

 Early Warning System

IFC-48157

Gunung Steel



Quick Facts

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|--------------------------------|---|
| Countries | Indonesia |
| Specific Location | Cikarang Barat, West Java Province |
| Financial Institutions | International Finance Corporation (IFC) |
| Status | Approved |
| Bank Risk Rating | B |
| Voting Date | 2024-06-28 |
| Borrower | PT. Gunung Raja Paksi Tbk |
| Sectors | Industry and Trade |
| Investment Type(s) | Loan |
| Investment Amount (USD) | \$ 60.00 million |



Project Description

According to the Bank's website, the Project consists of an investment by IFC in the form of an A loan of up to US\$60 million equivalent in PT Gunung Rajapaksi Tbk (GRP or the Company). GRP is a leading steel producer in Indonesia involved in the production of crude steel from EAF to mainstream and downstream flat steel products. The Company primarily serves the growing domestic demand for steel in Indonesia. The Project will fund GRP's capital expenditure to expand its upstream, middlestream and downstream capacity to produce coated steel, along with investments to increase energy efficiency. The climate component of the Project is assessed as 92 percent of the total Project cost, and the Project is aligned with the goals of the Paris Agreement.

The proposed investment will be used to fund capital expenditure and working capital needs associated with GRP's flat steel business, including (i) downstream capacity expansion through the set-up of a new steel coating line; (ii) cost efficiency and productivity improvement measures related to existing equipment; and (iii) scrap inventory.



Early Warning System Project Analysis

This is a Category B project according to IFC's Policy on Environment and Social Sustainability (2012), with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.



Investment Description

- International Finance Corporation (IFC)

IFC's proposed financing will comprise up to US\$60 million (equivalent in IDR) in the form of a senior-secured A loan with a seven-year maturity.



Private Actors Description

Listed on the Indonesia Stock Exchange (IDX) in September 2019, GRP has a market capitalization of IDR5.01 trillion (US\$308 million) as of May 29th, 2024. The Company (under a different name) was founded by six siblings in 1970 in Medan, Sumatra Province and later moved to Jakarta in 1991. Currently, first- and second-generation members of the founding family, directly and indirectly own 90.3 percent of GRP shares. The remaining 9.7 percent is held by the public.



| Private Actor 1 | Private Actor 1 Role | Private Actor 1 Sector | Relation | Private Actor 2 | Private Actor 2 Role | Private Actor 2 Sector |
|-----------------|----------------------|------------------------|----------|--------------------------|----------------------|------------------------|
| - | - | - | - | PT Gunung Raja Paksi Tbk | Client | - |



Contact Information

PT. Gunung Raja Paksi Tbk

Chrishandy Kurniawan

Deputy CFO

+62 899-8787-367

chrishandy.kurniawan@gunungsteel.com

Jl.perjuangan no.8.Kp.Tangsi.RT 04 RW 006.Sukadanau.Cikarang Barat.Bekasi.

<https://www.gunungrajabaksi.com/>

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ACCOUNTABILITY MECHANISM OF IFC/MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org>



Bank Documents

- [Environmental & Social Review Summary \(ESRS\)](#)