

State Bank to lend Rs.40 bn for JSW's West Bengal project

JSW Bengal Steel will take a loan of Rs.40 billion from the State Bank of India (SBI) to part finance the first phase of its steel project in West Bengal, a senior company official said here Wednesday.

'SBI has agreed in principle to fund the first phase of the West Bengal project,' JSW Bengal managing director Biswadip Gupta said on the sidelines of a press conference organised by the Confederation of Indian Industry.

Talks are on now with SBI for re-negotiating the interest rate, Gupta said.

The first phase that involves setting up a three million tonne plant will cost Rs.100 billion, and the debt component of Rs.40 billion would be funded by SBI.

JSW, however, wants the bank to bring down the interest rate.

'SBI had earlier demanded 13.75 percent interest. Considering the current lower interest regime, we have asked it to lower the rate,' Gupta said.

JSW Bengal is promoted by JSW Steel, which holds an 89 percent stake in the company, with the state government owning the balance.

The company is constructing a 10-million-tonne steel plant in three phases on a total investment of Rs.350-billion (over \$7 billion) in Salboni in West Midnapore district of the state.

The first phase of the project will have a pelletisation plant, iron ore beneficiary and coal mine development units by 2012. The second phase, a six million tonne plant, is scheduled for completion by 2015. The entire project will be ready by 2020.

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