



TATA RYERSON LIMITED

(100%)

depth

PALLAVI ROY

WHAT image comes to mind when you think of steel? Large, gleaming sheets or shimmering, rolled coils, perhaps. But branded, shrink-wrapped steel measuring 6 inches by 4 inches? Well, unlikely. Thanks to the growing steel service sector in the country, the latter image may well become more common in a few years from now.

This sector is perched between large steel makers and consumers like those in the automobile, durables and construction industries. Globally, it processes and services about 70 per cent of the flat steel products (like sheets and plates) and 50 per cent of the long products (like bars and rods). What steel service providers essentially do is to source and

stock the steel needed by a consumer, cut it into the sizes and shapes required, and process the steel if needed.

In India, it's not as if these services weren't there. About 15 million tonnes of the 38 million tonnes of steel produced in the country last year got processed. The problem is that about 80 per cent of it is done by small players. They mostly operate with few cutting machines ill-equipped to cut in small numbers or to specific shapes. Neither do they have backward linkages with steel plants, nor do they have the specialised processing facilities for flat products used by the automotive and durables sectors.

Hence, some large steel makers like the Steel Authority of India (though only for its Bokaro plant) and consumers like Maruti Udyog have their own service centres. Tata Ryerson, a joint venture between Tata Steel and Ryerson Tull of

the US, the world's biggest steel service company, is so far the only independent, full-fledged steel service centre.

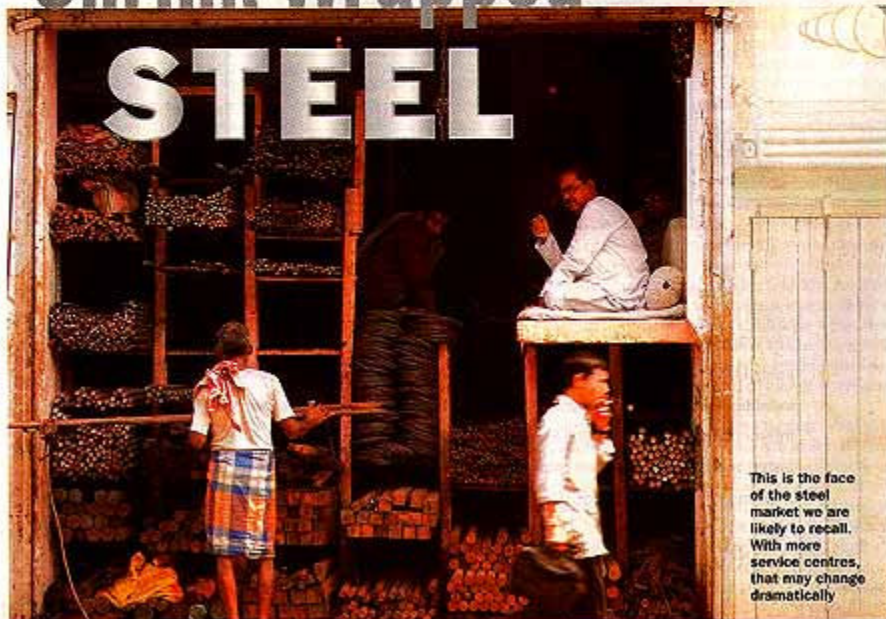
This picture is about to change. Tata Ryerson itself is expanding capacity and getting into new products. Essar Steel has just started a steel service centre at its cold rolling mill in Hazira. Torsteel, a producer of long products like bars and rods, has opened half a dozen Torshops across the country that offer full-fledged technical assistance to customers. Even L&T is said to be mulling the idea of setting up its own steel service centres.

Perhaps the best indicator of the sector's potential in India is indicated by the fact that the world's seventh largest

For the first time, larger players are stepping in to expand the steel service business

Shrink-Wrapped

STEEL



This is the face of the steel market we are likely to recall. With more service centres, that may change dramatically

GOVERNMENT