

Suzlon Energy Limited
Quarter Two Earnings Conference Call, Financial Year 2010
November 2, 2009

Moderator: Good evening ladies and gentlemen. I am Suresh, the moderator for this conference. Welcome to the Suzlon Energy Limited Investor Call post Q2 FY'10 Results. 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 Suresh. Good afternoon everybody. I would like to welcome everyone to the Suzlon second quarter earnings call – thank you for joining us today. I am joined by our management team, Sumant Sinha, COO; Robin Banerjee, CFO; Kirti Vagadia, Head of Corporate Finance; and the IR and Finance teams. Many of you will have looked closely at our results, and we will be happy to take any questions you have. But before that, I wanted to give some context on the business, and the global outlook – as we see it – for the wind sector and also for Suzlon. Let us first address Suzlon. This was clearly a challenging second quarter for us. But it is important for people to know that, in addition to working hard on building up our order book, we are implementing a number of other things too:

First, we remain focused on de-leveraging our balance sheet. The Hansen stake sale is moving through the process. Additionally, we are now in advanced discussions with our lenders on refinancing our debt which will rationalize the debt structure on a long term perspective, re-alignment of security arrangements amongst lenders, better cash flow management and meeting additional funding requirements.

Second, there has been substantial progress in reduction of NOWC with inventory level stabilizing and receivables decreasing steadily. Further, an intense product and process quality improvement program has led to a substantial reduction in one-off and extra-ordinary costs. We would like to carry this further in both the current and the next year, encompassing all aspects of our operations to bring about definitive cost optimization. We are being very mindful of costs and looking to bring down our break-even position to a lower, workable level.

Third, we have completed the entire blade retrofit exercise for our S88 V2 blades supplied internationally. Similarly we have comprehensively addressed the various teething problems affecting performance of the S88, and I am happy to say that all

stabilized turbines are meeting committed levels of performance satisfactorily.

Fourth, we are carrying forward the technological development of the 2.1MW platform, which has now stabilized, to design the next iteration in our product portfolio. Our aim is to leverage this proven platform to launch new models that address a broader variety of sites and operating conditions while adhering to the broader design philosophy. Lastly, we are streamlining our internal processes and systems – Boston Consulting Group is advising, and 'Project Achieving Collective Excellence' (ACE) is starting to deliver for us. Looking to REpower and Hansen, we are pleased to report that both our subsidiaries have delivered on track performance. REpower is projected to deliver sales of Euros 1.4 billion and an EBIT margin of 7.5 per cent in this fiscal; whereas Hansen is on the way to maintain last year's performance. Looking at the orderbook, at the Suzlon level we have a confirmed orderbook of 1,488 MW, and REpower has announced a confirmed order volume 1.6 billion Euros. Now to talk about the general outlook for the sector, the EU, US, China, India and Australia have all set out ambitious targets for renewables, along with incentives to help achieve this. India, our home market, has announced a significant push for renewables. A National Action Plan on Climate Change, 15 per cent renewable target by 2020, new long term tariff policies, nationwide renewable portfolio standards, generation based incentives and other key supports are setting the stage for an exciting high-growth market – and one that we are dominant in. These are major positive steps - although we believe more needs to be done, and across other markets too. Unilateral measures by various governments, coupled with COP15 next month, can play a major role in re-igniting the renewables market. In the near term, we see positive developments in terms of liquidity returning from the banks to wind energy investors, giving us better visibility for orders going forward. To recap, this has been a tough quarter and, as we have said before, this fiscal is going to be challenging. We are working hard to transform ourselves and adapt more quickly to the rapidly evolving market place. That, combined with the positive stimulus the sector has seen along with policy changes, makes us optimistic over the mid term. I would now like to hand over to Sumant, and after that take any questions you have. Thanks a lot.

Mr. Sumant Sinha: Okay, thank you Tulsi Bhai. This is Sumant Sinha. We will be happy to take any questions. Moderator, can you please ask for questions?

Moderator: Sure sir. At this moment, I would like to handover 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 you Rocky.

