th at a group level.

Ms. Lori Woodland: Okay. Thank you. And what about debt maturities over the next year?

Mr. Kirti Vagadia: Sorry...

Nishit Dave: Repayment.

Mr. Kirti Vagadia: Repayment obligation, my repayment obligation in the current year is closer to about 1100 crores and in next three years, every year we have long-term loan repayment obligation of about 1,000 crores...

Ms. Lori Woodland: Okay.

Mr. Kirti Vagadia: ...per annum. 1,000 crores per annum for the next three years.

Ms. Lori Woodland: Okay. Thank you very much.

International
Moderator:

Your next question comes from the line of Gautam Chhaochharia with Deutsche Bank.

Mr. Gautam
Chhaochharia:

Yeah. Hello Mr. Tanti, hello Mr. Vagadia.

Mr. Tulsi Tanti: Yeah, hello.

Mr. Kirti Vagadia: Hello.

Mr. Gautam
Chhaochharia: Yeah. I had a question on the...when you said cash level of 3,600 crores at the group level, how much is at Suzlon parent or excluding REpower and Hansen?

Mr. Kirti Vagadia: Yeah, it is closer to about 1400 crore.

Mr. Gautam
Chhaochharia: Okay. And this CAPEX program of 970 crores remaining in second half, this is only for Suzlon or this includes REpower and Hansen?

Mr. Kirti Vagadia: It is Suzlon only.

Mr. Gautam
Chhaochharia: Okay. So, this 970 crores will take care of the current plan expansion of capacity as well as the forging capacity, so there is no more...

Mr. Kirti Vagadia: No, I think...

Mr. Gautam
Chhaochharia: As of now, no other...

Mr. Kirti Vagadia: Let me explain to you that as far as CAPEX is concerned, my loan is already sanction for Rs.1200 crore which needs to be dispersed in this quarter and we got Rs.400 crore from IDFC private equity. So, about Rs.1600 crore is coming against that.

Mr. Gautam
Chhaochharia: So, this 400 crore has not come in as of now?

Mr. Kirti Vagadia: No, 400 has already come by this date.

Mr. Gautam
Chhaochharia: So, 400 is already reflected in that 1400 crore in the cash number.

Mr. Kirti Vagadia: Sorry...no, 400 has come after September.

Mr. Gautam
Chhaochharia: After September?

Mr. Kirti Vagadia: Correct.

Mr. Gautam

Chhaochharia: Okay, so 400 after September and 1200 crore more you can draw down from local bank for the CAPEX program.

Mr. Kirti Vagadia: Yeah. Those loans are already sanctioned.

Mr. Gautam
Chhaochharia: Sanctioned, okay, okay. But whatever CAPEX plan we had outlined in terms of capacity expansion, that will be taken care of in this CAPEX number, FY10 will be anything which is new, not what you have outlined earlier?

Mr. Kirti Vagadia: No, I don't think in FY10 other than maintenance CAPEX, right now we cannot predict anything major.

Mr. Gautam
Chhaochharia: Okay. That's what, okay. And in terms of your debt liability of 1,000 crore every year, 1,100 crore every year, this covers the acquisition debt for REpower?

Mr. Kirti Vagadia: Yes, everything.

Mr. Gautam
Chhaochharia: Okay. And the extra 275 million Euros which you have to pay for Martifer, that also will be included in this debt or that you might raise again?

Mr. Kirti Vagadia: No, see on Martifer, definitely we need to discuss it separately. Right now, as we explained that we are in negotiation with Martifer. So, right now, we will not be making any comment on Martifer-related things.

Mr. Gautam
Chhaochharia: Okay.

Mr. Kirti Vagadia: So, that we will discuss separately.

Mr. Gautam
Chhaochharia: Okay. And what is the debt number outstanding as of September 30th, both for Suzlon as well as on a consolidated basis?

Mr. Kirti Vagadia: Yeah, group level is closer to 8,400 and Suzlon level closer to about 8,900.

Mr. Gautam
Chhaochharia: And this is net or gross?

Mr. Kirti Vagadia: Net debt.

Mr. Gautam
Chhaochharia: Okay. And in terms of working capital, how has that moved for September 30th?

Mr. Kirti Vagadia: Sorry.

Mr. Gautam
Chhaochharia: Working capital numbers for September 30th?

Mr. Kirti Vagadia: Working capital numbers are almost flat.

Mr. Gautam
Chhaochharia: From?

Mr. Kirti Vagadia: From June level, they are almost flat.

Mr. Gautam
Chhaochharia: Okay. And in terms of order flow outlook, since we haven't seen any significant order flows over the last month or so, what is the outlook there over the next quarter or the next couple of quarters, anything which you are negotiating right now, anything significant?

Mr. Sumant Sinha: No, there are quite a few discussions going on Gautam at this point in time with various customers in different parts of the world.

Mr. Gautam
Chhaochharia: Yeah.

Mr. Sumant Sinha: You know, when we convert any of those into firm orders which we are hopeful of doing shortly, then we should announce them for the public.

Mr. Gautam
Chhaochharia: Okay. Thank you.

Mr. Sumant Sinha: Thanks.

Mr. Kirti Vagadia: Welcome.

International
Moderator: Your next question comes from the line of Mr. Prasad.

Mr. Prasad: Hello there. Just wanted to know on the FCCB. How much is the FCCB outstanding on both the issues, 300 and 200?

Mr. Kirti Vagadia: Entire is outstanding basically, entire FCCB is outstanding.

Mr. Prasad: Entire FCCB, okay.

Mr. Kirti Vagadia: Yeah, Indian FCCBs are typically for 5 year 1 day because of ECB guidelines.

Mr. Prasad: Sure.

Mr. Kirti Vagadia: So, that is maturing in June and October 2012.

Mr.Prasad: Okay. I just got a bit confused about your debt profile. You said you got right now 1150 crores as of date, isn't it?

Nishit Dave: No, no, no, that 1105 crores is repayment of outstanding debt for the second half of the year.

Mr.Prasad: Okay. Okay, so you got 8,900 as a debt, net debt at the standalone level.

Nishit Dave: Yeah.

Mr. Kirti Vagadia: Yeah, net debt.

Mr.Prasad: Okay, okay. And what is the...does that include FCCB as well?

Mr. Kirti Vagadia: Yeah, that includes FCCB, acquisition loan, working capital, everything.

Mr.Prasad: Okay. What part of this is the short term and what part is the long term?

Mr. Kirti Vagadia: Okay. Can we give you this detail a little later offline?

Mr.Prasad: Okay, no problem. I just wanted to know, I mean to see the debt cost going up over the quarters, debt service cost.

Mr. Kirti Vagadia: Yeah, debt service cost has gone up because the working capital interest rate has gone high...

Mr.Prasad: Okay.

Mr. Kirti Vagadia: ...and rate of exchange also has gone up...

Mr.Prasad: Okay.

Mr. Kirti Vagadia: ...so far as Euro rates are concerned.

Male Speaker: Okay. And at the cash position, you said 3,600 crore is at the group level, isn't it?

Mr. Kirti Vagadia: Sorry....

Mr. Sumant Sinha: Yeah.

Mr.Prasad: Could you give me an idea about what is at standalone level, the cash position as on 30th September?

Mr. Kirti Vagadia: Yeah, it is closer to about 1,400 crores.

Mr. Tulsi Tanti: Suzlon level.

Mr.Prasad: 1,400.

Mr. Kirti Vagadia: Correct.

Mr.Prasad: At the Suzlon level.

Mr. Kirti Vagadia: Correct.

Mr.Prasad: Is it possible for you to give the details about your order book for REpower which you haven't disclosed, I mean, I don't know, can you give it in this conference call?

