"Rainbow Children's Medicare Limited

Q1 FY27 Earnings Conference Call"

July 31, 2026

Call Duration	• 1 Hour and 13 minutes
Management Speakers	• Dr. Ramesh Kancharla – Chairman and Managing Director • Mr. Abrarali Dalal – Group Chief Executive Officer • Mr. Vikas Maheshwari – Group Chief Financial Officer • Mr. Saurabh Bhandari – Head Investor Relations & Group Business Analyst
Participants who asked questions	• Mr. Sanidhya – Unicorn Asset • Mr. Prithvi Raj – Unifi Capital • Mr. Bala Murali Krishna – Omar Investment Advisors • Ms. Damayanti Kerai – HSBC • Mr. Rahul Jeewani – IIFL Capital Services • Mr. Sucrit D. Patil – Eyesight Fintrade Pvt. Ltd. • Mr. Bansi Desai – J P Morgan • Mr. Anshul Agrawal – Emkay Global Financial Services • Mr. Ankit Shah – White Equity Investment Advisors • Ms. Sanketa Save Kohale – PL Capital
Moderator	• Mr. Rahul Jeewani - IIFL Securities Limited

Moderator: Ladies and gentlemen, good day, and welcome to Rainbow Children's Medicare Limited Q1 FY27 Earnings Conference Call hosted by IIFL Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rahul Jeewani from IIFL Capital. Thank you, and over to you, Mr. Jeewani.

Rahul Jeewani: Hi. Good morning, everyone. This is Rahul from IIFL Capital. I welcome you all to the first quarter earnings conference call of Rainbow Hospitals being hosted by IIFL. From Rainbow, we have with us today, Dr. Ramesh Kancharla, Chairman and Managing Director; Mr. Abrarali Dalal, Group CEO; Mr. Vikas Maheshwari, Group CFO; and Mr. Saurabh Bhandari, Head of Investor Relations.

Over to you, sir, for your opening comments.

Ramesh Kancharla: Thank you, Rahul. Good morning, everyone, and thank you for joining us for Rainbow Children's Medicare Limited Earnings Call for the quarter ended June 30, 2026. The FY27 has begun well for Rainbow. We delivered another quarter of healthy growth driven by sustained demand across all our core specialties and balanced contributions from both our mature and newly commissioned hospitals.

More importantly, this performance reflects that the investments we have made in expanding the network, strengthening our clinical capabilities and building leadership across organizations are translating into consistent growth.

Revenue grew by approximately 33% year-on-year, driven by balanced contributions from our mature hospitals and the new facilities. Our key operating metrics, including inpatient admissions, outpatient consultations and deliveries continues to witness healthy growth. We also maintained a healthy EBITDA growth of 29.9% year-on-year, supported by operating discipline, improving -- and improving the efficiencies.

Our expansion journey also gathering further momentum with the signing of definitive agreement for 100-bed brownfield hospital in Malad, Mumbai. We expect the hospital to commence operations in Q1 FY28. This marks our entry into Western India, an important strategic market where we see significant long-term opportunities.

We're also strengthening our presence in Andhra Pradesh through the acquisition of 70-bed Prime Children's Hospital in Nellore, along with an additional 30-bed Maternal Care Block expected to commence operations in 6 months' time.

We have also signed a long-term lease for a 50-bed brand-new hospital ready to operate in Guntur and this facility will commence in -- commence operations in a couple of months' time. With these additions, the bed capacity in our ratio reached to 500 beds.

- One of the clinical milestones that made us particularly proud this quarter was the successful rescue of an 8-year-old child from Guwahati who was critically ill with **severe influenza pneumonia and acute respiratory distress syndrome (ARDS)**. ECMO was the child's only chance of survival. **Our ECMO retrieval team flew over 1,800 kilometres to Guwahati, initiated ECMO support, stabilized the child, and meticulously planned a three-hour air transfer to Rainbow Hospitals in Hyderabad**. The child remained on ECMO support for 36 days before making a remarkable recovery and returning home to Guwahati. **This mission represents one of the longest pediatric ECMO retrievals undertaken in the country and is a powerful example of how timely intervention, advanced critical care, and seamless multidisciplinary teamwork can transform what once seemed impossible into a life-saving reality.** We were humbled to receive appreciation from the Hon'ble Chief Minister of Assam in recognition of Rainbow's efforts in saving this child's life.