International
Moderator:

Thank you India Moderator. We will now begin Q&A session for participants connected to the WebEx International Bridge. Please press *1 to ask a question. Again, if you would like to ask a question, press *1. At this moment, there are no questions from participants at WebEx International Center. I would like to handover the proceedings back to the India Moderator.

Moderator:

Thank you Rocky. 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, please press *1 now. First in line, we have Mr. Laxminarayana from BNP Paribas.

Mr. Laxminarayana
Ganti:

Good afternoon everyone. My first question is can you give us the actual sales for India business versus International. This is for Suzlon standalone.

Mr. Sumant Sinha: You mean Suzlon Wind, right?

Mr. Laxminarayana
Ganti:

Suzlon Wind, yeah.

Mr. Sumant Sinha: For which period?

Mr. Laxminarayana
Ganti:

This quarter.

Mr.Samir Shah: 75 MW for India.

Mr. Laxminarayana
Ganti:

Okay, value terms?

Mr. Sumant Sinha: Just a moment.

Mr.Samir Shah: Domestic is 1278.79, 1278 crores.

Mr. Laxminarayana
Ganti:

Okay, and from a gross profit contribution point of view, can we assume the same share or is that any different?

Mr. Sumant Sinha: No, Laxmi, I think I don't think we have been disclosing that information in the past.

Mr. Nishit Dave:

Ganti, Nishit here. See, we have usually guided only 2 crores average gross margin realizations that you will see, but you can say roughly that the China business usually has a lower margin than the rest of the world, and wherever we are doing EPC, on a

per megawatt basis, you will be earning greater margin as compared to equipment supply only contract.

Mr. Laxminarayana
Ganti:

Okay. Second question is can you tell us where the additional funds that have been raised recently have been deployed, for example the 200-million dollar one from CB and from GDR, can you give us some color on that?

Mr. Sumant Sinha:

Yeah, you know, if you look at the overall cash flow over the last 6 months, then our debt has gone up by about 1400 crores, that is a function of the convertible bond issue as well as promoter loans, and whatever the other small borrowings that we might have done in the market. We have done a 500-crore GDR issue, and we have reduced working capital by about 800 crores, and if you look at the usage of funds, it has basically 1400 crores has gone into the payment that we had required to be made to Martifer for the stake of REpower, we had a cash loss in the first two quarters of about 700 crores, and then we had some other cash requirements for provision that has been made in the past where actual cash outflow happened, which is about 500 odd crores. So, by and large, if you look at it, in a way you can argue that the debt of 1400 crores has gone for Martifer payment of 1400 crores. The GDR has gone for to some extent some of the loss funding, and the working capital reduction really has gone for operational cash requirements.

Mr. Laxminarayana
Ganti:

Coming to your inventory, we actually thought we would see a far better improvement, and this is only coming down slowly. Can you give some color on this, is it because you have higher expectation of sales next half or can you tell us what is it?

Mr. Sumant Sinha:

Partly it is very simple. It is basically that our sales have been lower than we would have liked and that is why to some extent there has been a reduction in inventory that should have happened at the higher place, has not happened at this point in time. Having said that, over the last 3 months, inventory still has come down by 200 crores.

Mr. Laxminarayana
Ganti:

Right, right, okay.

Mr. Sumant Sinha:

As sales pick up, inventory will go down, that is very clear, and so I think just in terms of working capital and inventories as they are part of that, you will see further troughing out of inventory, then there will be a build up again in line for likely higher Q4 sales.

Mr. Laxminarayana
Ganti:

Okay, and you have also talked a lot about the restructuring of your current loans and everything. Restructuring of those loans,

are there any principle payment related milestones that we will likely see in the next quarter or so?

Mr. Sumant Sinha: No, I think that we expect to have the full refinancing exercise finished within this quarter.

Mr. Laxminarayana Ganti: Okay, so that will take care of any intermediate, okay.

Mr. Sumant Sinha: That is right.

Mr. Laxminarayana Ganti: That is it from my side. Thank you.

Mr. Sumant Sinha: Thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Veeral from Catamaran Corporation.

Mr. Veeral: Hi, good afternoon. My question is regarding this capacity utilization at your manufacturing facilities. If you could give us some color on what is the rate right now and what kind of rate do you generally require to breakeven at the operating level. Thank you.

