

May 23, 2025

Tata Medical and Diagnostics Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Short term – Fund based/ non-fund-based limits	70.00	70.00	[ICRA]A1; reaffirmed
Total	70.00	70.00	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of the ratings reflects Tata Medical and Diagnostics Limited's (Tata MD) strong parentage and robust financial flexibility, stemming from being a wholly-owned subsidiary (100.00%) of Tata Sons Private Limited (TSPL; rated [ICRA]AAA(Stable)/[ICRA]A1+). Since Tata MD's inception, the parent company has infused around Rs. 490 crore in equity to support Tata MD's operational and investment requirements, including loss funding, capital expenditure, and working capital requirements (for both its discontinued diagnostics segment and its ongoing operations). ICRA expects TSPL to continue to provide financial support to Tata MD, as needed. The ratings also factor in the Stable long-term industry outlook for the healthcare services industry with rising incidences of chronic and lifestyle diseases, which is expected to support the business prospects of the company.

ICRA notes that the company operates two segments, namely urban healthcare model (UHC) and rural healthcare model (RHC). Within the UHC segment, the company has transitioned from a subscription-based model to a pay-as-you-go model with one urban healthcare centre in Whitefield, Bangalore at present. The company plans to open 4-5 new centres in FY2026 in Bangalore. Under the UHC service, Tata MD focuses on providing proactive and personalised care to patients to manage chronic conditions. Further, within the RHC model, the company operates Digital Nerve Center (DiNC) in Kolar district of Karnataka, wherein it provides virtual consultations to patients visiting the nearby Primary Health Centres (PHCs) or Community Health Centres (CHCs), etc. These DiNCs operate on a hub and spoke model with each DiNC being a hub and the PHCs/CHCs being the connected spokes. Tata MD plans to expand its RHC business model Andhra Pradesh, Karnataka, Assam, Odisha, etc. in the medium term. It has already signed an MoU with the Government of Andhra Pradesh (AP) to expand through this model in Kuppam district in phase one, which is expected to expand to Chittoor district and then to whole state of Andhra Pradesh in the next 2-3 years. Tata MD's ability to successfully commercialise and scale up this model and its operations remain a key rating monitorable.

The rating is, however, constrained by Tata MD's nascent stage of operations and its modest financial profile, marked by sustained operating and net losses since its inception, which have necessitated continued financial support from its parent. ICRA notes that the company reported an operating loss of Rs. 28.5 crore in FY2025 against loss of Rs. 70.7 crore in FY2024, led by the nascent stages of its operations.

The Stable outlook on Tata MD's rating reflects ICRA's opinion that the company will continue to benefit from its status as a 100% subsidiary of Tata Sons Private Limited.

Key rating drivers and their description

Credit strengths

Strong parentage as a 100% subsidiary of TSPL – Tata MD enjoys strong financial flexibility for being a 100% subsidiary of TSPL. TSPL has infused Rs. 490-crore equity since Tata MD's incorporation, underscoring its commitment to support Tata MD. ICRA

believes that the company will continue to receive adequate and timely financial support from TSPL, which will further help Tata MD in ramping up its operations.

Stable long-term industry outlook– The long-term outlook for the healthcare services industry in India remains stable and promising, driven by the rising prevalence of chronic and lifestyle-related diseases and increasing awareness around preventive care. This trend is expected to support the growth trajectory of Tata MD, as it expands its urban and rural healthcare models.

Credit challenges

Nascent stages of operations – Tata MD remains in the nascent stage of its operational journey as it was primarily engaged in pilot testing of its urban and rural healthcare models till now. Going forward, it plans to scale up its healthcare delivery models by setting up new centres in both urban and rural areas. The company continued to report operating and net losses, with an operating loss of Rs. 28.5 crore in FY2025, albeit an improvement from Rs. 70.7 crore in FY2024. These losses reflect the initial investment phase, where significant resources are being directed towards infrastructure development and pilot programs. While the early-stage nature of the business presents execution and scalability risks, Tata MD's ability to successfully commercialise and ramp up its operations by adding new centres will remain a key monitorable.

