

August 25, 2025

## Christian Medical College Vellore Association: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Fund-based Term Loans	784.00	710.00	[ICRA]AA (Stable); reaffirmed
Short Term – Fund based	90.00	300.00	[ICRA]A1+; reaffirmed/assigned for enhanced amount
Long term/Short term - Unallocated	41.00	-	-
<b>Total</b>	<b>915.00</b>	<b>1,010.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings action on the bank lines of Christian Medical College Vellore Association (CMC/the trust) considers ICRA's expectation of a sustained financial performance of the trust in the near-to-medium term, supported by its strong business profile and liquidity position. CMC has strong brand equity, with presence for over 125 years. Being a reputed healthcare service provider in Vellore (Tamil Nadu), CMC attracts patients from across the country. It derives revenues from over 120 specialties including haematology, oncology, gastroenterology and neurology among others. Further, its medical college offers over 110 courses and has consistently ranked among the top three medical colleges in India by the National Institutional Ranking Framework (NIRF) of the Ministry of Human Resource Development, for the last several years. CMC provides education services at subsidised fees and also concessional/free healthcare services, as a part of its initiative to provide quality healthcare to the underprivileged. In FY2025, the share of free services stood at 14.4% of total revenues, which to an extent restricts margin expansion. The margins were constrained at 7-9% in FY2024 and FY2025 due to additional overheads post the commercialisation of the new facility at Ranipet, which is yet to ramp up to optimal level. While CMC's margins are expected to increase, going forward, from FY2025 level with higher occupancy and better absorption of fixed overheads from the new facility, the same are expected to remain below the peers, given the relatively higher revenue share from free work and the subsidised fees for the medical college.

CMC's revenues witnessed a compounded annual growth rate of 20.2% during FY2021-FY2025 (revenues of Rs. 2,738.2 crore in FY2025), aided by enhanced bed capacity, increasing complexity of treatments/surgeries and inflation in treatment costs. The trust recorded healthy annual accruals of close to Rs. 200.0 crore per year in the last five years (barring FY2021, which was impacted by the Covid-19 pandemic), which along with periodic donation receipts resulted in a healthy capital structure (net gearing of 0.1 times as on March 31, 2025). The Net Debt/OPBDITA improved to 1.0 times in FY2025 (previous year [PY]: 1.5 times), supported by sizeable donations (Rs. 428.2 crore in FY2025), and is further likely to improve, going forward, supported by favourable demand outlook, better operating leverage and fixed cost absorption as occupancies ramp up. CMC's liquidity position remains strong, supported by its healthy cash accruals and sizeable cash and bank balance of Rs. 681.8 crore as on March 31, 2025.

The demand outlook for the healthcare sector remains favourable, supported by structural factors including rising lifestyle diseases, technological advancements supporting early diagnosis and treatment, increasing medical tourism and health awareness, under-penetration of healthcare services amid population increase, widening medical insurance coverage and better affordability by virtue of increasing per-capita income. These augur well for CMC and provide revenue visibility over the medium term, despite competition in the healthcare industry. However, CMC's geographical concentration is expected to continue, although footfalls of patients from multiple states across India mitigate the risk to an extent.

The Stable outlook on CMC's long-term rating reflects ICRA's expectations that the trust will be able to sustain its credit profile, supported by favourable demand outlook and healthy accruals, strong liquidity and continued sizeable donations, and absence of any large debt-funded capex plan over the medium term.

## Key rating drivers and their description

### Credit strengths

**Established brand presence of over 125 years; consistently ranked among the top medical institutions in India** – CMC has been in existence for over 125 years and is a reputed healthcare provider, attracting patients from across the country. It has a capacity of 3,701 beds as on March 31, 2025. It also provides concessional/free services, as a part of its initiative to provide quality healthcare to the underprivileged. The medical college offers over 170 courses and has consistently ranked among the top three medical colleges in India by the NIRF of Ministry of Human Resource Development, for the last several years.

**Diversified revenue streams** – CMC derives its revenues from over 120 specialties including haematology, biochemistry, oncology, gastroenterology and neurology, apart from the medical college stream. Further, the revenues are well diversified with the top 10 specialties contributing less than 25% to the total hospital revenues in FY2025. The diversification mitigates risks arising from any change in disease patterns that would require the hospital to realign its specialty mix over a period to ensure sustainability in revenues.

**Healthy financial profile** – CMC's revenues have witnessed a compounded annual growth rate of 20.2% in the last five years (revenues of Rs. 2,738.2 crore in FY2025), aided by enhanced bed capacity, increasing complexity of treatments/surgeries and inflation in treatment costs. The trust recorded healthy annual accruals of close to Rs. 200.0 crore per year in the last five years (barring FY2021, which was impacted by the Covid-19 pandemic), which along with periodic donation receipts resulted in a healthy capital structure (net gearing of 0.1 times as on March 31, 2025) and coverage metrics (DSCR of 2.1 times in FY2025), despite the recent debt-funded capex undertaken. The Net Debt/OPBDITA stood at 1.0 times in FY2025 (PY: 1.5 times). It is likely to improve going forward, supported by favourable demand outlook, better operating leverage, fixed cost absorption as occupancies ramp up and absence of any large debt-funded capex plans over the medium term. CMC's liquidity position is strong, supported by healthy cash accruals and sizeable cash and bank balances of Rs. 681.8 crore as on March 31, 2025.

**Favourable demand outlook** – The demand outlook for the healthcare sector remains favourable, supported by structural factors including rising lifestyle diseases, technological advancements supporting early diagnosis and treatment, increasing medical tourism and health awareness, under-penetration of healthcare services amid population increase, widening medical insurance coverage and better affordability by virtue of increasing per-capita income. While the Trust's occupancy and operating margins in FY2025 witnessed moderation on account of slower ramp-up in the Ranipet facility and renovations undertaken in the main campus, the favourable demand outlook augurs well for CMC and provides revenue visibility over the medium term, despite competition in the healthcare industry.