Mr. Sumant Sinha: Well, you know, we have talked about our full year's sales, the guidance being between 1900 and 2100 MW. Against that, our full year capacity is about 4,500 MW. So, in terms of capacity utilization, we are running, and I am just talking about Suzlon itself. At the REpower level, the capacity is about 1700 MW, and we are running at about I think this year about 1500 or 1400, I am not so sure of the exact number, but fundamentally at the REpower level, we are running at close to full capacity. Coming back to Suzlon Wind, at the Suzlon level, our breakeven is basically, the cash breakeven is about between 1800 and 1850 megawatts.

Mr. Veeral: Okay, thank you.

Moderator: Thank you very much sir. Next in line, we have Mr. Ravindranath Naik from Sysmatix Shares.

Mr. Ravindranath Naik: Good evening sir. Sir, I want to get a view from your side. You know, there is lot of natural gas discovery has happened in our country, and your standalone entity is serving basically to the Indian operations, and you know, you are having 50% market share in our country so far, so how do you see, going ahead, how do you see the market for your Indian operations going ahead, considering lot of gas discovery is happening in our country. Can you please throw some light on this perspective?

Mr. Sumant Sinha: Yeah sure, you know, first of all, it is not that prudent to only look at our standalone SEL numbers because clearly we have a number of operating subsidiaries, you know, which are really fungible with the standalone parent company.

Mr. Ravindranath Naik: Okay.

Mr. Sumant Sinha: Both in India as well as overseas. So, I think when you are looking at our overall performance, you should not focus only on the SEL standalone company, you should really look upon the business as a whole on a consolidated basis, so that is point No.1. With regard to your question about gas discovery in India, frankly we do not see any impact to the Wind business. I think that if you look at the power generation requirements of the country, which are really substantial and quite huge, we see the need for power generation from all sources. It is extremely high going forward, so I think that, that is the first issue. The second issue is if you look at the renewable portfolio standards that are being mandated by the government fairly shortly, then those basically are forecasting a 15% renewable energy standards by the year 2020 of the total power generation basket. Based on that, Wind will likely require to produce almost 50,000 MW of capacity by 2020, from our current 10,000 MW capacity, so which means that really in India, there need to be almost an addition of on average 4,000 MW of additional Wind capacity every year. Now, the current total installed capacity is only 10,000 MW, and up till we are running at about 1,500 MW of new installed capacity every year. So, you can imagine that there is a very significant need for growth in the wind industry, and that is likely to happen at least now from next year onwards, so we are contradicting your expectation, we are actually very bullish about the Indian market, and we actually expect the Indian market to grow very sizeably going forward, as you have observed, we have a very high market share in India, and so we therefore we actually expect to be among the primary beneficiaries of this improvement in both the power requirement as well as the renewable portfolios that are likely to be put in place by the government. In addition that that, in terms of returns for these investments of people who have put up wind farms, CERC is now guidelining a 19 to 24% pretax on equity, investments in these areas which are independent of the actual wind speed and therefore the power generation, so the tariff will be adjusted to take into account the actual power generation from different sites, which actually from a supply side opens up the Indian market tremendously. So, we are actually very positive about the growth in the Indian market going forward, and we expect that you know last year was 1500 MW in installed capacity, but in the very near future, maybe as little as one to two to three years, we expect that number to trend upwards to anything between 3,000 to 4,000 or even higher megawatts every year.

Mr. Ravindranath Naik: Okay. So, how much megawatts we have set up in this quarter from India?

Mr. Sumant Sinha: From India, we stated it is about 129 MW.

Mr. Ravindranath Naik: Okay, thank you sir.

Moderator: Thank you very much sir. Next in line, we have Ms. Rashi Talwar from Demeter Advisors.

Ms. Rashi Talwar: Hello?

Mr. Sumant Sinha: Yeah, hello.

Ms. Rashi Talwar: Hi Sumant, this is Rashi.

Mr. Sumant Sinha: Hi Rashi, how are you?

Ms. Rashi Talwar: I am fine. Couple of questions from my side. One, over the quarter, have you all seen... what kind of improvement having you all seen in terms of demand from the US and another developed markets because obviously like you said your guidance for the year is around 1900 to 2100 MW, which implies a much stronger second half.