Mr. Tulsi Tanti: No, that is not possible, but already they have released the press release, so that information is available.

Mr.Prasad: Okay, right. And if I am not mistaken, about 70% of your volume is coming from, I mean your revenue is coming from abroad, is it, is that right?

Mr. Tulsi Tanti: Correct.

Mr.Prasad: Okay. So, what you think, I mean the main market, is it US market or the European market?

Mr. Kirti Vagadia: Yeah, it is US, Europe, China.

Mr.Prasad: Is it possible for you to give the geographical breakup where....

Mr. Kirti Vagadia: You wanted geographical breakup of sales or you wanted geographical breakup of order backlog?

Male Speaker: For the revenue, at the group level.

Mr. Kirti Vagadia: Group level of revenue, okay.

Mr. Sumant Sinha: Group level including REpower and Hansen, we can't give you.

Mr. Kirti Vagadia: REpower and Hansen...

Mr.Prasad: Okay, that is fine. Okay, then you can give me for only standalone Suzlon if it is possible.

Mr. Kirti Vagadia: Okay. H1, India was about 351 megawatt, China about 74 megawatt, USA is about 380 megawatt.

Mr.Prasad: Okay.

Mr. Kirti Vagadia: Rest of world is 128 megawatts and ANZ is 132 megawatts.

Mr.Prasad: Okay. India and US becomes your major, isn't it?

Mr. Kirti Vagadia: Correct.

Mr.Prasad: Right. Have you set up any rupee targets for all these markets, especially for US, do you see the rupee going down, have you got any target for the rupee to hedge your positions?

Mr. Kirti Vagadia: No, our hedging is normally done on annual budget basis...

Mr.Prasad: Right.

Mr. Kirti Vagadia: ...and currently we are having total hedging on export current closure to about 50% of our annual target.

Mr.Prasad: Okay. And I can guess from your till now discussions that you got everything set up to support your CAPEX of this year, you got loan from the IDFC which is 1200 crores and you already got 400 from the local banks.

Mr. Sumant Sinha: No, no, you got it just the reverse, it is 400 crores from IDFC on an equity basis, private equity basis and 1200 crores term loan from domestic banks.

Mr.Prasad: And what is the debt service cost on that?

Mr. Kirti Vagadia: See, they are a mix of foreign currency loan and rupee loan. The foreign currency loan will be closer to LIBOR plus 400 basis points and rupee cost will be closer to about 12%.

Mr.Prasad: Is it possible for you to tell how much, from 1200 crores, how much is the foreign currency and how much is the rupee?

Mr. Kirti Vagadia: Foreign currency would be closer to about 65% to 70%.

Mr.Prasad: 65% to 70%.

Mr. Kirti Vagadia: That's right.

Mr.Prasad: Is that ECB or...

Mr. Kirti Vagadia: See basically our units are coming up in SEZ units. They are eligible for finance from OBU of banks, which is overseas banking unit.

Mr.Prasad: Okay.

Mr. Kirti Vagadia: So, that is why it is in foreign currency.

Mr.Prasad: Sure. And what is the cost on your rupee part, which is the remaining 30%?

Mr. Kirti Vagadia: Rupee part, I have told 12%.

Mr.Prasad: 12%, okay.

Mr. Kirti Vagadia: 12%, about 30% to 35% is loan in rupee.

Mr.Prasad: Right. And long-term maturities, about five years?

Mr. Kirti Vagadia: Yeah, maturities ranging from five to seven years.

Mr.Prasad: Okay. And are you...okay, so just trying to understand this market, you know, you got this order book which is shrinking and you got this loan payment happening with this 1200 crore which you will get soon. Do you see yourself paying this kind of interest on these loans?

Mr. Kirti Vagadia: Sorry....

Mr.Prasad: We can see that, you know, your order book is either less or just to matching the loan positions.

Mr. Sumant Sinha: No, I think that...no, no, I think that if you look at our interest cover ratios, I think it is fairly comfortable even on a standalone basis.

Mr.Prasad: Okay.

Mr. Sumant Sinha: If you look at the first half, our EBITDA to interest coverage, it is about more than three times. So, I don't see any interest servicing issues and if you look at our order book, at least for the near future it is fairly strong.

Mr.Prasad: Okay.

Mr. Sumant Sinha: So, that gives us a little bit of leeway and room to, you know, increase the size of the order book as we go forward.

Mr.Prasad: Yeah. Do you see maybe pressures coming from Chinese market because of the cost cut happening there or maybe the increase in the raw material prices?

Mr. Tulsi Tanti: Sorry...

Mr.Prasad: Do you see pressures coming from the Chinese market because you have been also expanding in that market?

Mr. Tulsi Tanti: Yean, in the China market, we have a China business independently and we have a full-fledge manufacturing facility including most of the component we are manufacturing. Only Hansen will start by March 09.

Mr.Prasad: Okay.

Mr. Tulsi Tanti: So, we are becoming a truly localized company with our own technology. So, we see the competitive situations are there with us in our inhouse production in China.

Mr.Prasad: Thank you so much for taking my call.

Mr. Tulsi Tanti: You're welcome.

International Moderator: At this moment, there are no further questions from the participants at the WebEx International Center. I would like to hand over the proceedings back to the India moderator.

Moderator: Thank you very much. We will now begin the Q&A interactive session for India participants. Participants who wish to ask questions, 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 a question. To ask a question, kindly press *1 now. First question comes from Mr. Ravindranath from Systematix. Over to you sir.

Mr. Ravindranath: Good afternoon sir. Thank you for taking my call. I want to know why there is a discrepancy in reporting in this quarter as compared to last quarter?

Mr. Sumant Sinha: What is the discrepancy?

Mr. Ravindranath: Discrepancy in the sense that you have...you are including Hansen numbers in the quarter, so what is the reason for that, can you please highlight on that.

Mr. Kirti Vagadia: Okay. See basically there is some conflicting legal requirement in India and Germany that has compelled us to do our reporting in this manner. In India, clause 49 requires...41 requires us to report consolidated result of all major subsidiaries. Now, after we acquired stake from Areva, we are....REpower is technically according to Indian definition is our subsidiary.

Mr. Ravindranath: Okay.

Mr. Kirti Vagadia: And we need to consolidate their accounts.

Mr. Ravindranath: Okay.

Mr. Kirti Vagadia: But since German regulation does not allow us to have detailed accounts of REpower till the time we have domination agreement registered, we have...

Mr. Ravindranath: No, my concern is regarding why you have not included Hansen numbers?

Mr. Kirti Vagadia: No, no, no, I am coming on that.

Mr. Ravindranath: Okay.

Mr. Kirti Vagadia: See, that is why I have to exclude REpower separately and since Hansen numbers are already available and Hansen is a separate segment, legally as far as section 40 or clause 41, I can't do selective consolidation...

Mr. Ravindranath: Okay.

Mr. Kirti Vagadia: ...and that is why we have gone for a wind consolidation separately which is something which we were giving to all our investors separately in our presentation and Hansen numbers are already available separately because that is a listed company independently on London Stock Exchange. Same way, REpower numbers are already available to all investors separately.

Mr. Ravindranath: Okay, okay, okay. Sir, regarding this order book, the order book if we consider from the last quarter, it has come down from 16,491 crore to 14,052 crore and in contrast to that, if we see your subsidiaries, particularly REpower and Hansen, they are growing very fast and also you have last two to three conference calls, you were maintaining that the growth of Suzlon as compared to the industry growth would be robust, but considering all the situations, the development in the order book front, what is your outlook on the revenue front going forward in the long-term basis, can you revise your outlook for that?

Mr. Sumant Sinha: Well, I think the point that you are making is quite valid. I think we have not performed on our order book as we probably should have from a Suzlon standalone standpoint. I think going forward we have a fairly wide pipeline of discussions going on with a number of different customers. We are hopeful of closing some of these going forward.

