Press Release **For Immediate Release**

Friday, January 30, 2009

Suzlon Group Consolidated Revenues up 117%

- **Consolidated Financials Q3-vs-Q3**
  - Revenues grew from INR 3,169.76 cr. to 6,893.04 cr., a growth of 117%
  - EBITDA grew from INR 396.22 cr. to INR 724.66 cr., a growth of 83 %
  - PAT (before exceptional items, minority interest and associate's profit) grew from INR 150.20 cr. to 413.95 cr., a growth of 176%
- **Consolidated Financials YTD-vs-YTD**
  - Revenues grew from INR 8,755.68 cr. to INR 17,277.15 cr., a growth of 97%
  - EBITDA grew from INR 1,160.18 cr. to INR 1,959.45 cr., a growth of 69%
  - PAT (before exceptional items, minority interest and associate's profit) grew INR 605.19 cr. to 1,025.33 cr., a growth of 69%
- **Guidance**
  - Suzlon in negotiations for over 2,000 MW of orders across USA, Europe China and Australia, of which a potential 1,000 MW are likely to be closed over the next six months.
  - This is in addition to Suzlon's existing order-book of 1,916 MW (excluding Hansen and REpower)
- Blade retrofit program 30% complete, full completion by June, 2009
- "The long term fundamentals of the wind industry remain strong. We see an upswing in the industry's growth from 2010. We expect the new US administration to provide a strong boost for renewables", said Mr. Tulsi Tanti, CMD – Suzlon Energy Ltd.
- "Operating margin and efficiencies have improved this quarter and we believe that this will continue into Q4 and FY10. The blade retrofit project is on track and will be complete by June, 09." said Mr. Sumant Sinha, COO - Suzlon Energy Ltd.

Mumbai: Suzlon Energy Limited (SEL), the world's fifth leading and India's largest wind turbine manufacturer, reported consolidated revenues of INR 6,893.04 cr. in Q3 FY09, a 117 % growth over corresponding period of the previous year. Profit after tax (before exceptional items, minority interest and associate's profit) stood at INR 413.95 cr. The Suzlon Wind Group (which excludes Hansen and REpower) order-book stood at 1,916 MW (98 MW domestic, 1,818 MW international) and INR 10,387 cr., as on January 26, 2009

Consolidated* Unaudited Results Highlights for quarter ended December 31, 2008 (INR Cr.)

	Q3 FY 09	Q3 FY 08
Revenues	6893.04	3169.76
EBIDTA	724.66	396.22
PAT (pre exceptional items)	413.95	150.20
PAT (post exceptional items)	(34.90)	142.84

(excluding Hansen and REpower). Additionally the order-book for the component business stood at INR 1,080 cr.

Speaking on the company's outlook, Mr. Sumant Sinha said: "We have seen a reduction in commodity prices, logistics costs, inventory, and overall project costs in the wind sector. This will translate into cost reductions for customers, interest cost reductions, and higher IRR on projects, which make the industry outlook favourable from FY10. The overall attractiveness of the industry has also improved for lenders due to higher security cover from better returns, and more secure cash flows."

Guidance

The company is in negotiations with existing and prospective customers for projects totalling over 2,000 MW across USA, Europe China and Australia, of which 1,000 MW are likely to be closed over the next six months.

Strategic Priorities

1. Blade Retrofit Program

The company completed a full Root Cause Analysis and implemented Corrective Action after completion of validation testing program at a third party facility on the S88 V2 blade. The planned retrofit and replacement program to strengthen all V2 blades is underway and on schedule, with 85% of the project scheduled to be completed by March 2009, and the remainder by June 2009. A provision of INR 170.88 cr. in FY09 has been made to cover additional costs arising from the project.

The S88 V2 blade was phased out by the next generation V3 blades in early 2008. 342 units of the S88 V3 have been commissioned till date in USA and Australia. [*See Appendix A for additional information*]

2. Optimizing Operating Efficiencies

The company has undertaken several key initiatives to increase operating efficiencies: focus on working capital reduction, freeze on capex plans, constant monitoring of raw material procurement and prices; continuous performance monitoring and operating cost rationalization.