Mr. Sumant Sinha: Yeah, that is true, but you know that based on the orders that we already currently have in hand.

Ms. Rashi Talwar: Right.

Mr. Sumant Sinha: And so if you look at the total amount that we need to going forward, which is about, you know, to reach the mid point of our guidance, about 2000 MW. We already have an international order book of 1388 MW, out of which we expect a large part of that is going to get done this year, may be let us say around 800 to 900 MW of that will be done this year, so a fair chance of it is already orders in hand.

Ms. Rashi Talwar: Okay.

Mr. Sumant Sinha: And then the India business is going at a run-rate that is now almost something like 70s to 80 megawatts every month, and that is likely to only go up as we go forward, so therefore in terms of the guidance, we feel that even with a couple of smallish orders or mid size orders, we should be able to get to the lower end of our guidance in this year. So, that really is the stance with respect to our performance this year and second half performance. With respect to your question on are we seeing improvements in the

US market and so on and other developed markets going forward, we certainly are seeing those improvements.

Ms. Rashi Talwar: Right.

Mr. Sumant Sinha: But improvements are not very dramatic in terms of speed. So, in the US market for example, as you know, 1.5 billion dollars of cash grants have been distributed, so that is making a lot of the developers there in slightly better situation, a lot of the old projects that they were working on, those installations are commencing a pace, and that is going to give them new appetite to place new orders going forward. In the European markets again a lot of the European banks are now focusing on core European business, so they are now again coming out of their sort of self-imposed cocoon after the financial crisis, so some lending is beginning to take place there again, and then of course markets like China and Australia are reasonably insulated and are continuing to go as reasonably good flip.

Ms. Rashi Talwar: Right.

Mr. Sumant Sinha: As well as India. So, I think by and large, you know, with overall market environment in the US is improving, but probably slower than we would have expected at the time of the stimulus package details are announced, and therefore our view is that it will take maybe another 3 to 4 months before you will start seeing a lot more new discussions taking place with respect to new orders in the US market, and there will be an overall gradual improvement in the European market as well. However, the other news is that, you know, this whole wind market is getting much more democratized in that many more countries now are setting renewable standards, and are beginning to start looking at wind.

Ms. Rashi Talwar: Right.

Mr. Sumant Sinha: If you look at that, countries like Egypt, Mexico, of course the countries in Latin America, South Africa, you know, these markets have now put in place targets as well for renewable energy, and are in the process really working through their own internal issues with respect to the requirements for the grid, how PPA should work for wind, what the regulatory environment should be, how tariff should be set, so lot of that work is going on right now, and our expectation is that very soon you will actually have a much more broad-basing of the market, as many more of these countries sort through their initial issues, and then are able to join the party in terms of wind. For example, South Africa, we were actually expecting an order to come fairly soon, you know, that order has got delayed simply because the government is still resolving its issues on the grid side, and therefore that order has got postponed in terms of announcement, and partly, that is one of our contributing factors to our revised guidance because we had

earlier expected to do that order this year itself, now it is getting postponed into next year, but anyway, point is that a lot of countries, these sorts of regulatory issues are being worked through right now, and hopefully once of all these happen, then we will start seeing a broad-based growth rate in the world.

Ms. Rashi Talwar: Okay. My second question was on Hansen, and Tulsi Bhai touched upon it a little bit in his opening remarks, but I just wanted to know as much as you can possibly let us know, what is the status and how soon should we or should we not expect some news from that side?

Mr. Sumant Sinha: You know, I unfortunately....

Ms. Rashi Talwar: Can't say much, haha.

Mr. Sumant Sinha: We really can't say much because the company is still in the offer period and London Stock Exchange requirements are pretty strict in this regard.

Ms. Rashi Talwar: Not a problem.

Mr. Sumant Sinha: So, there is not much we can say expect to say that our own, as a company, our desire to sell the asset is as strong as it was earlier, so we would just like to get to the conclusion of the process along with all of you as speedily as possible.

Ms. Rashi Talwar: Fair enough, thanks.

Mr. Sumant Sinha: Thank you.

