July 09, 2026

Tata Medical and Diagnostics Limited: Rating 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 II*

Rationale

The reaffirmation of the rating reflects Tata Medical and Diagnostics Limited's (Tata MD) strong parentage and robust financial flexibility, stemming from its status as a wholly-owned subsidiary of Tata Sons Private Limited (TSPL). Since Tata MD's inception, the parent company has infused around Rs. 565 crore in equity to support the company's operational and investment requirements, including funding losses, capital expenditure and wosrking capital requirements for both its discontinued diagnostics segment and ongoing healthcare services business. ICRA expects TSPL to continue providing financial support to Tata MD, as required. The ratings also factor in the favourable long-term industry outlook for the healthcare services industry, supported by the rising incidence of chronic and lifestyle diseases, which is expected to support the company's business prospects over the medium term.

ICRA notes that the company operates two segments, namely the urban healthcare model (UHC) and the rural healthcare model (RHC). Within the UHC segment, the company operates a pay-as-you-go model and currently has one urban healthcare centre in Whitefield, Bangalore. The company plans to open additional UHCs in Bangalore towards the end of FY2027. Under the UHC model, Tata MD focuses on patient care for chronic conditions, along with ancillary services such as physiotherapy, diagnostics and specialist consultations.

Under the RHC model, the company operates Digital Nerve Centres (DiNCs), which provide virtual consultations to patients visiting nearby PHCs, CHCs, district hospitals and other Government healthcare facilities. These DiNCs operate on a hub-and-spoke model, with the DiNC acting as the hub and the connected public healthcare facilities acting as spokes. Tata MD has implemented the RHC model in Kolar, Karnataka, Kuppam and Tirupati in Andhra Pradesh and North Guwahati block in Assam. The company also expects to operationalise the model across other states in near term. Since the RHC model is largely government-funded, receivable cycles could remain elongated. Tata MD's ability to successfully commercialise and scale up both the UHC and RHC models and achieve timely collections in the RHC business will remain key rating monitorables.

The rating is, however, constrained by Tata MD's nascent stage of operations and modest financial profile, marked by sustained operating and net losses since inception, which have necessitated continued financial support from its parent. ICRA notes that the company reported an operating loss of around Rs. 30.6 crore in FY2026 against an operating loss of Rs. 28.5 crore in FY2025, led by its low revenue base and continued investments in manpower, technology and operating infrastructure. While the management expects an improvement in operating performance with the ramp-up of existing UHC volumes, the planned addition of new UHCs and the scale-up of the DiNC model, ICRA expects operating and net margins to remain negative over the medium term, given the early stage of operations and the execution risks associated with the scale-up.

Key rating drivers and their description

Credit strengths

Strong parentage as a 100% subsidiary of TSPL - Tata MD enjoys strong financial flexibility by virtue of being a 100% subsidiary of TSPL. TSPL has infused Rs. 565 crore in equity since Tata MD's incorporation, underscoring its commitment to supporting Tata MD. ICRA believes that the company will continue to receive adequate and timely financial support from TSPL, which will further help Tata MD ramp 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 of preventive care. This trend is expected to support Tata MD's growth trajectory as it expands its urban and rural healthcare models.

Credit challenges

Nascent stages of operations - Tata MD remains at a nascent stage of its operational journey, having completed the pilot testing of its urban and rural healthcare models. 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. 30.6 crore in FY2026 compared with Rs. 28.5 crore in FY2025. These losses reflect the initial investment phase, during which significant resources are being directed towards technology and infrastructure development. 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. 13.0 crore in FY2026 as against Rs. 5.2 crore in FY2025. 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 continued to incur operating losses since inception. The company is expected to incur both operating and net losses in the near term until its new business model achieves scale and turns around. Further, ICRA derives comfort from Tata MD's limited reliance on external debt to fund its expansion plans, as the same is being funded through financial support from TSPL.

Liquidity position: Adequate

The company's liquidity position remains adequate, with undrawn overdraft limits of Rs. 60.3 crore as on May 31, 2026, and cash and liquid investments of Rs. 50.5 crore as on March 31, 2026. The company does not have any long-term debt obligations. The average working capital utilisation remained at 30% during April 2025-May 2026. As part of the Tata Group, Tata MD enjoys healthy relationships with banks, indicating robust financial flexibility and 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 – The rating could be upgraded as the company increases its scale of operations along with reduction in its operating losses. ICRA expects the company to remain dependent on the parent to fund its losses and growth in the medium term.

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 TMD'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](#) [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 commenced commercial operations in November 2020. It was earlier involved in the business of, inter alia, providing healthcare services and manufacturing and supplying medical devices and equipment for the 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 diagnostics business.

Tata MD is at an early stage of developing its new healthcare business model, which is a pay-as-you-go (as against the earlier subscription-based model), patient-centric health monitoring programme designed to provide proactive and personalised care. At present, the company has two segments. The first is urban healthcare centres (UHCs), where it plans to offer treatment for chronic health conditions such as diabetes, hypertension, thyroid disorders and obesity (currently operating one clinic in Whitefield, Bangalore). The second is rural healthcare centres (RHCs), where it operates digital nerve centers (DiNCs), a centralised setup providing virtual healthcare consultations, which provide basic healthcare facilities like mother and child care to patients visiting primary health centres (PHCs), community health centres (CHCs) and area/district hospitals. For the rural healthcare model, the company works in conjunction with state governments and plans to set up DiNCs in Andhra Pradesh, Karnataka, Assam and other states.

Key financial indicators (audited)

Tata MD (standalone)	FY2025	FY2026
Operating income	5.2	13.0
PAT	-42.6	-43.4
OPBDIT/OI	-546.3%	-234.9%
PAT/OI	-817.1%	-333.9%
Total outside liabilities/Tangible net worth (times)	0.6	0.3
Total debt/OPBDIT (times)	-0.2	-0.1
Interest coverage (times)	-5.8	-11.6

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

	Current (FY2027)				Chronology of rating history for the past 3 years					
			FY2027		FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based/ non-fund-based limits	Short-term	70.00	Jul 09, 2026	[ICRA]A1	May 23, 2025	[ICRA]A1	-	-	Feb 29, 2024	[ICRA]A1
Unallocated limits	Long-term/ Short-term	-	-	-	-	-	-	-	Feb 29, 2024	[ICRA]A+ (Stable)/ [ICRA]A1; long-term withdrawn

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI

4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Short term – Fund based/ non-fund-based limits**	NA	NA	NA	70.00	[ICRA]A1

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure III: List of entities considered for consolidated analysis – Not Applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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