

Clarification on Cost of raw Material Consumed

Post publication of financial results for H-1 FY'11 and Q-2 FY'11, some of the investors/ analysts have reported in their analysis that the cost of raw material consumed by SAIL in Q-2 FY'11 is substantially higher than the cost of raw material consumed in Q-1 FY'11. SAIL would like to clarify the calculation of cost of raw material for these two quarters as follows:

	Q-2 FY'11	Q-1 FY'11
Raw Material consumed (₹/Cr.)	4881	4703
Crude Steel Production in Million/tonne	3.24	3.34
Cost of Raw Material per tonne of Crude Steel Production (₹/Tonne)	15050	14091
Change in Cost per tonne (%)	6.81%	
Cost of Imported Coal [USD/T]	225	200
Change in Imported Coal Cost (%)	12.5%	
Imported Coal component in Coal Blend	70%	
Impact of change in Imported Coal cost in cost of production (%)	7.88%	

Further, SAIL would also like to clarify that as per the format provided in the statutory guidelines for publishing financial results, the line item as captioned "Increase/decrease (-) in stock-in-trade and work-in-progress" for SAIL represents the stock of finished products and semi-finished saleable products and not raw materials. Essentially, the cost of raw material consumed is to be worked out on the basis of calculation table placed above.

Trust this clarifies the queries of the investors.