Mr. Ravindranath: Okay.

Mr. Sumant Sinha: I think if you look at our already existing order book, some of that will get serviced in the next six months and the balance will get carried over. So, I think in the near term, we don't have any specific issues with respect to not having capacity, not having production. So, I think that is not an issue. I think, you know, maybe some time in 2009 calendar year, yeah, we would like to add more orders for that. So, that is one. The second thing is that, you know, India and China are structurally different markets. They are short-term markets, orders are booked on a rolling basis and so our order book is actually different from other people, in that we tend to have a smaller comparable order book versus how

much we actually end up doing. So, a large part of our numbers going forward is going to be out of India and China which are in fact different. So, just to sort of summarize, for the next six months, there is no issue because we have enough orders on hand. Going forward into next year, we will have a certain base of orders from India and China which will come...which will keep coming as we go forward. Over and above that, we will have a carry over from this year that will go into...from the order book that will go into next year. So, it is really only towards the end of the next financial year that we need to have some spare capacity that is booked through orders that we need to get and so really we have a little bit of time in which to get that time.

Mr. Ravindranath: Okay. So, you are betting more on the Indian and China market for growth particularly?

Mr. Sumant Sinha: No, it is not a question of betting, I think it is part of our regular business model and historically we have continued to have a fairly high amount of sales from those markets and we are targeting about 40% from India and China which is really I think what we believe is correct. We are targeting about 20% to 25% from the US market which is already full till the end of next calendar year. So, for most of next financial year, we are done for the US as well. In Australia, New Zealand...in the ANZ sort of segment, we are the market leaders, so whatever orders come up there, we will have a fairly good shot at getting them, so that is also a market that we are very comfortable with. Then, in Brazil, we are, in fact, again the market leader and that market to our mind is also going to develop very substantially going forward. You know, it just literally started fairly recently and as I said we have been the pioneer in that market also. So, in Brazil and Latin America or Central America in general, we feel fairly confident and comfortable as well. Again, the issue is more with respect to some of the European markets and there we are having a number of discussions going on right now, you know, in countries such as Turkey, Romania, and Portugal.

Mr. Ravindranath: Okay.

Mr. Sumant Sinha: I think in some of the core European markets, we have deliberately had a strategy of not going after them as aggressively. So, we feel very comfortable that a lot of these discussions will fructify in orders that we really need for second half of next financial year. So, we have time to some extent on our side.

Mr. Ravindranath: Okay, okay. So, rising capacity cost will take care of increasing order book in the next couple of years, you mean to say like that?

Mr. Sumant Sinha: No, actually that is...I had put it the other way round that the rising order book will hopefully get serviced by the rising capacity that we have.

Mr. Ravindranath: Okay. Sir, regarding the tax incidence, if you take the...there is a rise incidence during this quarter. If we remove the extraordinary items from the profit and loss account, the tax incidence remains at 7% last quarter as compared to 17% this quarter. So, what is the reason for that?

Mr. Kirti Vagadia: You are removing the...

Mr. Ravindranath: Yeah, yeah.

Mr. Kirti Vagadia: ...extraordinary item and then you are calculating.

Mr. Ravindranath: Yes, because without considering the extraordinary items, your total EBT before EI is 177 crores.

Mr. Kirti Vagadia: Okay.

Mr. Ravindranath: So, based on the tax is 30 crores you have provided. So, tax incidence is 17% as compared to 32 crores in the same quarter...in the last quarter previous year as on the EBT before EI is 424 crore. So...

Mr. Kirti Vagadia: But the FCCB-related loss is not deductible in tax.

Mr. Ravindranath: Okay.

Mr. Kirti Vagadia: That is the major reason.

Mr. Ravindranath: No, no, what I am trying to say, it is before extraordinary items.

Mr. Kirti Vagadia: Okay.

Mr. Ravindranath: So, before extraordinary items, your EBT was around 177 crores this year in Q2...

Mr. Kirti Vagadia: Correct.

Mr. Ravindranath: ...and Q2 FY08 it was 424 crores.

Mr. Kirti Vagadia: Okay.

Mr. Ravindranath: So, if I calculate the tax incidence based upon that, it is 7%, it has gone up to 17%.

Mr. Kirti Vagadia: Right.

Mr. Ravindranath: So, what is the reason and what kind of tax incidence you are looking at for the yearend?

Mr. Kirti Vagadia: Okay, I will explain you that. Basically, in last year, my Daman and Pondicherry, both units were enjoying 80 IB deductions which have expired in March 08 and in H1 my SEZ unit has not started, so my SEZ is starting production. In September, there was a small startup, but the major volume in H2 will go from SEZ for all exports. So, at that time, it will balance out. So, right now, in H1, the major volume has gone from my manufacturing unit where I have 80IB deduction restricted up to 30% as against 100% which we were enjoying in last financial year.

Mr. Ravindranath: Okay. So, the tax incidence for this quarter...this year altogether, how much it would be?

Mr. Kirti Vagadia: It will be neutralized as compared to last year.

Mr. Ravindranath: Okay.

Mr. Kirti Vagadia: But basically the SEZ which is a zero rate will come in H2.

Mr. Ravindranath: Okay, okay, okay. Sir, can you please give me the debtor level and creditor level this quarter?

Mr. Kirti Vagadia: Those nitty-gritty I would request you to get it from my IR department little later.

Mr. Ravindranath: Okay, okay.

Mr. Kirti Vagadia: Right, thank you.

Mr. Ravindranath: Okay. Thank you.

Moderator: Thank you very much sir. Next question comes from Mr. Atul Tiwari from Citigroup. Over to you sir.

Mr. Atul Tiwari: Yeah, hello sir. Sir, I have two questions. Sir, you just mentioned that the average selling price or realization increased by around 25% year on year. Sir, in the same time period, Indian rupee has also depreciated by let us say more than 20%. So, is it fair to assume that out of that 25%, 20% is contributed by currency movement?

Mr. Kirti Vagadia: Not really because so far as currency movement is concerned in sales-realization, it is accounted on average rupee rate basis, whereas what you have compared is quarter-end rate.

Mr. Atul Tiwari: Okay.

Mr. Kirti Vagadia: So, partly you are correct, but not fully.

Mr. Atul Tiwari: Okay sir. So, how much would be the rupee impact, say 10% to 15%, in that range, out of the 25%.

Mr. Kirti Vagadia: Could be about 30% of that.

Mr. Atul Tiwari: Okay. Okay sir. And sir, I missed the order book breakup geography wise, so can you just give those figures again, that is my second and last question.

Mr. Sumant Sinha: You want the order book by geography?

Mr. Atul Tiwari: Okay, okay.

Mr. Sumant Sinha: Just one second. Okay, the order book as it currently stands is 235 megawatts in India.

Mr. Atul Tiwari: 2135 megawatts, full?

Mr. Sumant Sinha: No, 235.

Mr. Atul Tiwari: Okay, 235.

Mr. Sumant Sinha: 236 actually.

Mr. Atul Tiwari: Okay.

Mr. Sumant Sinha: The US is 1,200 megawatts.

Mr. Atul Tiwari: Okay.

Mr. Sumant Sinha: The China is 500 megawatts.

Mr. Atul Tiwari: Okay.

Mr. Sumant Sinha: Australia is 184.

Mr. Atul Tiwari: Okay.

Mr. Sumant Sinha: And Europe and the rest of the world is 357 megawatts.

Mr. Atul Tiwari: Okay.

Mr. Sumant Sinha: Total international is 2,269 and total India is 236 for a total of 2505 megawatts.

Mr. Atul Tiwari: Okay sir. Thank you sir, thanks a lot.