Moderator: Thank you very much ma'am. I repeat, participants who wish to ask questions, please press *1 on your telephone keypad. Next in line, we have Mr. Ashi Anand from Kotak India Focus.

Mr. Ashi Anand: Good evening to the management.

Mr. Sumant Sinha: Good evening.

Mr. Ashi Anand: Certain questions with relation to what you spoke about the Indian business, when speaking of renewable portfolio standard, I just wanted to understand how far away do you believe this actually from becoming a regulation?

Mr. Sumant Sinha: Our view is that it should come into play really by end of this financial year or early next financial year.

Mr. Ashi Anand: Okay, and what exactly is required, as in what are the various steps from regulators currently?

Mr. Nishit Dave: Hi, this is Nishit Dave. I will tell you very quickly how things will happen.

Mr. Ashi Anand: Okay.

Mr. Nishit Dave: See, the electricity act of 2003 already has the basic regulation in terms of specifying that each state should have a minimum procurement from renewable, but stopping short of specifying what exact percent there should be.

Mr. Ashi Anand: Okay.

Mr. Nishit Dave: The second step comes in form of the national action plan on climate change that was announced by the Prime Minister earlier, and now the regulators in all the states have formed an opinion that they would like to go ahead with this plan. They have now released their first set of guidelines in terms of the renewable energy certificate that would be used to make this thing happen in terms of interstate and intrastate sale of green electricity and the renewable energy certificate that would actually make that happen.

Mr. Ashi Anand: Okay.

Mr. Nishit Dave: If you also refer to slide No.32 of our presentation, where we have put down all the salient features of the policy that has been announced and what is expected to be announced, and then there would regulations at the central level in terms of the CERC specifying a similar mechanism, and then gradually each state will accept and adapt these policies to its own requirement, and then we will start to see national level renewable portfolio standard coming into effect.

Mr. Ashi Anand: Sure. Sir, actually that answers my question. With relation to, are we likely to see a national level standard or would this still be state level standard distinctly?

Mr. Nishit Dave: It will become applicable national, then there would be, you can say, monitoring both from the state level and the national level. It will be monitored largely from the central level, and if you go through the draft, model guidelines for SERC that were recently released by the forum of regulators, you will see that there is provision for central agency that will actually monitor this and then disburse the renewable energy certificate between different states.

Mr. Ashi Anand: Okay, fair. Sir, and just to understand, in terms of the penalties for a state that does not meet up to the specific standards, how strict are these penalties, have those penalties have actually already been decided or those still in the planning stages?

Mr. Nishit Dave: In terms of current regulation, which is actually on a state level right now. Only in Maharashtra, have we seen penalties being announced and enforced, not in the other states, but there are actually not any specific time bound targets that the utilities have to adhere to.

Mr. Ashi Anand: Okay.

Mr. Nishit Dave: In the new mechanism, probably instead of penalties, there would be funding of, you can say, pool for buying out renewable energy certificates. This pool would be funded by states who are unable to meet the RPS levels because they might not have the requisite resource or they might not actually have been able to invest so much.

Mr. Ashi Anand: Okay.

Mr. Nishit Dave: So, instead of penalty, there would be actually, you can say, more cooperative system of buying out renewable energy certificate, which can be done by the central, you can say the nodal agency that could be monitoring this process.

Mr. Ashi Anand: Fair. Sir, the second question I have is with relation to the CERC guidelines on tariff. We already have feed-in tariffs announced by various states. I just wanted to understand as per your assessment, under the CERC guidelines of calculation, are the feed-in tariffs likely to be higher or lower than current state level feed-in tariffs?

Mr. Nishit Dave: If you see the CERC guidelines, actually they have now been tied to on one hand on the capital cost and the expected return on equity, and on the other hand, they have been tied the expected, you can say the normative capacity factor at any given site.

Mr. Ashi Anand: Sure.

Mr. Nishit Dave: For a lower windy site, these tariffs could very well be revised to a higher level to provide the same return on equity, and for a higher windy side, there might be a marginal reduction also, but again I would like to point out that there are very few high windy sites left in the country now of the class I category you can say.