- In another remarkable case, an 8-year-old boy who had fallen from the fifth floor of a residential building was brought to our emergency department within a short time of the accident. During the initial assessment, he rapidly deteriorated into shock and subsequently lapsed into a coma. He was immediately intubated and placed on ventilatory support. Further evaluation revealed **multiple life-threatening injuries, including a thoracic aortic tear, severe lung injuries, pancreatic trauma, and multiple fractures**. Our cardiovascular team made the extraordinary decision to control the aortic bleeding by placing a **stent graft through an endovascular procedure**. Once the bleeding was controlled, multidisciplinary teams sequentially addressed the remaining injuries. The child spent nearly five weeks in the hospital before making a meaningful recovery. Although it was an extremely complex emergency, our multidisciplinary team functioned with exceptional coordination and precision. The child's eventual recovery was deeply rewarding. He later returned to the hospital with a smile and presented handmade artwork to the treating team as a gesture of gratitude. **The case received widespread public appreciation and reinforced our confidence in our ability to manage some of the most complex pediatric emergencies.**

Rainbow is now entering an exciting phase of its growth journey. Over next 5 years, we plan to add 2,500 beds to expand our network capacity to 5,000 beds through an estimated capex of investment around INR2,200 crores. We already have visibility of 1,200 beds under various stages of development, giving us confidence in our expansion road map.

Regarding our projects and progress, we are on track to:

- Commence operations in Indore hospital in Q3 FY27.

- Our regional hub hospitals in Coimbatore and a spoke hospital in Gurgaon Sector 56 are expected to commence operations in Q3 FY28, followed by our hub hospital in Gurgaon in Sector 44 in Q1 FY29.
- Development is in progress with our Pune hospital of 150 beds and Spoke hospital in Bangalore, Seegehalli both are expected to commence operations in FY29.

We will continue to strengthen our established network across Southern India, while selectively expanding into high potential market across Western, Central and Northeast of India. Our entry into Mumbai marks an important milestone in this journey. We see significant opportunities to further strengthen our presence in the city over the coming years.

Alongside our expansions, we will continue to strengthen our clinical systems, attract and mentor the best digital talent and build a strong medical leadership across the network so that every new hospital delivers the same standard of care across the group.

With a strong balance sheet and a differentiated model and have proven execution capabilities, we remain confident of delivering sustainable growth and creating long-term value for on our shareholders.

With that, I now hand over the mic to Mr. Abrarali Dalal, our CEO, before passing the mic to Mr. Vikas Maheshwari for financial update. Thank you.

Abrarali Dalal: Thank you, Dr. Ramesh. Good morning, everyone. We have started FY27 with strong momentum, delivering broad-based growth across our hospitals, while maintaining healthy operating margins. This performance reflects the strength of our differentiated care model and our continued focus on disciplined education, operational excellence and sustainable profitable growth. We have entered '27 with a significantly expanded operating footprint.

Over the past year, our total bed capacity has grown by 26% to 2,435 beds, while our operational bed capacity has increased by 22% to 1,862 beds. This expanded platform, coupled with disciplined execution across our hospitals has enabled us to deliver growth while maintaining healthy operating margins. This reflects in our operating performance.

Occupancy improved to over 41%, inpatient discharges by 28%, outpatient consultations by 25% and deliveries by 23%. We also delivered a 6% improvement in ARPOB while maintaining an efficient average length of stay. Together, these metrics demonstrate our ability to scale the business while improving productivity and operating leverage.

Over the last quarter, we have worked closely with our hospital leadership teams to strengthen our operating rhythm through structured business reviews, sharper performance monitoring and greater accountability. These initiatives are helping us identify opportunities earlier, close operational gaps faster, and drive greater consistency across our hospitals, resulting in quicker decision-making and improved execution.

I'm particularly encouraged by the continued performance of our newer hospitals, which are ramping up well and contributing meaningfully to the overall growth of the business. At the same time, we remain focused on seamlessly integrating our recently acquired hospitals into the Rainbow ecosystem by embedding our clinical protocols, operating systems and culture while steadily progressing them towards our profitability benchmarks. Technology continues to be an important enabler of this journey.

During the quarter, we further strengthened our digital ecosystem through enhancements of our CRM platform, patient conversion capabilities and digital engagement initiatives. These investments are helping us create a more connected patient journey, improve operational visibility and enable faster data-driven decision-making across the organization.

Another key point has been strengthening collaboration across our clinical operations, nursing, marketing and corporate teams as our network expands, sustained performance depends on every function working towards common goals with clear accountability and shared ownership. We have made good progress in building this operating discipline, and I believe it will become an increasingly important competitive advantage as we the scale.

Looking ahead, our priorities remain unchanged. We will continue to drive profitable growth, accelerate the maturity of our newer hospitals, successfully integrate acquired facilities, strengthen our digital capabilities and execute our expansion pipeline with the same discipline that has defined Rainbow's growth over the years.

Supported by a strong balance sheet and an experienced leadership team and a differentiated operating model, we remain confident of delivering sustained long-term growth and creating value for all our shareholders.

With that, I now hand over Vikas for the financial update. Thank you so much.

Vikas Maheshwari: Thank you, Abrar. A very good morning to everyone, and thanks for joining us today for the earnings conference call for the first quarter June 30, 2026.