Mr. Sumant Sinha: You're welcome.

Moderator: Thank you very much sir. Next question comes from Mr. Jitesh from ICICI. Over to you sir.

Mr. Jitesh: Good evening to all the elite members and thanks for giving me the opportunity. Sir, I would like to ask you about the order book in terms of quality of your order book basically, that what kind of cancellation penalty or clauses do you have if somebody wants to cancel any order book?

Mr. Kirti Vagadia: I think all orders are backed with advance and every contract has different, different penalty provision. I cannot generalize because in every country, there are different, different market practices, so I would not say that there is a general cancellation penalty, but all orders are backed by good advance and the cancellation penalties are hefty.

Mr. Jitesh: Okay. And sir, can you help me out with kind of EBITDA margin are you expecting on the order book position as on date.

Mr. Kirti Vagadia: I think it is a very difficult question. You know that we don't give any guidance for future and that is why I will be constrained not to respond on that question.

Mr. Sumant Sinha: The other thing is also we should add that so far we haven't really had any issues with respect to cancellations. We haven't sort of...none of our customers have entered into any discussions with us...

Mr. Jitesh: Okay.

Mr. Sumant Sinha: ...so far on any cancellations.

Mr. Jitesh: Okay.

Mr. Kirti Vagadia: That is one and in our order backlog, we are not including same contract. We are including only from orders with advance.

Mr. Jitesh: Okay. And sir, you said that you are booking for input cost nearly two quarters in advance, so are you witnessing any kind of correction in the input cost going forward after two contracts or after two quarters what we are witnessing right now?

Mr. Sumant Sinha: Well, those are discussions that we are having with our vendors right now, but I think it is very clear to us that, you know, the falling commodity prices have to reflect in the input cost that we get from them.

Mr. Jitesh: Okay. And sir, any...can I get the numbers in terms of megawatt, revenue per megawatt what we are generating right now.

Mr. Kirti Vagadia: Yeah, definitely. For H1, we have close to about 5.9 crores per megawatt.

Mr. Jitesh: 5.9 crores, okay.

Mr. Kirti Vagadia: Right.

Mr. Jitesh: And sir, in terms of your order book, I think if we turn out an order book of around 14,000 crores with a 2505 megawatt, it turns out to be around 5.6 or 5.5.

Mr. Kirti Vagadia: Yeah, 5.6 crore.

Mr. Jitesh: Okay, perfectly fine. Thanks a lot.

Moderator: Thank you very much sir. Next question comes from Mr. Manish from JM Financial. Over to you sir. Mr. Manish, your lines are open, please go ahead with your question.

Mr. Manish: Hello...hello...

Mr. Sumant Sinha: Yeah, yeah, go ahead.

Mr. Manish: Yeah, okay, hi. You mentioned that you had completed the study on the reasons for the blade crack issue, so could you share with us the reasons for that?

Mr. Sumant Sinha: Well, the reason is actually the same as we had basically come to the conclusion several months ago which is that the stiffness of the blade was not exactly right and we actually had to increase the stiffness by adding another layer of lamination on to the blade. So, that is the final conclusion that has been reached through the root cause analysis process. The good news is that our customers are now aligned behind this way forward and the problems behind why this problem occurred. So, I think they, you know, this is the sort of the end result of this whole exercise. It has taken us a few months longer to get here, but at least we have done so with our customers being fully involved in the whole process.

Mr. Jitesh: Thanks.

Mr. Sumant Sinha: And we are glad that the problem is in fact what we thought that it would be.

Mr. Jitesh: And nothing more than that right?

Mr. Sumant Sinha: That's right, yeah.

Mr. Jitesh: Okay, thanks.

Moderator: Thank you very much sir. Next question is from Mr. Srivatsa from Doric Capital. Over to you sir.

Mr. Srivatsa: Hello...

Mr. Sumant Sinha: Yeah.

Mr. Srivatsa: Sir, could you please give me what was the domestic revenue versus the international revenue for this quarter or the first half.

Mr. Kirti Vagadia: You wanted in terms of...

Mr. Srivatsa: Yeah, realization is okay, or absolute numbers.

Mr. Kirti Vagadia: Absolute numbers, okay. For H1, the domestic revenue is 2,082 crore and for international total revenue is 4186 crores.

Mr. Srivatsa: With this recent credit crisis, would you...in the sense, is there any slowdown in any pocket that the customer is getting delayed in projecting his wind park, then is that going to affect your order flows because you have created huge capacity like 5,700 megawatt capacities coming up and we have the manpower as well as the other cost involved in that, if at all if there is any slowdown, how the company is going to gear up with the current market situation?

Mr. Sumant Sinha: Okay. Let me try to address your issue about what is happening to our current order book, what are our customers saying, and so on. I think that if you look at the market in general, you know, the good news at our end is that almost 65% to 70% of our order book is booked with large utilities who are hopefully going to be somewhat insulated from the financing crisis to the extent that it is possible to be insulated from it. Having said that, some of the smaller and medium sized projects or companies or developers will face financing issues from banks. So, I think the general expectation is that the demand-supply mismatch that we had in the past in the wind industry where demand was much in excess of supply, we feel that that will probably now come to, with a reduction in some of the appetite because of the financing problems, will probably become a little bit more into parity and so we will probably have a more balanced situation just for the next year between demand and supply. Having said that, our view that the long-term growth story remains very much intact. I think the benefits of wind in light of very volatile oil prices where you can actually hedge your power cost if you go into wind, where you have energy security issues in various countries, where you have climate change issues that are going to be even more important going forward, our view that from a long-term macro story standpoint, wind is very much still looking good. So, I think there will be some near term issues, maybe for the next 12 to 18 months at most depending on how the crisis plays out. As I said,

we are somewhat insulated because we already have orders that take us into, well into next year and most of them are with large utilities so that to that extent we are insulated. I think in terms of our own capacity that is coming in stream, you are right, we have about 1,500 megawatts that is coming into production now which will hopefully improve our second half numbers. We also have another 1,500 megawatts coming on stream in the middle of next calendar year. I think in terms of people issues and so on, we don't really face a problem, but I think what we will have to do is we will have to be very judicious with respect to getting the capacity on stream because we would like to match it with respect to the order flow that we have and you can be sure about one thing that we will not want to build any extra rupee of cost if we don't have. So, we will be very conscious about our operating leverage issue and our capacity utilization issues as we go forward. So, I think that is something that we will match very dynamically. I think the other good news is that, you know, as a group we also have REpower. REpower has a very healthy order book at this point in time and a number of the Suzlon capacity, on an arms-length basis, can be used to service the REpower requirement. So, I think that gives us yet another sort of hedge against what might happen in the external environment from a financing standpoint, but, you know, I hasten to add that we believe that this crisis or this environment should change, should turn at some point. Of course, all of us have our own views about that, but long term, clearly our view is that wind will continue to grow at, you know, the same rates that we were seeing in the past, which is in excess of 20% to 25% year on year.

Mr. Srivatsa: Thank you sir. I have one more question. You said you can expect some parity between demand and supply. Will that affect the realizations or the price negotiations going forward, can we assume that the prices will stabilize or is there any chance for further improvement in realizations?

Mr. Sumant Sinha: Well, I think there are a couple of issues. I think whenever you have any change in demand-supply, it does have an impact on price. So, I think that, to some extent, certainly will happen. I think on the flip side, the benefit that we have is that commodity prices are now falling off very sharply and that is going to increase our ability to give lower prices to our customers and so to that extent we will be able to pass on lower prices to them without necessarily impacting our margins.

Mr. Srivatsa: Okay. Thank you, thanks a lot sir.

Moderator: Thank you very much sir. Next in line, we have Ms. Yogita from Wealth Managers. Over to you ma'am.