The company also restructured senior management responsibilities with the aim of achieving greater consolidation and operational efficiencies as a Group. Mr. Tulsi Tanti took over direct charge of the company's operations while continuing his role as the Group's strategist. Mr. Sumant Sinha - COO, took over the day-to-day operational management of Suzlon's wind energy business.

3. Capitalizing on Opportunities

Speaking on the outlook for the sector, Mr. Tulsi Tanti said: "The wind industry has enjoyed a period of uninterrupted growth at over 34% CAGR over the past five years. But with the impact of the credit crunch on the global economy, the wind energy sector is likely to witness subdued growth rates in the coming year. The fundamentals of the industry, however, remain strong with energy security, sustainable energy sources and climate change high on the public agenda."

3.1 Focus on renewable energies in key markets

The long term outlook for the industry remains highly robust. Industry forecasts point to an upswing by 2010 with easing credit, and reducing costs backed by existing

drivers such as renewable energy targets in Europe, China and India; the US tax credit system and the 'Repower America' program providing a steady pipeline for growth.

3.2 Strategic Group Synergies

Initiatives are underway to achieve synergies at the group level. The company is working towards accelerating REpower's volumes and improving margins through Suzlon's supply chain linkages. The initiatives will reduce REpower's external dependence for supply of rotor blades, gear box, generator, control panel, forging and casting parts, converters etc. These initiatives offer the potential of reducing COGS for REpower through sourcing and scale economies.

In a similar manner, Suzlon will pursue closer supply chain linkages with Hansen Transmissions, plugging a gap in Suzlon's supply chain for gearbox and technology, and with SE Forge supplying forged and cast steel components to Hansen.

With Hansen's expansion in Belgium, China and India, the synergies also create a long-term growth driver for Suzlon's component business, while the closer functioning of all three companies offers the opportunity to integrate turbine technology with component technology and design, to develop the next generation of robust, cost efficient wind power solutions.

3.3 Changing Business Dynamics

Over the coming year, with easing commodity prices and supply chain bottlenecks the industry is expected to enter a period of consolidation, emerging with streamlined supply chains, and a customer base dominated by large utilities.

Group Updates

1. REpower

Suzlon and the Martifer Group entered into an agreement on a revised payment schedule for Martifer's 22.4 percent stake in REpower. As per the terms, Suzlon acquires the stake in three tranches by payment of Euro 65 mn in December 2008, Euro 30 mn in April, 2009, and the final tranche of Euro 175 mn in May 2009, which will take Suzlon's ownership level to approximately 91% in REpower. Suzlon already holds 91% voting rights in REpower through an existing agreement with Martifer. Suzlon completed the acquisition of the first tranche of shares in December, 2008, taking the company's holding in REpower to 73.71%.

2. Hansen

Suzlon successfully completed the sale of 10% equity in its subsidiary Hansen Transmissions International NV to Ecofin Limited, a London-based specialized investment firm, for INR 500 cr. Following this disposal, the Suzlon Group will retain a voting and economic interest in Hansen of approximately 61.28%.

3. Components Business

SE Forge, Suzlon's forging and foundry unit, established high precision forging and machining facilities of 70,000 MT p.a. capacity in Vadodara. The facility will manufacture components such as tower flanges, bearing rings, gear rim and ring gears, and has the capacity for rings of 5m diameter, the largest size made in India. The facility has started commercial production with third party orders from SKF, and the defence sector.

SE Forge also established a 120,000 MT p.a. casting and machining unit in Coimbatore, with a 50 MT per-piece capability, the largest in India. The facility will manufacture rotor hubs and other spherical castings, rotor shafts, main frames and casings with product applications across industries such as wind, oil and gas, material handling, aerospace, defence, construction equipment, bearings and heavy machinery. The facility has started commercial production, supplying Suzlon, Hansen and other customers.

Suzlon is also in the process of establishing verticals for rotor blades, electricals and towers as part of its component manufacturing strategy.

