Should Tata Sons go public? Let's hear from minority shareholders

Now that RBI has closed its non-listing option, the debate needs to involve more than the regulator and the group's promoter

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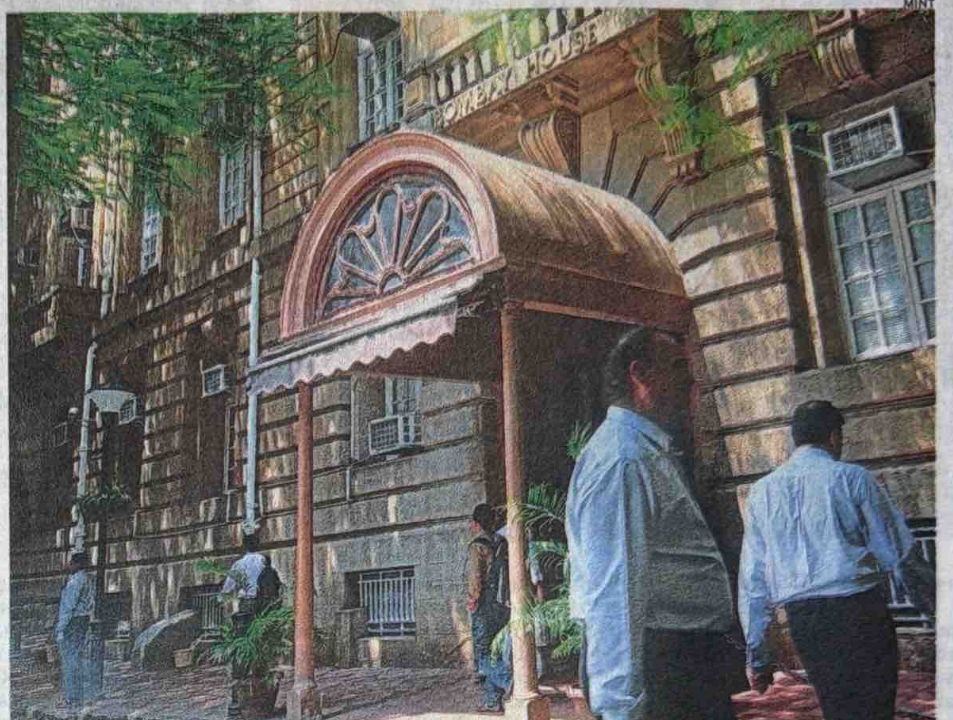

On 24 June, the Reserve Bank of India (RBI) issued its final framework for classifying upper-layer non-banking financial companies (NBFCs), holding the line on the one test squarely within its control. Industry had pushed to raise the qualifying assets threshold from ₹1 trillion to ₹2.5 trillion, which would have lifted Tata Sons and other large NBFCs out of the upper layer entirely. RBI rejected that request. Tata Sons' standalone assets, estimated at ₹1.75-1.9 trillion, clear the ₹1 trillion bar with room to spare, placing it exactly where RBI first did in September 2022—with a stock-market listing obligation whose original three-year deadline expired in September 2025.

A second question briefly looked more contested. RBI's 24 June rules on upper layer classification, built around the asset-size test alone, made no mention of "indirect receipt of public funds," even though its 29 April Amendment Directions had included an explanation in the master direction's definition of 'public funds': funds received "not directly but through associates and Group entities which have access to public funds." That apparent omission fed a week of reports on a reprieve for Tata Sons. But it was never real—the explanation sits within the same consolidated master direction that governs upper layer classification, with an effective date of 1 July built-in from the start. Tata Steel, Tata Power and Tata Chemicals together hold an estimated 13-16% of Tata Sons; since all three access public capital markets, that alone keeps Tata Sons classified as an indirect recipient of public funds.

On both tests, Tata Sons is back where RBI first placed it in 2022. What remains open is not a technical question, but an institutional one: whether RBI acts on its own rules or lets Tata Sons' de-registration application sit unresolved indefinitely, handing it through delay what the rules no longer allow it to claim through argument.

Since 2022, the public discussion over Tata Sons' listing has been conducted almost entirely between two parties: the promoter, which does not want to list, and the regulator, which says the rules require it. Noel Tata, chairman of Tata Trusts, has written to RBI opposing a listing, and former office-bearers have made the institutional case in print—that public markets would compromise a century-old philanthropic mission and a long-term investment philosophy that is poorly suited to quarterly reporting. These are not frivolous arguments: Tata Trusts fund a substantial share of India's private philanthropic activity, tracing back to Tata Sons' unlisted structure.

But there is a third party to this debate that has barely had a seat at the table: the minority shareholders of 26 listed Tata companies whose combined market value Tata's own disclosures put at more than $328 billion as of March 2025, and whose economic fate is more tightly bound to Tata Sons' governance than the debate acknowledges.

Consider what an unlisted Tata Sons has meant in recent months. Shares of TCS, the group's principal cash generator, have fallen to near a 6-year low amid a broader technology-sector slump, eroding the value of Tata Sons' principal asset—a fact that matters because Shapoorji Pallonji Group's 18.4% stake in Tata Sons collateralizes its own high-yield debt. Goswami Infratech, an SP Group unit, disclosed to the BSE on 3 July that the exchange had approved pushing the final redemption date of its non-convertible debentures (NCDs) from 30 June to 31 July, the second such extension this year, even as the SP Group seeks ₹25,500 crore in fresh refinancing through a new vehicle, Eqyizen Investment, after an earlier attempt fell through. That refinancing builds in an unusual 18-month clock: either Tata Sons lists within that window or the SP Group must be able to sell its stake privately at an agreed price, a market-set deadline arrived at entirely outside any regulatory process, and one that exists only because Tata Sons' principal asset cannot easily be converted to cash while the company stays private. None of this shows up in filings that a Tata Motors or Titan shareholder would ever see, even though it has a clear bearing on the financial standing of the entity that appoints their board's chairperson.

A Tata Sons listing would not simply 'unlock value' for the SP Group, as the debate is often reduced to. It would require quarterly disclosure of the entity that controls 26 operating companies; independent directors on the board that decides group-wide capital allocation; related-party scrutiny of the intra-group flows that funded a net ₹10,905 crore in aggregate losses across Tata Sons' unlisted portfolio in 2024-25 (even as Air India and Tata Digital individually lost far more before profits elsewhere offset some of it); and formal governance standards around the succession uncertainty that has left N. Chandrasekaran's reappointment as chairman of Tata Sons unresolved since February, now pushed to an annual general meeting on 18 August. Each of these protections applies to shareholders of TCS or Tata Steel, but none currently applies to the entity one level above.

Tata Sons' own trustees differ: two of the Trusts' vice-chairmen have openly backed a public listing on governance grounds against the chairman's stated opposition—an unusual split for an institution that has prized a single voice at its apex. When a company's own controlling trustees disagree on whether its structure needs more scrutiny, the argument for resolving the question privately comes apart.

The philanthropic-mission argument need not be dismissed. Differential voting rights or governance carve-outs that preserve mission-driven ownership within a listed framework exist in several markets, but they do not entail a permanent exemption from disclosure. India should treat philanthropic continuity and public accountability as compatible design questions, not a binary choice between an opaque private holding company and a conventional listing.

Now that RBI has closed both tests that matter for Tata Sons, asset size and indirect access to public funds, what remains is a question of institutional will: whether an entity of Tata Sons' scale and consequence for India's capital markets will be permitted an indefinite delay through an unresolved de-registration application, even though the case for public accountability is being made with increasing urgency by the market itself.

This is the concluding part of a two-part series.

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