Ms. Yogita: Hello sir. Can I have the breakup of the order intake in domestic and export terms? Hello...

Mr. Sumant Sinha: Of the existing order book?

Ms. Yogita: Order intake for the quarter.

Mr. Sumant Sinha: Okay, this last quarter, we had 192 megawatts...you are asking about new orders that we got in the last quarter.

Ms. Yogita: Yeah, yeah, new orders in this quarter.

Mr. Sumant Sinha: Okay, we got 192 megawatts of new orders.

Ms. Yogita: Yeah.

Mr. Sumant Sinha: Most of them were in India.

Ms. Yogita: Okay.

Mr. Sumant Sinha: But 19 megawatts was international.

Ms. Yogita: 90 megawatts?

Mr. Sumant Sinha: 19, one nine.

Ms. Yogita: Okay, one-nine was in international.

Mr. Sumant Sinha: Yeah.

Ms. Yogita: And in rupee terms, can you give us the breakup?

Mr. Sumant Sinha: Can you just contact our IR department separately please, they will give the numbers.

Ms. Yogita: Yeah, yeah, sure.

Mr. Sumant Sinha: Yeah, thanks.

Ms. Yogita: Thanks a lot sir, yeah, thank you.

Moderator: Thank you very much ma'am.

Ms. Yogita: Yeah.

Moderator: Participants who wish to ask questions may kindly press *1 on the telephone keypad. Next in line, we have Mr. Anirudh from Goldman Sachs. Over to you sir.

Mr. Anirudh: Yeah, good evening. Four questions from my side. One is the root cause analysis was originally scheduled to be completed in August. Now, we are saying that the retrofit will be completed in May 2009, does it entail any further provisioning from your side?

That is question one. Second is if you can please tell us the split of the order book about what is going to be executed or likely to be executed this financial year and what is the spillover to the next financial year. The third question is since you have now decided not to have a domination agreement with REpower, what does it exactly imply in terms of what you can do and what you can't do. I think most of us are pretty unclear about that, if you can elaborate upon, that will be very helpful. And finally the fourth question is on CAPEX. The delay in tower capacity, does it delay your available capacity in any manner whatsoever, and am I correct in saying that starting April 1, 2009, you would have 3,000 megawatts of effective incremental capacity. Thank you very much.

Mr. Toine Van
Megen:

Yeah, Sumant, Toine here.

Mr. Sumant Sinha:

Yeah, yeah Toine, hi.

Mr. Toine Van
Megen:

Hi. I just landed in Australia. Good afternoon everybody. I am Toine Van Megen speaking. I came a little bit late in the call because I just landed in Melbourne. I just want to reply to the first part of the question about the root cause analysis. I think you are mixing up two things, the root cause analysis and the retrofit program. The root cause analysis has been completed and is being documented and the final documentation which we are signing off with all the parties will be signed off in the middle of November. The retrofit program is going to be completed in stages. So, the work is going to start, I mean, very soon and will be completed 90% by March, not by May. So, every month, you will see that some blades are getting retrofitted. It is not that the whole program gets delayed as you said till May next year and may be Kirti, you can respond to the question about the positions.

Mr. Sumant Sinha:

Yeah, yeah, let me just clarify. I think while the bulk of the blades, 90% will be completed by March, there will be a little bit that will be spilling over into May.

Mr. Toine Van
Megen:

Yeah.

Mr. Sumant Sinha:

So, but fundamentally what Toine is saying is correct that in fact the whole program will be finished by March end. In terms of the order book that you talked about, Kirti, what do you think about...

Mr. Kirti Vagadia:

Yeah, about 1,500 megawatt is something which will be executed in H2 of this financial year and about 1,000 megawatt will spill over to next financial year FY10. On domination, your question was basically what we can't do and what we can do. If I simplify the response that we need to maintain strict arm's length relationship with REpower so far as transactions between Suzlon

and REpower are concerned because in the eyes of minority shareholders, we need to protect their interest that we being major shareholder cannot dictate the management and take out something as a benefit. So, that is a ground rule which will apply till the time we don't enter into domination agreement and after domination agreement is entered into, we can disregard that provision.

- Mr. Tulsi Tanti: And without the domination on arm's length basis, REpower can purchase the component from the group companies, but if we want to integrate both the organizations, it is not possible.
- Mr. Anirudh: Sir, just as a followup. The reason for not putting out consolidated financials as we just mentioned was also that the REpower detailed financials are not available to you because of lack of domination.
- Mr. Kirti Vagadia: Correct.
- Mr. Anirudh: So, we would tend to believe that going ahead we would have to deal with results being coming out in stages. Hansen reports, then you report consolidated, and then we wait for REpower to report, and then you will reported consolidated earnings, is that something you are looking forward to?
- Mr. Kirti Vagadia: No, see REpower result, we have ensured this time also that they have reported before we report. So, by the time Suzlon results are announced, practically you have separate result for REpower as well as Hansen both, but the problem which we are facing is basically we can't do the policy alignment and gap adjustment in the accounts and which is very much necessary from Indian requirement for consolidation.
- Mr. Anirudh: Sir, if you can simplify, sorry to elaborate upon this, but would we be getting or would you be releasing consolidated financials at some point of time by the end of November?
- Mr. Kirti Vagadia: No, not really because we are not able to get detailed financials from REpower till the time we have domination agreement. So, till the time we have domination agreement, we need to continue with current practice which we have started in this quarter.
- Mr. Anirudh: Fine sir. And then what happens in the end of the financial year sir, I mean even then we wouldn't have the domination agreement.
- Mr. Kirti Vagadia: Correct. End of the financial year, definitely I need to look into company law requirement as well and that is something which we are figuring out right now. I don't have a readymade answer as of now for that situation.

Mr. Anirudh: Right, thank you.

Mr. Sumant Sinha: And in terms of the tower capacity, sort of CAPEX postponement, I think it won't impact anything fundamentally because the reason is we suspended the CAPEX of the tower capacity is because we found it was logistically and otherwise more effective for us to source towers locally in the different markets.

Mr. Anirudh: So, that would mean slightly more OPEX instead of CAPEX, is that what I should understand?

Mr. Sumant Sinha: Yeah, I guess...see, it is very hard to quantify because, you know, how the sourcing works in the overseas markets, you now, differs from market to market, but as a principle, you could probably assume that.

Mr. Anirudh: Right. Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Dhaval Joshi from Aviva Life Insurance. Over to you sir.

Mr. Dhaval Joshi: Hello sir.

Mr. Sumant Sinha: Yeah, hello.

Mr. Dhaval Joshi: Sir, you said there was certain incremental staff cost and a jump in the export volumes, because of which we had higher freight expenses. If you could specifically quantify what has been the incremental staff cost and the total, I missed the actual numbers when you said it in the beginning.

Mr. Sumant Sinha: Okay. Kirti, do you have the exact staff cost.

Mr. Kirti Vagadia: Staff cost in H1 has been about 434 crores as compared to 228 crores in H1 last financial year.

Mr. Sumant Sinha: Did you hear that?

Mr. Dhaval Joshi: Yes sir.

Mr. Sumant Sinha: Okay.

Mr. Kirti Vagadia: And so far as freight cost is concerned, freight cost has increased over last quarter, quarter one, by about 120 crores.

Mr. Dhaval Joshi: Okay. So, of this 433 crores, what has been the incremental on account of the new employees for the new capacities coming in?

Mr. Sumant Sinha: That is extremely hard to say Dhaval. We will, you know, if you want, we can try to quantify that at some point in the future.

Mr. Dhaval Joshi: Okay.

Mr. Sumant Sinha: But, the IR department is shaking their heads.

Mr. Dhaval Joshi: Fine.