Mr. Sumant Sinha: No, but you can safely assume that tariff levels will be revised substantially higher as a result of these changes.

Mr. Ashi Anand: Okay sir, excellent. Just a final question, when we are speaking of moving from about 1500 MW to about 3000 to 4000 MW per annum, what is our assessment of the breakup between IPPs and the traditional corporate or a HNI buyer?

Mr. Sumant Sinha: I think that you know you will have clearly the IPP investors at this point in time is not very active in the market, and most of the markets really therefore as the captive or the SMEs and of course some public sector utilities now they are getting into that, but our expectation is that once these new guidelines come in, then you will actually have apart from the current market, which itself will grow, you will have a lot of financial investors coming in because the whole market will become a lot more attractive, you will have utilities coming in because they will really start looking at wind as an important part of their overall portfolio of power production assets, so they will come in quite a bit, and public sector companies which are already there will also stay on in the party. Now, the one market that was there earlier which is at this point weaker is the corporate market or the large corporate market, and the chances of that will also come back. So, our view is that you will have a growth in the existing investors, but you will also have a number of other guys coming in because you know it will just be a much more attractive proposition and appeal to a wider variety of potential investors. It won't just be a tax equity based investor but also the financial investor, as well as those people who are actually for whom utilities or power generation is a core business.

Mr. Ashi Anand: Okay, and just frankly, some of these regulatory changes that we are looking at, how tied in are these regulatory changes to what happens in Copenhagen next month?

Mr. Sumant Sinha: No, I don't think they are tied in at all. I think a lot of these are being driven directly from the Prime Minister's office. I think there is a very serious recognition and understanding of the fact that everybody needs to do whatever they can with respect to climate change issues, and while the country has a certain position internationally, that does not preclude us from whatever we think is appropriate and right domestically.

Mr. Ashi Anand: Okay sir, excellent. Thank you so much.

Moderator: Thank you very much sir. I repeat, participants who wish to ask questions, please press *1 on your telephone keypad. Next in line, Mr. Siddharth Sanghvi from Pioneer Investment.

Mr. Siddharth: Hi, this is Siddharth here. My question is on volumes. Do you expect any revised volumes of 1900 MW, given the fact that already only 400 MW has been executed so far, and out of current order backlog of 1400 MW, only 1000 MW would be executed this year, so we still need around 500 MW of orders this year?

Mr. Sumant Sinha: No, no, that is not entirely true. We have done about 400 as you say rightly this year, in H1. In our order book, we have almost about 1000 MW that is still to be done this year, that itself will take us up to 1500, and then there is obviously the amount that we

likely to get from India, and so really that takes us up to about 1900 MW already.

Mr. Siddharth: Okay fine. Second question is on who are the lead bankers for our 12,000 crores of debt in books?

Mr. Sumant Sinha: For the 12,000 crores of debt in the books right now?

Mr. Siddharth: Yeah, yeah.

Mr. Sumant Sinha: Well, as I said that our lead banker in the consortium is State Bank of India.

Mr. Siddharth: Okay, and so, the refinancing talks would be largely with State Bank of India or?

Mr. Sumant Sinha: No, State Bank of India is certainly leading the whole discussions, but there are obviously a number of other banks involved in the process as well, but State Bank of India, as our lead bankers, clearly is at the forefront of those discussions, but SBI Caps, and IDBI is also lead arrangers of our facility.

Mr. Siddharth: Okay, and also wanted to know what is the consolidated net worth as on quarter end?

Mr. Sumant Sinha: Consolidated net worth as on quarter end?

Mr. Siddharth: Yeah.

Mr. Sumant Sinha: Just one second. It is 8,400 crores.

Mr. Siddharth: Okay, yeah, thanks.

Mr. Sumant Sinha: Thank you.

Moderator: Thank you very much sir. Next in line, we have Ms. Yogita from Wealth Managers.

Mr. Mayur: Hello sir, this is her colleague Mayur here. Sir, have you given any indication about the absolute reduction in debt which will happen in the next 15 months, let us say by March 2011?

