



**MEMORANDUM FOR THE CENTRAL OFFICE
CREDIT COMMITTEE-II**

STATE BANK OF INDIA
CBK: CPT-II: 05-06:
Date:

(RUPEES IN CRORES)

COMPANY

KOHINOOR STEEL PRIVATE LIMITED (KSPL)

CIRCLE : MC, Region Kolkata

SEGMENT : C&I

PROPOSAL

BRANCH : Commercial, Kolkata

INDUSTRY : Iron & Steel

(Rupees in crores)

i.	Sanction for
	i) Term Loan of Rs. 40.00 crores (including one time LC facility for Capital Goods of Rs.10.00 crores to be paid from term loan).
	ii) Fund Based Working Capital Limit of Rs. 8.40 crores.
	iii) Non Fund Based Working Capital Limit of Rs. 1.00 crores.
ii.	Approval for
	i) Improved pricing at 1% below SBAR, present effective rate of 9.25% for the Term Loan (against credit rating of SB-2).
	ii) Improved pricing at SBAR, present effective rate of 10.25% for the Fund Based Working Capital Limit (against CRA rating of SB-2).
	iii) Permitting 100% interchangeability from BG Limit to LC Limit.
	iv) Waiver of 75% of the upfront fees in respect of the proposed Term Loan.
	v) 50% of Promoters' contribution to be brought in upfront instead of Bank's guidelines of bringing it 100% upfront.

(Rupees in crores)

LIMITS	EXISTING			PROPOSED			CHANGE	
	SBI	%	MBA	SBI	%	MBA	SBI	MBA
Fund based								
Cash Credit	0.00	0.00	0.00	8.40	67.20	12.50	8.40	12.50
Total FBWCL	0.00	0.00	0.00	8.40	67.20	12.50	8.40	12.50
Term Loan#	0.00	0.00	0.00	40.00	61.54	65.00	40.00	65.00
TOTAL FBL	0.00	0.00	0.00	48.40	62.45	77.50	48.40	77.50
Non fund based								
One time LC (for Capital Goods)#	0.00	0.00	0.00	(10.00)	100.00	(10.00)	(10.00)	(10.00)
LCs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BGs*	0.00	0.00	0.00	1.00	50.00	2.00	1.00	2.00
TOTAL NFBWCL	0.00	0.00	0.00	1.00	50.00	2.00	1.00	2.00
Total FB+NFB	0.00	0.00	0.00	49.40	62.14	79.50	49.40	79.50

Includes One time LC for Capital Goods for Rs. 10.00 crores.

* BG is 100% interchangeable with LC.

The proposal falls within the powers of COCC-II as :

- i) Fund based limits is below Rs. 50.00 crores and above Rs. 25.00 crores.

1. Company profile :



Due to CPP based on Waste Heat and Bio Mass Fuels as against conventional Coal Based Power Plants, the Project will be eligible for Certified Emission Reduction (CER) credits under the Clean Development Mechanism (CDM) of the Kyoto Protocol. These carbon credits can be profitably used by the Company to contribute to the emission reduction commitments of industrialised countries.

E) Manpower:

A preliminary estimate of the manpower requirement for smooth functioning and efficient operation of various sectors of the plant has been prepared. However, the manpower requirement will have to be reviewed at the time of the commissioning of the plant. Further, the implementation of industrial laws and regulations and locational factors of labour employment will also have to be considered.

The total manpower requirement of each unit is as below:

UNITS	TOTAL NOS.
Sponge Iron	261
Captive Power Plant	172
Steel Melting shop	68
Grand Total	501

h) Marketing: KSPL will have an installed capacity to produce 1,32,000 tonnes of Sponge Iron per annum. Of this, around 70% shall be consumed in-house by the steel ingot plant. The rest shall be marketed by the Company to various Steel Ingot/Billet plants in Jharkhand as well as neighbouring states. TISCO is a major buyer of Sponge Iron in Jharkhand and is further expanding its capacity. Since TISCO's plant at Jamshedpur is only 25 kms from the project site, the Company will have the advantage of selling a major part of its Sponge Iron production to TISCO.

The Steel Ingot plant will have an annual capacity of 1,05,600 tonnes. KSPL proposes to sell Steel Ingots to various rolling mills in Jharkhand and neighbouring states like Chhatisgarh, Orissa and West Bengal.

The Steel Ingot production can also be marketed in Nepal. A large quantity of Steel Ingot is being exported from India to Nepal. Since the project site is close to Nepal border and also since the Promoters are prominent industrialists in Nepal with established contacts with various Rolling Mills, KSPL will enjoy strategic advantages in marketing its product in Nepal. The promoters are already having a wide marketing network in Nepal. In order to ensure maximum value addition, the Company has plans to set up Steel Rolling Mills in the 2nd phase which will consume a large portion of the Steel Ingots.

The consumption of Steel Ingots for Rolling Mills in Nepal is around 7,50,000 MT. There are only three Ingot units in Nepal which produces around 1,00,000 MT of Ingots. The balance requirement of Ingots is sourced from India. Since, at present the Nepalese firms are procuring their Ingot requirements from Plants situated at Rourkela, Raipur, C.I.S. countries etc, besides Jamshedpur. KSPL will be enjoying a strategic advantage being closer to Nepal border. The Promoters are having well-fledged marketing network and excellent contacts in Nepal, which will provide them an edge over other producers of Ingots in India. Some of the major rolling mills in Nepal have shown interest in procuring Steel Ingots from KSPL. Bageshwari Iron & Steel Pvt. Ltd. and Jagdamba Steel Pvt. Ltd. have issued Letters of Comfort to this effect.