Mr. Kirti Vagadia: But if I compare staff cost versus Q1, the increase is about 32 crore.

Mr. Dhaval Joshi: Okay. Thank you.

Mr. Kirti Vagadia: Q1 versus Q2.

Mr. Dhaval Joshi: Okay. Thank you sir.

Moderator: Thank you very much sir. Participants who wish to ask questions may kindly press *1 on the telephone keypad. Next in line, we have Mr. Veeral Bhutia from Venus Capital. Over to you sir.

Mr. Veeral Bhutia: Good evening sir. My question is regarding the loan which has been sanctioned for the amount of 1200 crores. You mentioned that out of that around 65% to 70% is a foreign currency loan at LIBOR plus 400 basis points.

Mr. Kirti Vagadia: Correct.

Mr. Veeral Bhutia: And this is for long-term maturity of five to seven years.

Mr. Kirti Vagadia: Right.

Mr. Veeral Bhutia: So, could you disclose who are the bankers who are originating this loan?

Mr. Kirti Vagadia: I think that is something which I need to maintain the confidentiality.

Mr. Veeral Bhutia: Okay, alright. And besides that...

Mr. Kirti Vagadia: But these loans were sanctioned long back.

Mr. Veeral Bhutia: Okay, alright. Also could you give me some numbers on your debt equity ratio and interest coverage as of September 30th and what do you see going forward one year?

Mr. Kirti Vagadia: Group level, we have debt equity ratio less than 1. As on 30th September, it is closer to 94-95, 0.94-0.95.

Mr. Veeral Bhutia: Okay.

Mr. Kirti Vagadia: Going forward, we anticipate that it will remain somewhere below 1.

Mr. Veeral Bhutia: Okay.

Mr. Kirti Vagadia: And so far as the interest cover is concerned, as Sumant explained that the EBITDA to interest is more than 3...

Mr. Veeral Bhutia: Yeah, okay.

Mr. Kirti Vagadia: ...in this quarter and going forward also will be somewhere closer to about 3 to 4.

Mr. Veeral Bhutia: Okay. Also one last question. Are there any financial covenants on your liquidity ratios because of the loans which you have raised or the FCCBs which you have raised?

Mr. Kirti Vagadia: Yeah, there are financial covenants definitely which are pretty standard for any syndicated loan as well as convertible bonds.

Mr. Veeral Bhutia: So, in terms of the debt equity and the interest coverage, do you have the numbers as to what kind of covenants are there?

Mr. Kirti Vagadia: Yeah, those are basically debt equity ratio 1:1 and interest cover basically 1.33, debt service coverage ratio, and so far as our this net debt to EBITDA is concerned, we are at 4 so far as our covenants are concerned.

Mr. Veeral Bhutia: Okay. Thank you very much sir. That's it from me.

Mr. Kirti Vagadia: You're welcome.

Moderator: Thank you very much sir. Next question comes from Mr. Devang Patel from Avendis Capital. Over to you sir.

Mr. Devang Patel: Good evening sir. We heard earlier that PTC has been extended in the US by one more year. What kind of impact do you expect this to have on demand in the US market?

Mr. Tulsi Tanti: Yeah, it is extended up to December 2009. Toine, can you answer.

Mr. Toine Van Megen: Yeah, of course. In fact, most of our customers had already taken a decision to go ahead irrespective of whether the PTC was going to be extended or not. In the medium term and in fact in the long term, everyone expects that whoever comes to power as a President of United States will proclaim a very favorable legislation for renewable energy. So, the PTC extension was actually most of us had expected it, but in addition to that, what I would like to mention that increasingly in United States the demand has also driven by the RPS, the Renewable Energy Portfolio Standards, which basically impose on utilities that they

have to purchase a particular amount of energy from renewable sources. So, it is longer depending on PTC alone in any case.

Mr. Devang Patel: Right sir. You wouldn't think of it as a risk of not being extended next year again?

Mr. Toine Van Megen: You know, if you watch the television debates and the discussions going on about President elections, you can only expect something much better than the PTC to come, whoever becomes the President. The climate is extremely positive in favor of legislation, policies that support renewables.

Mr. Devang Patel: Thank you so much sir. Thank you.

Mr. Toine Van Megen: Thanks.

Moderator: Thank you very much sir. Next in line, we have Mr. Anirudh from BH Advisors. Over to you sir.

Mr. Anirudh: Hi. My question was about from the demand side, do you see the oil prices coming off cliff affecting your demand at least incrementally in the near term?

Mr. Toine Van Megen: Our view is that oil prices will not fall off the cliff. There will be some volatility in the near future, but if you look at the overall demand for oil and the overall demand for energy, we believe that oil will stay at a pretty high level in the medium and long term. So, right now, it is volatile, it has dropped from the peak that we had seen a couple of months ago, but again I also would like to explain that yes, there is of course always a relationship between the oil price and the prices of other sources of energy, but in the case of renewable energy, the demand for renewable energy is driven by factors that are not related to the oil price and those are the concerns for the health of our environment, energy security, energy demand, and exactly to avoid this type of volatility because if you invest in a wind farm, as you know, you have visibility on your energy price for the life time of the turbine is typically at least 20 years. These four drivers have nothing to do with oil price.

Mr. Anirudh: Okay. And my second question was about, you know the various issues around blade cracking that you have had, to what extent the impact of those would be in the monetary terms as you foresee and in terms of reputation, what have you done to correct that?

Mr. Toine Van Megen: Yeah, let me address the reputation issue and then Sumant and Kirti can discuss the financial implications part of it. As far as

reputation is concerned, we have been extremely transparent with our customers. In fact, the root cause analysis, why it has taken a little longer than we had expected is because we did it jointly with the customers and with the third party consultants, external consultants, so it has been an extremely transparent process, and I believe that at the end of road, it will only improve our reputation. You know, as I sometimes have said in earlier investment conferences that relationships are tested at the times of difficulties. So, I believe that as we will come out of this problem with the blades and then the blades are all retrofitted and the turbines are performing with those retrofitted blades, I think our reputation will in fact improve. It is always the question of how you handle an issue, whether you can maintain your reputation or not. If you hide away from it, if you are not transparent, if you don't communicate, then indeed you run the risk of losing reputation, but I think Suzlon has managed this very well. In fact, one of our customers has recently congratulated us about transparency that we have maintained in this whole process and therefore I believe that we come out of this blade matter with an enhanced reputation.

Mr. Anirudh: Okay.

Mr. Kirti Vagadia: So far as financial implications are concerned for blade crack, this retrofit exercise is concerned, we have made provision of about 122 crore in our books and as far as availability is concerned, we have provided about 25 crore in the books.

Mr. Anirudh: Okay. And just for my, you know, my information, has any of your competitors had this kind of an issue in recent past?

Mr. Toine Van Megen: Different competitors have at different stages, different parts of their presence in the market have difficulties with different components of the turbines including the blades.

Mr. Anirudh: Okay. Alright, I think that answers my question. Thank you.

Mr. Toine Van Megen: Yeah, thank you.

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

Mr. Sachin Trivedi: Yeah, hi. Sir, just I missed this number on availability, how much provisioning we have done, availability-related provisions?

Mr. Kirti Vagadia: Availability-related provision, so far as blade issue is concerned, we made provision of about 95 crores till date.

Mr. Sachin Trivedi: 95 crore rupees till date.

Mr. Kirti Vagadia: Okay.

Mr. Sachin Trivedi: Okay, this is one. And second is related to interest cost for Hansen and REpower debt that we have taken on our book, so what is the interest cost of these funds?

Mr. Kirti Vagadia: You need it for which period basically?

Mr. Sachin Trivedi: The current existing loans.

Mr. Kirti Vagadia: No, no, which period, quarter or half year or full year?