Suzlon – The Road Ahead

Suzlon over the past five years achieved meteoric growth, growing at twice as fast as the industry on an average. The company in the period emerged as a global player, integrated the full value chain establishing 5,700 MW of manufacturing capacity, and made two major international acquisitions.

The changed market dynamics will allow the company in the coming year to consolidate its growth – focusing on overcoming short term challenges, integrating group strategy, technological improvements, improving returns for customers on wind projects, and expanding the component business.

The Suzlon Edge

With the global wind industry shifting focus to shorter-term order visibility, the company is well positioned with a strong pipeline of potential customers. Suzlon retains the edge in tough market conditions with a combination of well established strengths - cost competitiveness, vertical integration, expanded scope of services, well-diversified market reach, and a focus on key markets and customer relationships dominated by utilities and financially sound developers.

Appendix A: Suzlon S88 – 2.1 MW V2 Blade Retrofit Program Synopsis

Issue: Suzlon encountered the appearance of cracks in the V2 version blades of its S88 – 2.1 MW turbines in USA and Portugal. Cracks have occurred in 172 blades out of a total population of 1,251 sets of blades. The cracks occurred in the transition area of the blade, approximately five meters from the root of the blade.

Root Cause Analysis: The company immediately instituted a (now complete) Root Cause Analysis (RCA) program to determine the exact cause of the problem and determine solutions.

The reason for cracks was determined to be a high stress concentration causing initial damage in the core of the blade shell. The problem was encountered only in the V2 blades (phased out by V3 model blades).

Solution: The analysis determined a strengthening of the affected region of the blade would prevent the cracks by reducing stress levels from blade loads in the core of transition area of the blade.

Validation: A full scale dynamical blade test was conducted on V2 rotor blades by Wind turbine Materials and Constructions (WMC), Netherlands using a realistic load spectrum. The retrofitted blade designated 'V2A' passed a life-cycle test of one million test cycles, validating the retrofit solution and blade quality.

Retrofit: An immediate retrofit program was instituted to strengthen all V2-type blades. The 'Retrofitting' involves providing additional reinforcement in the critical transition region of the rotor blades, both from inside and outside of the blade, to comply with the revised design standards of V2 rotor blades.

The program is progressing as scheduled, with 85% of the project scheduled to be completed by March, 2009 and remainder by June, 2009. A provision of INR 170.88 cr. in FY09 has been made to cover additional costs arising from the project.

Product Evolution - The S88 V3: The development of the V3 blade was a product evolution from the V2 for improved aerodynamic performance, in process before V2 crack issue surfaced. The V3 structural design has adequately addressed the blade crack issue observed on the V2 blade.

The S88 turbine with the V3 blade incorporates an improved wind turbine and rotor blade design, drawing on the experience from installing and running the S88 turbine with the V2 blade. The new version has shown consistently better performance in major operating parameters over the previous version.

342 units of the S88 V3 have been commissioned till date in USA and Australia. No blade cracks have occurred on V3 blades till date, and V3 turbines in Australia have demonstrated over 97% availability in majority of the turbines.

Future product development

Suzlon's next generation blade development effort is already working on - High energy yield blade designs; Innovation in composite technology; Cost reduction through lower material usage; Low wind speed technology and Regulation and generation system evolution.

* BTM Consult ApS – World Market Update 2007

About Suzlon Energy Limited

Suzlon ranked as the world's fifth leading wind turbine manufacturer with over 10.5 % of global market share in 2007. The company has ranked as the leading manufacturer in the Indian market for nine consecutive years, maintaining over 50% market share. Suzlon has its corporate offices in Pune, India and company's global spread reflects in its projects and markets portfolio - extending across Asia, Australia, Europe and North and South America. Suzlon is a highly vertically integrated wind turbine manufacturer with manufacturing capability along the full value chain – from components to complete wind turbine systems. The company currently has a combined manufacturing base of 2,700 MW of annual capacity, and has a further 3,000 MW of capacity coming on stream.
Please visit www.suzlon.com

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