

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE FINANCIAL YEAR 2024-25

Company Overview:

Tata Sons Private Limited ("Tata Sons" or "the Company") is the principal investment holding company and promoter of various Tata companies. It is a Core Investment Company registered with the Reserve Bank of India. In financial year 2023-24, the Company had applied to RBI for voluntary surrender of the certificate of Registration as a CIC and to continue as an 'unregistered CIC', in accordance with the prescribed procedure. The application is under examination by RBI.

Tata Group operates in more than 100 countries across six continents, with a mission 'To improve the quality of life of the communities we serve globally, through long-term stakeholder value creation based on Leadership with Trust'. This mission defines the business philosophy and guides the approach of doing business by Tata Group.

As on March 31, 2025, Tata Sons has 323 subsidiaries and the Company together with its subsidiaries has 39 associates and 32 joint venture companies, which are engaged in diversified businesses including Technology, Steel, Automotive, Consumer & Retail, Infrastructure, Financial Services, Aerospace & Defense, Tourism, Telecom & Media, Trading & Investments and new businesses.

More than 90% of the net assets of the Company are in the form of investments and loans to various Tata companies. The primary source of inflow is dividends received from Tata companies, occasionally supplemented by sale of investments.

The Company is the owner of the 'Tata' brand. Group companies are signatories to the Brand Equity and Business Promotion Agreement ("BEBP Agreement")/ Tata Trademark License Agreement. The aforesaid Agreements confers upon the signatory companies, the right to use the 'Tata' brand in the names of their products and services and in certain cases in their corporate names. Tata companies are committed to run their businesses ethically, transparently and in conformity with the Tata Code of Conduct which is an integral part of the BEBP Agreement.

Financial Performance:

(₹ in Crore)

	Standalone Financial Results				
	FY24	% of Revenue	FY25	% of Revenue	Increase / (Decrease) in FY25
Total Revenue	43,893.00	100%	38,834.58	100%	-5,058.42
Profit before exceptional items & Taxes	41,116.51	94%	36,888.94	95%	-4,227.57
Exceptional items	-1,303.35		-1,448.18		-144.83
Profit before tax	39,813.16	91%	35,440.76	91%	-4,372.40
Profit for the year after tax	34,653.98	79%	26,231.74	68%	-8,422.24

Total revenue of the Company for the financial year 2024-25 was ₹ 38,834.58 crore compared to ₹ 43,893.00 crore in the previous year. Total revenue for the previous year included profit of ₹ 9,375.66 crore from sale of investments.

Exceptional items in the financial year 2024-25 were Rs 1,448.18 crore which comprised mainly of provision for gross liabilities of Tata Teleservices Limited / Tata Teleservices (Maharashtra) Limited towards Department of Telecommunications.

Profit After Tax was ₹ 26,231.74 crore compared to ₹ 34,653.98 crore in the previous year.

Financial Position:

(₹ in Crore)

	Mar 24	Mar 25	Inc/ (Dec) in FY25
Networth	1,24,878.55	1,49,680.13	24,801.58
Gross debt	363.18	-	-363.18
Other liabilities	24,209.14	25,676.51	1,467.37
Total: Liabilities	1,49,450.87	1,75,356.64	25,905.77
Investments	1,42,973.05	1,64,574.88	21,601.84
Cash & cash equivalents	3,042.37	7,117.43	4,075.06
Other assets	3,435.46	3,664.33	228.87
Total: Assets	1,49,450.87	1,75,356.64	25,905.77
Market Value of listed investments	15,52,457.55	14,28,228.00	-1,24,229.55
Capital Adequacy Ratio	501.70%	478.17%	-23.53%
Leverage Ratio [times]	0.05	0.04	-0.01

The capital structure of the Company strengthened during the year under review. Net worth increased by 20% to 149,680.13 crore while net debt reduced to negative ₹ 7,117.43 crore [cash balance was in excess of debt] on 31 March 2025. During the year under review, the Company repaid all borrowings.

The return on equity was 19.11% for the Financial Year 2024-25.