Mr. Sachin Trivedi: No, no, okay for the half year.

Mr. Kirti Vagadia: Half year, net cost is about 96 crore for H1 for acquisition loan of Hansen and REpower both put together.

Mr. Sachin Trivedi: Okay. And what rate they have been serviced?

Mr. Kirti Vagadia: The rate is EURIBOR plus closer to about 160 basis point.

Mr. Sachin Trivedi: For both?

Mr. Kirti Vagadia: Yeah.

Mr. Sachin Trivedi: Okay. And sir, one last question is regarding the component supply order book that you spoke about.

Mr. Kirti Vagadia: Correct.

Mr. Sachin Trivedi: So, what exactly are you planning to do here?

Mr. Kirti Vagadia: As you are aware that SE Forge, we are manufacturing component which can be used by various bearing manufacturer as well. So, we have orders from bearing manufacturer in SE Forge.

Mr. Sachin Trivedi: Okay.

Mr. Kirti Vagadia: And the other component which we are selling is rotor blade and we have order for rotor blade as well as for this forging material.

Mr. Sachin Trivedi: Okay, okay. So, these blades are mainly REpower is it?

Mr. Kirti Vagadia: That is correct.

Mr. Sachin Trivedi: Okay sir. Thanks a lot.

Moderator: Thank you very much sir. Next in line, we have Mr. Rajesh from Dipan Mehta Stock Brokers. Over to you sir.

Mr. Rajesh: Yeah, good evening sir. My question is data point. Can you give us some idea about the performance guarantee claims which have been made by the clients and which you have not provided for, if any. The quantum of value of such claims, disputed claims?

Mr. Sumant Sinha: Just one second.

Mr. Kirti Vagadia: Sorry, can you repeat the question.

Mr. Rajesh: No, I am just trying to find out what have been the claims which have been made by clients on your for availability or nonperformance and which you have not provided for. For example, you have said you have provided for around 95 crores.

Mr. Kirti Vagadia: No, no, no, this 95 crore is mainly relating to blades again. My normal availability provision is separate.

Mr. Rajesh: Okay. How much is that?

Mr. Kirti Vagadia: I think that is very difficult for me to provide right now.

Mr. Rajesh: Okay . But are there any claims which are under dispute which...

Mr. Kirti Vagadia: No.

Mr. Sumant Sinha: No, no, not really, not really.

Mr. Rajesh: Okay sir. Thanks.

Moderator: Thank you very much sir. Next in line, we have Mr. Raj from PCS Securities. Over to you sir. Mr. Raj, you can go ahead with your questions. As there is no response, we will move on for the next question. Next question comes from Mr. Krishnakant from Edelweiss. Over to you sir.

Mr. Krishnakant Thakur: Good evening sir.

Mr. Kirti Vagadia: Good evening.

Mr. Tulsi Tanti: Yes, very good evening.

Mr. Krishnakant Thakur: Sir, I have a couple of questions. The first one is I just want to understand what is the kind of raw material procurement policy as well as the contracts we have on the freight cost, freight side, so that we actually get benefitted on declining of these costs?

Mr. Sumant Sinha: Sorry, was that two questions or one? One was about raw material.

Mr. Krishnakant Thakur: The raw material procurement policy.

Mr. Sumant Sinha: Yeah.

Mr. Krishnakant Thakur: Are they very short term, long term, what kind of nature they have, as well as kind on contractual nature we have on the freight side?

Mr. Kirti Vagadia: Yeah, so far as raw material cost is concerned, there are different types of component. Those components which are very, very critical in nature, there we have a long-term contract with our suppliers, but long-term contract is fixed in the delivery or volume only. The price basis are fixed, but some price for the half year or say six months to nine months is always fixed and otherwise the pricing moves always on a rolling basis when we issue the purchase order on the basis of long-term agreement we have entered into with those customers, those suppliers. So far as other components are concerned, it varies from supplier to supplier, but majority of them are open ended so far as price is concerned for a period beyond six months.

Mr. Krishnakant Thakur: Okay. Sir, is it then fair to assume that on falling prices like say steel commodity, are we, I mean is it fair to assume that we will not be directly benefited on that account?

Mr. Kirti Vagadia: We will be benefited, but not fully.

Mr. Sumant Sinha: Not in the short term. I think **what Kirti stated** is that is in the matter of couple of quarters, there will be...these prices will start easing through the new lower prices, but things like towers for example where we are sourcing a little more spot and we don't have long-term indexations and so on, there the benefit will be moderate.

Mr. Krishnakant Thakur: Okay. And sir if you can share more like on the contractual nature on the freight side.

Mr. Kirti Vagadia: On the freight side, definitely it is linked with oil price. If the oil price is falling, definitely our freight rates are falling.

Mr. Sumant Sinha: But there are no long-term contracts as such. So, we will benefit almost directly and immediately from the declining shipping rates.

Mr. Krishnakant Thakur: Okay. Sir, my next question is on the REpower, in case of the domination agreement, once we attain say post Martifer stake, we

acquire the Martifer stake, is it fair to assume that we need to buy out the additional 10% also?

Mr. Kirti Vagadia: It is not a compulsion.

Mr. Krishnakant Thakur:

Okay, okay, got it sir. Sir, my next question is on the market that we are focusing, as Mr. Sumant said that India and China is expected to account say 40% of our next year target and the coming targets, my question is that India and China has been the focus for most of the competitors, so I would assume that the competition would be very stiff, any specific policies that we are focusing on, any kind of strategy that we have for these two markets?

Mr. Tulsi Tanti:

If you see the India and China market, it is very different than the European and US market. The India business model is you have to give complete projects, not just equipment supply. So, the long term, the infrastructure pipeline is required, where Suzlon is more established, more than nine years and the market leader in Indian market. So, we are quite comfortable on that genre is there. Coming to the China, it is very important part of the strategy of our business is there. If you are localized and if you have a competitive edge in China, you can get the business because there is a huge demand and opportunities are growing, and we have established the full integrated manufacturing facility including Hansen is starting production by March 09 also for the gearbox and we are using the maximum localized, the cost and other things with the more state-of-art technology we are using in China. The combination of both will give more strategic position in the Chinese market. So, we are quite comfortable with both the market and both the economies are growing, so there is a long-term business visibility strong enough is there. So, it is strategically very important market for us, and we are strong enough in both the markets, so we are comfortable about the future growth.

Mr. Krishnakant Thakur:

Okay. Sir, my question specifically would be that in India we could have some kind of barriers to entry as far as land bank is concerned because we have a lot of land bank as far as India execution is concerned. Is there some kind of another barrier to entry for the Chinese market?

Mr. Tulsi Tanti:

The Chinese market, it is not a barrier is there, but as you know, the demand is so large is there, naturally some inclination is from the local Chinese vendor is getting some big contracts, they are getting, but there is a big room for the foreign companies in China is there, so we don't see any barrier because need is so high and

we all put together, we are not able to satisfy, but the only driver in China is how you are cost competitive, that is very important.

Mr. Krishnakant
Thakur:

Okay, okay. Sir, my next question on say your Martifer stake, I mean Mr. Vagadia has pointed that he will not be able to comment, but just a hypothetical question that do we have enough debt or credit available if you want to go for debt funding for Martifer stake?

Mr. Tulsi Tanti:

If required, yes.

Mr. Krishnakant
Thakur:

Okay, okay. And sir my final question would be on the proceeds of cash, we already have somewhere around 3,600 crores of cash. I would assume this is excluding 400 crores from IDFC, then what is the exactly the need to go for more debt as of now?

Mr. Tulsi Tanti:

We have to focus on total financial planning. It is not we can go on, whether it is cash or whether it is debt, because most of the cash is required more for the working capital requirement (a), and (b) some of the CAPEX planning which is in the pipeline in a group level is there. So, that investment is simultaneously going on, but we have to optimize.