Mr. Sumant Sinha: You know, Mayur, it is very hard to give you an accurate forecast of that because there are number variables out there, not least of which is the Hansen sale, our performance for next year, further efforts on the reduction of the working capital side, as well as our debt refinancing. So, given all of those variables, it is very hard to give you an accurate forecast for 15 months out.

Mr. Mayur: Sir, three months down the line, may be by the next call, will we be in a position to understand where would we stand on the absolute reduction?

Mr. Sumant Sinha: No, we will obviously be in a position to give you better forecast for our next year's performance and also talk more broadly about our debt refinancing, and hopefully between the two, we will be able to have a better sense on what outlook for the debt would be.

Mr. Mayur: Okay sir. Sir, just one more question. I know I am just trying to state a little bit more on this 1900 guidance which you have given.

Mr. Sumant Sinha: Yeah.

Mr. Mayur: If there is a worse situation we have to consider or if something does not go as per what you foresee, where do you think we will end up the year on the sales sir?

Mr. Sumant Sinha: Well, at this point, our best estimate that if things don't go right, is we will end up at 1900 MW.

Mr. Mayur: So, you believe this is at the bottom end where we will be?

Mr. Sumant Sinha: That is our reasonable judgment at this point in time which is why we have given those numbers.

Mr. Mayur: Sir, any particular order or do you think there is still some probability of delay which may happen and which may topple this outlook, which you feel you know any particular one or two which you feel can go wrong if at all if it has to go wrong, and can you give slightly on the specific side, do you think is there anything which you would like to just throw light on?

Mr. Sumant Sinha: No, Mayur, we really can't say actually.

Mr. Mayur: I am just trying to rule out the negative surprises which may possibly come now and the second half.

Mr. Sumant Sinha: Look, the reality of the situation is that at this point in time this is our best estimate, and we have tried to take into account things that may go wrong, things that may not go, or things that may go right, and that is why we have got a range in place at this point. Now, you know, two months later, who knows what can happen right ultimately, but this is at this point in time, this is our best estimate, taking into account all those things that may go right, the things that may go wrong, the orders that are little bit likely to get postponed, orders that are likely to be obtained and so on.

Mr. Mayur: Sir, how are we structured this unsecured from the promoter of around 1200 crores, 1175?

Mr. Sumant Sinha: Sorry, how is that?

Mr. Mayur: How is that on a rate front, I mean, where do we stand on that?

Mr. Sumant Sinha: It is at 7%.

Mr. Mayur: 7%?

Mr. Sumant Sinha: Yeah.

Mr. Mayur: Okay, thank you.

Moderator: Sir, does that answer your question?

Mr. Mayur: Yeah.

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

Mr. M. S. Arun: Good evening sir.

Mr. Sumant Sinha: Two days back, we have received some messages that China is dropping its local content policies actually as far as wind turbine is concerned. What will be the impact on Suzlon?

Mr. Sumant Sinha: You are right that they are likely to do that.

Mr. M. S. Arun: Okay.

Mr. Sumant Sinha: There is no specific impact on us per se because as you know we have manufacturing capability within China of 600 MW, and that is where we do all of our manufacturing at this point for China. All I can say is that in case we need to have more fungibility with respect to our manufacturing capacity between India and China for the Chinese market, we now have that flexibility. At this point in time, however, we don't really think that it adds any particular extra value to us.

Mr. M. S. Arun: It will increase the competition, is not so in the Chinese market?

Mr. Sumant Sinha: No, not really, because the Chinese market is already super-competitive by itself.

Mr. M. S. Arun: Okay, okay sir, thanks a lot.

Mr. Sumant Sinha: Okay, thanks.

Moderator: Thank you very much sir. I repeat, participants who wish to ask questions, please press *1 on your telephone keypad. At this moment, there are no further questions from the participants. I

would like to hand the floor back to Mr. Tulsi Tanti for final remarks.

Mr. Tulsi Tanti: So, I would like to thank all the participants in spending their time and to give us the opportunity to explain about the sectors, company, and the last quarter performance, so we are very thankful of all of you. Thanks a lot.

Moderator: Thank you very much sir. Ladies and gentlemen, thank you for choosing WebEx's Conferencing Service. That concludes this conferencing call. Thank you for your participation. You may now disconnect your lines. Thank you.