Modest financial profile – The company witnessed modest revenue of Rs. 5.2 crore in FY2025 compared to Rs. 13.2 crore in FY2024. In FY2024, the major portion of the revenue was derived from the diagnostics business. However, in FY2025, the revenue was entirely from its healthcare business. Tata MD's modest financial profile is characterised by continued operating and net losses since its inception, making it dependent on its parent for funding its operations. ICRA notes that the company has undergone a change in its business model and has incurred an operating loss of Rs. 28.5 crore in FY2025, a significant improvement compared to an operating loss of Rs. 70.7 crore in FY2024 given the scale of operations. Losses incurred in FY2025 primarily pertain to the high upfront costs associated with launching and scaling its urban and rural healthcare models. The company is expected to incur both operating and net losses in the near term till its new business model achieves scale and turnaround.

Liquidity position: Adequate

The company's liquidity position remains adequate, with undrawn overdraft limits of ~Rs. 67 crore as on April 30, 2025, and unencumbered cash and liquid investments of Rs. 26.92 crore as on March 31, 2025. The company does not have long-term debt obligations. The average working capital utilisation remained at 60% during January 2024 to April 2025. As a part of the Tata Group, Tata MD enjoys healthy relationships with banks, which indicate robust financial flexibility, supporting its overall liquidity profile. Further, being a 100.00% subsidiary of TSPL, timely funding is expected to support its liquidity and operational requirements.

Rating sensitivities

Positive factors – Given the nature of the business, having a long gestation period, we expect the company will remain dependent on the parent to fund its losses and growth. ICRA could upgrade the rating when the company turns around its operations and seems set to be on the path to achieving funding self-sufficiency.

Negative factors – Pressure on the rating could arise, in case of delays in ramp-up in operations, impacting turnaround of operations. Any revision in TSPL's funding support towards the company or decrease in Tata MD's strategic importance, or any weakening in the credit profile of TSPL will also be negative rating factors.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology- Hospitals
Parent/Group support	Parent company –TSPL (rated [ICRA]AAA(Stable)/[ICRA]A1+) ICRA expects TSPL to provide need-based fund infusion to TATA MD. There exists a track record of TSPL extending financial support to the company.
Consolidation/Standalone	ICRA has considered the standalone financial statement of TATA MD

About the company

Tata Medical and Diagnostics Ltd (Tata MD) is a 100.00% subsidiary of Tata Sons Private Limited. Incorporated on July 23, 2020, the company started its commercial production in November 2020. It was earlier involved in the business of inter-alia providing healthcare services, manufacturing and supplying medical devices and equipment for prevention and treatment of communicable diseases. However, in Q4 FY2023, the company shifted its focus to the healthcare segment and started the process of exiting the diagnostic space.

Tata MD is in the pilot stage of developing its new healthcare business model, which is a pay as you go-based (against a subscription-based model earlier), patient-centric health monitoring programme to provide proactive and personalised care. At present, the company has two segments, firstly, urban healthcare centres, where it plans to offer treatment for chronic healthcare conditions such as diabetes, hypertension, thyroid, obesity, etc. (running a pilot clinic in Whitefield, Bangalore at present) and secondly, rural healthcare centres where it operates digital nerve centres (DiNCs/centralised setup providing virtual healthcare consultations) which provides basic healthcare facilities like mother and child care to patients visiting the primary health centres (PHCs), community health centres (CHCs) or area/district hospitals. For the rural healthcare model, the company is working in conjunction with state governments and plans to set up DiNCs in Andhra Pradesh, Karnataka, Orissa, etc.