Consolidated financial performance

(₹ in Crore)

	Consolidated Financial Results				
	FY24	% of Revenue	FY25	% of Revenue	Inc/ (Dec) in FY25
Total Revenue	4,76,725.18	100%	5,92,673.56	100%	1,15,948.38
Profit before exceptional items & Taxes	59,641.60	13%	55,055.29	9%	-4,586.31
Exceptional items	-677.83		569.04		1,246.87
Profit before tax	73,264.70	15%	69,788.52	12%	-3,476.18
Profit for the year after tax	49,000.66	10%	40,985.19	7%	-8,015.47

Total Revenue showed an increase of 24% to ₹ 5,92,673.56 crore.

Profit after tax for the year was ₹ 40,985.19 crore compared to ₹ 49,000.66 crore in the previous year.

Financial position:

(₹ in Crore)

	Mar 24	Mar 25	Incr / (Dec) in FY25
Networth	2,77,022.69	3,17,881.24	40,858.55
Gross debt	2,71,473.94	3,46,230.41	74,756.47
Other liabilities	2,49,771.22	3,06,162.57	56,391.35
Total: Liabilities	7,98,267.85	9,70,274.22	1,72,006.37
Investments	1,58,631.00	1,78,756.52	20,125.52
Cash & cash equivalents	89,379.91	1,08,512.34	19,132.43
Other assets	5,50,256.94	6,83,005.36	1,32,748.42
Total: Assets	7,98,267.85	9,70,274.22	1,72,006.37

The Tata group's combined market capitalization as on March 31, 2025 was ₹ 27,84,753 crore.

Business Highlights:

The year 2025 began with optimism, underpinned by expectations of macroeconomic stability and recovery with global growth, falling inflation, and tailwinds from falling interest rates. However, this macro narrative shifted with rising concerns around global growth and inflation as policy uncertainty rose sharply with dramatic shifts in trade policy. Amid trade uncertainties, global growth is expected to slow to 2.3% in 2025 from 2.8% in 2024.

In this challenging landscape, the long-term structural shifts: transition to cleaner and greener energy, deepening digital transformation, and reconfiguration of global supply chains, continue to move forward.

Across all of these shifts, one stands apart: the potential of Artificial Intelligence (AI) / Generative AI (Gen AI). This is not merely another technological shift, it is a civilizational one. It's being propelled by parallel progress in semiconductors, cloud computing, quantum technologies, robotics, energy innovations and innovations in energy storage. This moment is uniquely significant in its simultaneity.

India's long-term growth is underpinned by strong demographic and economic fundamentals and the ongoing structural reforms. India's near term macro-outlook remains strong with stable growth expectation of 6.5% in 2025, falling inflation and ongoing monetary easing. Periodic policy measures by the government continue to support growth, in particular towards the development of the manufacturing sector that can generate employment at scale and serve global markets.

Key themes which leverage India's growth potential as well as the global trends are:

- a) focus on resilience in global supply chains
- b) transition to new age energy systems
- c) value creation opportunities from AI and digital led transformation

During the year, the Company invested in existing businesses enabling them to capitalize on India growth opportunities as well as to leverage the global trends, including in financial services, consumer products, and infrastructure businesses.

The company continues to invest in high growth new businesses, launched over the past few years. These are scaling up rapidly and are on the path to go mainstream.

Risks and Concerns for the Company & the Group Risks Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Group Risk Management Committee has been formed to assist the Board for identification, assessment and monitoring of risks in line with the business strategies. The charter of the said committee is approved by the Board and lays down the risk management processes and controls.

Adequacy of Internal Controls

The Company's internal controls are commensurate with its size and the nature of operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with the Company's policies. The Company has a well-defined delegation of power with authority limits for approving contracts as well as expenditures.

The terms of reference of the Audit Committee of the Company includes evaluation of internal financial controls and risk management systems. As part of the internal financial control systems, Internal Auditor conducts regular audits and presents their findings to the Audit Committee. As on March 31, 2025, there are no material unaddressed Internal Financial Controls related observations outstanding.

One Hundred and Seventh Annual General Meeting

The Statutory Auditors of the Company have audited the Company's financial statements and issued an attestation report on the Company's internal control over financial reporting (as defined in Section 143 of the Companies Act, 2013).

Based on the above, we believe that adequate Internal Financial Controls exists and are operating effectively.