

# With Rs 41,749cr FY22 net, Tata Steel pips TCS as most profitable Tata co

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Mumbai: Tata Steel closed fiscal 2022 with record profit in its history, displacing Tata Group's crown jewel TCS from the top slot as the most profitable entity of the \$103-billion steel-to-software conglomerate. The company, one of the oldest units in the Tata Group, posted a profit of Rs 41,749 crore in FY22, benefitting from a rally in alloy prices, while TCS logged in a profit of Rs 38,449 crore during the same period.

The blowout numbers made Tata Steel declare the highest ever dividend of Rs 51 per equity share to its shareholders. The biggest beneficiary of this dividend bonanza will be largest shareholder Tata Sons, which holds 32% in the steel maker. The company also announced that each share with a face value of Rs 10 will be split into 10 shares with a nominal value of Re 1. "This will make the stock affordable to retail investors. It won't make any impact for institutional investors but interest from retail investors in the counter increases," said former JPMorgan India director and partner of RippleWave Equity Advisors, Mehul Savla.

Tata Steel is now among the star performers within the Tata conglomerate. It had posted losses for several fiscals at one point in its history, drained resources over its expensive foreign purchase of Corus, and was hit by the Covid pandemic, like several others. In FY22, the company, led by T V Narendran, generated the highest-ever cash flow of Rs 27,185 crore and operating profit of Rs 63,830 crore.

Tata Steel has also become the second-biggest Tata entity in terms of revenue in FY22, ahead of TCS. It recorded Rs 2.42 lakh crore in revenue, while TCS posted Rs 1.95 lakh through April 2021 to March 2022. Tata Motors, which will announce its FY22 results on May 12, had a revenue of Rs 2.49 lakh crore in FY21 — retaining the top slot as the largest entity within the Tata empire.

Tata Steel pared net debt to Rs 51,049 crore in FY22. Even with the purchase of Neelachal Ispat Nigam, it will

continue to pare its debt further, depending on the cash flows and other factors, the company said. It will also spend Rs 12,000 crore as capital expenditure in the current fiscal and could scale it further as and when growth priorities are finalised.

On the other hand, TCS is debt-free and it generated a cash flow of Rs 39,181 crore in FY22, higher than what Tata Steel generated during the same period. For the fourth quarter of FY22, Tata Steel reported a profit of Rs 7,899 crore on a revenue of Rs 38,480 crore. Profit and revenue were up 47% and 39% compared to the fourth quarter numbers of FY21.