Key financial indicators (audited)

Tata MD	FY2024	FY2025
Operating income	13.2	5.2
PAT	-142.5	-42.6
OPBDIT/OI	-534.4%	-546.3%
PAT/OI	-1077.5%	-817.1%
Total outside liabilities/Tangible net worth (times)	-10.3	0.6
Total debt/OPBDIT (times)	-0.5	-0.2
Interest coverage (times)	-22.4	-5.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Chronology of rating history for the past 3 years								
	Current rating (FY2026)			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	May 23, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based/non-fund-based limits	Short term	70.00	[ICRA]A1	-	-	Feb 29, 2024	[ICRA]A1	Nov 10, 2022	[ICRA]A1
Unallocated facilities	Long Term/ Short Term	-	-	-	-	Feb 29, 2024	[ICRA]A+ (Stable)/ [ICRA]A1; long-term withdrawn	Nov 10, 2022	[ICRA]A+ (Stable)/ [ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Short-term fund based/ Non fund based limits	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based/ non-fund-based facilities	Jul-2024	6M-MCLR + 0.1%	NA	70.00	[ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis- Not Applicable

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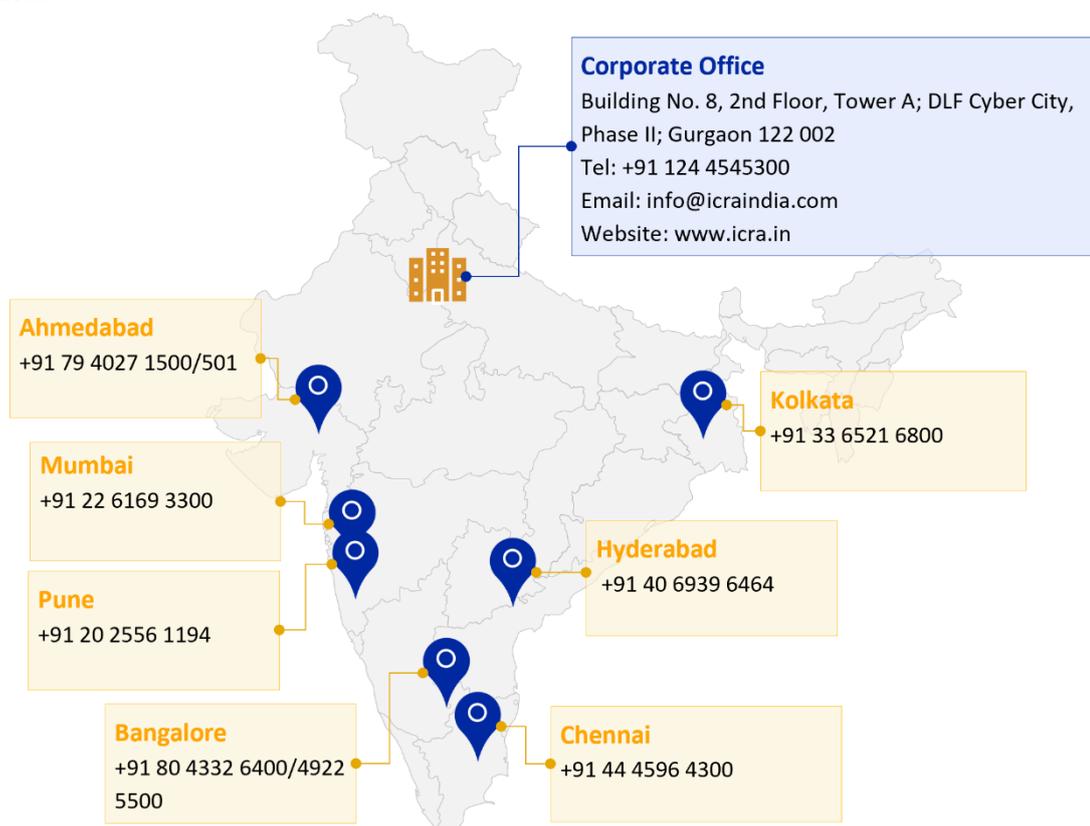
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