Mr. Sumant Sinha:

The other thing is that the 3,600 crores of cash is at the group level, we have to look at how much cash that is at the SEL, standalone level.

Mr. Kirti Vagadia:

Standalone level, yeah.

Mr. Sumant Sinha:

At the Suzlon level and that is about 1400 crores, so that is where the number that we need to look at with respect to any other acquisitions.

Mr. Krishnakant
Thakur:

Okay. Sir, this 1400 crore, does it include 400 crore from IDFC or it excludes that?

Mr. Kirti Vagadia:

It excludes.

Mr. Krishnakant
Thakur:

It excludes that?

Mr. Kirti Vagadia:

Yeah.

Mr. Krishnakant
Thakur:

Okay, okay. And can you share more light on the CAPEX plan that we have for Hansen as well as REpower?

Mr. Kirti Vagadia: I think those data are already available in public domain website of both the companies.

Mr. Krishnakant Thakur: Okay, okay. I think this is it from my side sir. Thanks a lot for taking my questions.

Mr. Kirti Vagadia: Thank you.

Mr. Krishnakant Thakur: Thank you.

Mr. Tulsi Tanti: You're welcome.

Moderator: Thank you very much sir. Next question comes from Mr. Veeral Bhutia from Venus Capital. Over to you sir.

Mr. Veeral Bhutia: Hi, good evening again. My question is regarding the loan which matures in March 2009, which was for a total quantum of 1 billion Euros, but I think two tranches mature in March 2009 for a sum of 415 million Euros. So, could you just throw some light on that and is it a revolving loan or what kind of loan, is it something which is going to be maturing and you will have to pay out the principal?

Mr. Nishit Dave: Veeral, actually only around 173 million Euros of that is outstanding, the rest has already been repaid by us.

Mr. Veeral Bhutia: So, around only 170 million Euros is outstanding?

Mr. Nishit Dave: Sorry.

Mr. Veeral Bhutia: I will just repeat, one-seven-zero million Euros.

Mr. Nishit Dave: Yeah.

Kirti Vagadia: And this is all in March, by March.

Mr. Nishit Dave: By March. The 405 million Euros loan that you speak of, that is the original amount, the principal amount of which we have already made large repayment. The outstanding amount is around 170 million Euros.

Mr. Veeral Bhutia: Okay. And this repayment was included in the 1100 crore rupee number which you mentioned earlier for H2 09?

Mr. Nishit Dave: Yes, that is the thing.

Mr. Veeral Bhutia: Okay, alright sir. That's it from me. Thank you very much sir.

Moderator: Thank you very much sir. Next question comes from Mr. Ravindranath from Systematix. Over to you sir.

Mr. Ravindranath: Thank you for the opportunity sir. Sir, my question is regarding the consolidation of REpower to the entire Suzlon consolidation, so because we have paid around 404 million Euros to Areva already, so what kind of...because if we go by consolidation, you will be raising some goodwill in the books. So, what is the policy for that? You will carry that goodwill, because you have already invested in REpower 31 billion rupees, so what is the policy regarding this for this consolidation?

Mr. Kirti Vagadia: Yeah, see so far as Suzlon Wind is concerned, definitely we need to calculate goodwill separately.

Mr. Ravindranath: Okay. So, you will carry that goodwill or you will write off?

Mr. Kirti Vagadia: No, right now, we need to carry that goodwill because it is our strategic investment which is continuing in business.

Mr. Ravindranath: Okay.

Mr. Kirti Vagadia: But according to Indian GAAP, we are following to continue the goodwill.

Mr. Ravindranath: Okay. So, period...

Mr. Kirti Vagadia: In case, we find that there is a possibility of impairment in the value of goodwill...

Mr. Ravindranath: Okay. So, periodically...

Mr. Kirti Vagadia: ...that only we need to provide for in P&L, otherwise not.

Mr. Ravindranath: Okay, okay. Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Agada from Valley Quest Research. Over to you sir.

Mr. Agada: Hello, good evening sir.

Mr. Sumant Sinha: Good evening.

Mr. Agada: Sir, I would just like to know your...can you repeat your cash level as on 30th September.

Mr. Sumant Sinha: Cash level, on a standalone basis 1400 crores, on a consolidated group basis 3600 crores.

Mr. Kirti Vagadia: Correct.

Mr. Agada: 3600?

Mr. Sumant Sinha: Yeah.

Mr. Agada: Okay, thank you.

Mr. Sumant Sinha: Welcome.

Moderator: Thank you very much sir. Next in line, we have Mr. Vikram from Outlook Profit. Over to you sir.

Mr. Vikram: Hi Mr. Tanti. I just wanted to ask you is there any possibility of any more complaints coming for blade cracks for materials which have already been sold?

Mr. Sumant Sinha: Toine, would you like to?

Mr. Toine Van Megen: No, we have no reason to believe that further complaint is going to come. The product is well stabilized, the S88 and our product of Suzlon as well. So, we have no reason to believe that there will be a complaint.

Mr. Vikram: Okay. And if the complaints do come in generally, is there any time period, timeframe within which the complaints come in, let's say six months or one year or can they crop up after even one year after sales?

Mr. Toine Van Megen: No, the nature of the complaint determines that.

Mr. Vikram: The blade crack complaints, those, are they limited to any time period or can they occur even after one year of sales?

Mr. Toine Van Megen: You see the blade crack that we are discussing, if the blade crack has been discovered at the beginning of the year, the root cause would be analyzed and we would know exactly what to do to avoid them in the future.

Mr. Vikram: Okay, so you don't see any more complaints coming from that sector?

Mr. Toine Van Megen: Exactly.

Mr. Vikram: Okay. Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Ashish from Nirmal Bang Securities. Over to you sir.

Mr. Ashish: Good evening sir.

Mr. Kirti Vagadia: Yeah, good evening.

Mr. Ashish: Sir, what is the...how much advance do we normally take against an order?

Mr. Kirti Vagadia: I think it is a commercial thing, differs from country to country, customer to customer and also depends on delivery schedule, but it ranges from 5% to 30%.

Mr. Ashish: And sir, can you just give me the figure, like advance figure as on September 30th?

Mr. Kirti Vagadia: September 30th, my balance sheet number, can you hold for a minute please...

Mr. Ashish: Yeah, sure.

Mr. Kirti Vagadia: Yeah, it is closer to about 1800 crore.

Mr. Ashish: Okay. Thank you so much sir.

Moderator: Thank you very much sir.

Mr. Kirti Vagadia: You're welcome.

Moderator: Next in line, we have Mr. Urmik Chhaya from Reliance Securities. Over to you sir.

Mr. Urmik Chhaya: Sir, just one question on the consolidation with Hansen, the numbers are available, but are there any related party transactions which needs to be knocked off if we attempt the consolidation?

Mr. Kirti Vagadia: There are some related party transactions as buy the gearbox from Hansen. Definitely there are few related party transactions, but the impact of that is not going to be significant.

Mr. Urmik Chhaya: Sir, less than 5% in PBT terms?

Mr. Kirti Vagadia: I don't have exact number, but your estimate is correct.

Mr. Urmik Chhaya: Thanks sir, thanks a lot sir.

Moderator: Thank you very much sir. At this moment, there are no further questions from the participants. I would like to hand over the floor back to Mr. Tulsi Tanti for final remarks.

Mr. Sumant Sinha: Okay, thanks. We would like to thank everybody for participating so actively on this call and we look forward to interacting with you obviously through the course of the next several months, you know, you can call any of us up. Our IR department of course is

always there. So, please feel free to talk to us any time. Thanks a lot.

Moderator:

Thank you very much sir. 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.