### Credit challenges

**Moderately high geographical concentration** – The trust derives a major part of its revenue from the campuses located in Vellore and Ranipet and satellite centres around these facilities, although it has presence in Chittoor (Andhra Pradesh) as well. This exposes its earnings and cash flows to concentration risks arising from region-specific issues. However, CMC attracts patients from multiple states across India, which mitigates the risk to an extent. Also, CMC's strong brand equity, its reputation and established presence for several decades augur well for the trust.

**Reduction in occupancy with capacity addition; subsidised fares restrict margin expansion** – CMC provides education services at subsidised fees compared to other private players. Further, it provides concessional/free services, as a part of its initiative to provide quality healthcare to the underprivileged with free services constituting 14.4% of revenues in FY2025. All these have restricted margin expansion over the years. The margins were constrained at 7-9% in FY2024 and FY2025 due to additional overheads post the commercialisation of the new facility at Ranipet, which is yet to ramp up to optimal level. However, the

occupancy is expected to gradually increase, going forward, supported by ramp-up in operations in the new hospital, renovated facilities in the main campus and favourable demand outlook. While margins are expected to increase, going forward, with higher occupancy and better absorption of fixed overheads from the new facility, they are expected to remain below industry peers, given the focus on free work and the subsidised fees for the medical college.

**Competition in healthcare industry** – CMC is exposed to competition from other hospitals pan-India, which could restrict revenue growth and margin improvement. However, its strong brand equity, reputation, established presence for several decades, and favourable demand outlook mitigate the risk to a large extent.

### Liquidity position: Strong

CMC's liquidity position is expected to remain strong, supported by sizeable cash and bank balance of Rs. 681.8 crore and undrawn working capital lines of Rs. 143.8 crore as on March 31, 2025, in addition to periodic donations received for supporting operations and capex. Against these sources of cash, CMC has annual capex commitment of Rs. 175.0-200.0 crore per annum during FY2026-FY2028 (including the capex for the upcoming paediatric ward at the Ranipet campus and a teaching hospital at Chittoor Campus), most of which are expected to be funded through donations and accruals. CMC has repayment obligations of Rs. 64.3 crore in FY2026, Rs. 65.0 crore in FY2027 and Rs. 70.3 crore in FY2028 on its existing loans, and no incremental debt is envisaged, going forward. Overall, ICRA expects CMC to be able to meet its near-term commitments through internal sources of cash and yet be left with a sufficient cash surplus.

### Rating sensitivities

**Positive factors** – ICRA may upgrade CMC's long-term rating if there is a significant increase in scale and rise in profitability, apart from geographical diversification, leading to improvement in debt protection metrics.

**Negative factors** – Pressure on CMC's ratings could emerge in case of a sharp decline in earnings, or a significant rise in debt levels, resulting in a deterioration in the credit profile. Specific credit metric that could result in ratings downgrade include Net Debt/OPBITDA of more than 1.5 times on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Hospitals</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered CMC's consolidated financials of the three campuses. Details are provided in Annexure – II

### About the company

Christian Medical College Vellore Association operates a tertiary care hospital (CMC Hospital) and an educational and research institute in Vellore, Tamil Nadu. It was founded in 1900 by an American missionary, Dr. Ida S. Scudder, as a single-bed hospital, which has now become one of the most prominent medical establishments in India. The trust derives a major part of its revenue from the campuses located in Vellore and Ranipet and satellite centres around these facilities, although it is present in Chittoor (Andhra Pradesh) as well. CMC attracts patients from across India. The hospital had over 120 specialised departments and 3,701 beds as on March 31, 2025. The medical college offers over 170 courses and has consistently ranked among the top three medical colleges in India by the NIRF of the Ministry of Human Resource Development, for the last several years. The hospital network served 1.59 lakh in-patients and 34.27 lakh out-patients in FY2025.

## Key financial indicators (audited)

Christian Medical College Vellore Association (consolidated)	FY2024	FY2025
Operating income	2,490.0	2,738.2
PAT	(17.8)	(23.9)
OPBDIT/OI	8.5%	7.6%
PAT/OI	-0.7%	-0.9%
Total outside liabilities/Tangible net worth (times)	0.6	0.6
Total debt/OPBDIT (times)	4.1	4.2
Net debt / OPBDITA (times)	1.5	1.0
Interest coverage (times)	3.0	3.0

Amounts in Rs. crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; total debt includes lease liabilities

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

		Current ratings (FY2026)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. Crore)	Date & Rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
				August 25, 2025	June 20, 2024	April 28, 2023	-
1	Term loans	Long term	710.0	[ICRA]AA (Stable)	[ICRA]AA (Stable)	[ICRA]AA (Stable)	-
2	Fund-based bank facilities	Short term	300.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	-
3	Unallocated Limits	Short term	-	-	[ICRA]AA (Stable)/ [ICRA]A1+	[ICRA]AA (Stable)/ [ICRA]A1+	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based – Term Loan	Simple
Short-term fund-based facilities	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	Term Loan	FY2019	8.20%	FY2033	710.00	[ICRA]AA(Stable)
NA	Working Capital Demand Loan	NA	NA	NA	300.00	[ICRA]A1+

Source: CMC

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

#### Annexure II: List of entities considered for consolidated analysis

Company name	CMC ownership	Consolidation approach
CMC Vellore Campus	100.00%	Full consolidation
CMC Chittoor Campus	100.00%	Full consolidation
CMC Ranipet Campus	100.00%	Full consolidation

Source: CMC

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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.

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### Branches



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