

# A new avatar

The philosophy of consistently providing value to the customer has helped Tata Steel Processing and Distribution (TSPDL, earlier Tata Ryerson) to establish itself as the leading total metal solutions provider in India. With its turnover increasing from Rs0.7 billion in 2001 to Rs12.6 billion in 2010, TSPDL continues to be India's largest steel service centre. Now armed with a new name and a clear focus, the company is building on its strengths and aiming even higher. Managing director **Sandipan Chakravorty** shares the company's plans with *Tata Review*.

**Tata Ryerson was rechristened Tata Steel Processing and Distribution (TSPDL) in January this year. Has the company also set itself a new vision for the coming years?**

We revalidate or modify our vision (if required) every year as part of our endeavour to improve continuously. Our vision is to continue to be the undisputed leader of the steel service centre business in India. We will succeed in this by continuously delivering value through our products and services, building relationships and having responsible business practices that fulfil the expectations of our customers, suppliers, employees, promoters and society. We will review the vision again in 2011-12, involving all our employees in the process. Broadly, we will be more aligned to the future growth plans of Tata Steel.

**The rechristening came after Tata Steel's acquisition of the Ryerson Inc equity stake. Could you elaborate on the reasons for this deal? Will it have any impact on the business?**

Ryerson Inc was acquired by a private equity company — Platinum Equity — in 2007. Being a private equity player, Platinum Equity was

open to selling its stake in Tata Ryerson for a good price. Tata Steel felt that full ownership of the company would be beneficial and negotiated the deal.

The end of the Ryerson alliance has had little impact on our business since we have a highly experienced team which is confident of all aspects of running a service centre business. Moreover, according to our agreement with Ryerson, they will provide technical support (if need be) for one year. We have not required their support so far and I do not think that we will require it in the future.

**Tata Steel is enhancing TSPDL's capital by a substantial amount. What projects are these funds earmarked for?**

Tata Steel is installing a thin slab caster in Jamshedpur with a capacity of 2.4 million tonnes per annum. The facility will be functional in 2012. Our future investments are being primarily dovetailed to address the future needs of Tata Steel's processing requirements. We have, therefore, undertaken major initiatives of modernisation, upgrading equipment, procuring new equipment, etc.

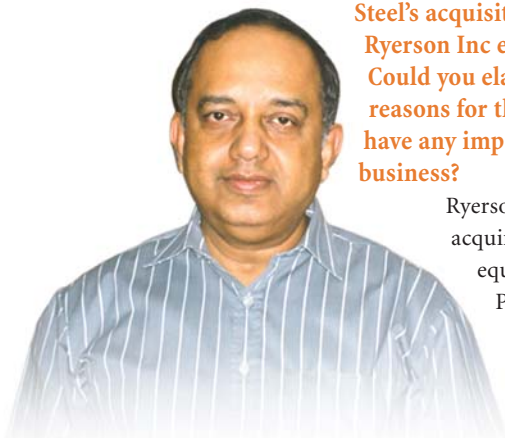
**2008-09 was a bad year for the steel industry. How did the company ride out the recession? What is the current economic and fiscal scenario?**

TSPDL took several measures to keep its inventories low and this reduced the impact of price fluctuations. We also undertook several initiatives to reduce fixed costs and improve processes. We acquired more than 50 new customers in the second half of FY09. The company was also awarded the JIPM TPM Excellence Award in category 'A' in Japan this year, and won the CII award for best productivity.

The current economic scenario looks promising. Automotive and appliances markets are our main segments and these are going through double-digit growth.

**Automotives seem to be the biggest customer segment. What products does TSPDL make for this segment? What are the other important customer segments?**

TSPDL provides customised steel solutions to the automotive sector. Our products and services range from providing cut-to-size flat steel to providing custom-built components. Examples would include roll-formed and stretch-bent chassis components for



TSPDL managing director Sandipan Chakravorty



Plate processing for Caterpillar at the Tada plant

the Nano and processed components for Caterpillar's earthmoving equipment.

TSPDL has had a very long association with Tata Motors. Our Jamshedpur plant supplies to Tata Motors' heavy vehicle plants at Jamshedpur and Lucknow, and our plant at Pune caters to their car division. The plant at Pantnagar, Uttarakhand, was set up exclusively to provide components for the Ace and now also caters to Tata Nano. We have another plant coming up at Sanand, Gujarat, for the Nano.

The partnership with Caterpillar is continuing and we are ramping up production at the plant in Tada in Andhra Pradesh. Caterpillar wants the company to double its capacity next year and cater to their requirements in South East Asia.

The other important customer segments for TSPDL are white goods, engineering, construction, fabrication, etc.

**TSPDL has been strong in the customised steel products and services business. How does the company manage to provide clients with a high degree of customisation of products while remaining cost-effective?**

When we started in 1997, we were the only corporate service centre, giving us the first mover advantage. Our company has best-in-class equipment, experienced and trained manpower, and robust business processes. Our high productivity and process control measures keep our costs very competitive.

It has always been the endeavour of the company to add value to the customer's value chain. Measurements of and improvements in the company's customer engagement indices have also contributed to our success.

**Has the company any plans to make its supply chain more effective? What processes has the company put in place to ensure on-time deliveries?**

Our USP is just-in-time delivery, made possible through efficient processes imbibed from Tata Steel and Ryerson. The location of our processing plants



Nano components being manufactured at the Pantnagar plant

and warehouses, and the installation of SAP at every point forms our hardware. The software is our team of people who are highly trained and customer focused. Their main job is to keep track of customers' inventories and needs on a daily basis and ensure that the company's supply chain is balanced.

**What role does innovation play in the process? How does the company keep its innovative edge?**

In the highly competitive service centre space, innovation is one of the aspects that differentiates us. We keep our innovative edge by constantly encouraging employee engagement in quality improvement programmes (QIP), and empowerment and reward of every implemented QIP. Our employees have visited some of the most innovative companies in the world through the Tata innovation missions and this has exposed them to world-class innovative practices. All this has helped the company generate many innovative ideas.

**Is the company looking at new areas of expansion, in products or geographies?**

The company is always looking for new areas of expansion in products and geographies. This focus is in fact the reason why we have had a 40-per cent plus year-to-year growth since inception.

Our first priority is to grow in-line with Tata Steel's growth and its processing needs. The demand from the output of Tata Steel's thin slab caster will keep our hands full for the next few years. We are also developing processes and procuring new equipment for processing hi-tensile steel as well as skin panels for the automotive sector. We are working with Caterpillar and Telco Construction Equipment Company for plate processing and fabricating components for heavy machineries. The rebar processing business will be increased manifold with Tata Steel in various locations.

We have put down our plans for the next three years, which will require substantial capacity investments and manpower resources to develop new customers, new products and go to new geographies. ●