- Our operating revenue is INR470 crores, reflecting a robust 33% year-on-year growth, driven by healthy contribution from both our mature, acquired and newly commissioned hospitals.
- Our EBITDA for the quarter amounted to INR134.6 crores, registering a 30% year-on-year growth despite the initial rating losses at the newly commissioned hospitals. We maintained a healthy EBITDA margin of 28.6%. This demonstrates the resilience of our operating model, disciplined cost management and ability to manage growth without significant stress on balance sheet or return ratios.
- Our profit after tax for the quarter stood at INR62.5 crores, reflecting a 16% year-on-year growth.
- Operational performance remained a strong during quarter. Inpatient discharges, outpatient consultations and deliveries grew by 28%, 25% and 23%, respectively. This broad-based could

reflect sustained patient demand across our network, including the acquired units and continued ramp-up of our newly commissioned hospitals.

- Our payor mix continued to remain balanced and resilient. Cash and insurance contributed approximately 48% and 42%, respectively, and remained consistent as in the past quarters.
- The company continues to maintain a strong balance sheet and healthy liquidity with cash, cash equivalents and the investments stand at INR613 crores as of June 30, 2026. This provides us the strong financial stability and the flexibility to fund our ongoing capital expenditure program, support our expansion pipelines and pursue strategic inorganic opportunities while continuing to execute all planned investments through internal accruals.
- During the quarter, we invested approximately INR56 crores towards capital expenditure, primary focused on expanding and strengthening capabilities across our existing hospitals and upcoming projects in line with our long-term growth strategy.

With these remarks, I conclude my financial update. We will now be happy to take your questions. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Sanidhya with Unicorn Assets.

Sanidhya: A couple of questions. Firstly, now that we are on 1,862-odd beds operational and given the pipeline that we have -- we are looking for after the acquisitions, is it right to understand that by the end of this financial year, our operational beds should be around 2,050 plus? First is that.

And second is, if you can share the strategy we are looking for this year or next year further acquisitions? And given our presence that we are trying to build in North in India as well, so are we also looking for something, say, in Noida or something, say, in West near NCR region, say, Jaipur, that kind of...

Ramesh Kancharla: Yes. As I outlined earlier, we currently have visibility on approximately 1,200 beds that are already in various stages of execution. At the same time, we continue to evaluate opportunities in the geographies you mentioned, including Noida and parts of Central India.

With the Mumbai opportunity, we are entering the market for the first time, and we believe it is a significant strategic milestone for us. Mumbai presents a compelling opportunity to build a larger network over the coming years, and that is how we view our expansion there.

We are also exploring opportunities in high-growth markets such as Bhubaneswar and Raipur, where there is a clear need for specialized pediatric healthcare and where Rainbow can play a meaningful role. Similar to our approach in Guwahati, where the business has performed well, we intend to further strengthen our footprint in the Northeast.

Our strategy has always been to build a meaningful presence within a geography rather than operate a single hospital in isolation. This enables us to establish a stronger operating model, enhance clinical capabilities, and create long-term operating efficiencies.

Sanidhya: Yes. So just a follow-up on the same thing. So I was looking from the churn perspective. So I think the strategy and the kind of work that we do in Child Healthcare it's tremendous. And I think the churn would be more from the perspective of how can we explore into a high, say, ARPOB or I don't want to quote in the terms of ARPOB, say, high in the terms of revenue models that we can do.

Because if we see logically something like Gurugram when comes in or Mumbai when comes in or say something we do in Noida or some other territory like that, that eventually will lead to higher revenues per patient kind of thing for us other than what we can organically do. I was looking from that perspective. And also that should we see going forward, like the operational efficiency improves we can reach the higher EBITDA margins from here as well? Yes. Thank you.

Ramesh Kancharla: Yes, certainly. Markets such as Gurugram and the broader NCR region have higher pricing points, which should support better realizations.

Abrar, would you like to add to that?

Abrarali Dalal: Certainly. Taking Gurugram first, it is already a premium healthcare market with several large multi-specialty hospital operators. Our strategy there is to differentiate ourselves through advanced tertiary and quaternary pediatric care.

The Gurugram hospital will offer high-end services such as liver transplantation, kidney transplantation, and pediatric oncology. These are inherently high-value procedures with higher ARPOB and ARPP. In addition, Gurugram is one of India's largest medical tourism destinations. Around 10%–15% of that market comprises pediatric patients, many of whom currently do not have access to a dedicated, specialized pediatric provider. We believe Rainbow is well positioned to address this unmet need, which should also support international patient inflows.

Similarly, our Mumbai hospital is located in Malad and serves the surrounding catchment areas of Kandivali, Borivali, and Dahisar. There remains a significant need for specialized pediatric care in this part of the city.

Rainbow's model is differentiated by its strong outreach capabilities, particularly our neonatal and pediatric transport programs. As a result, we expect our NICU and PICU services to become major drivers of the Mumbai business. These are also high-acuity, high-value services that typically deliver higher ARPOB and ARPP.

For these reasons, we believe both Mumbai and Gurugram will evolve into high-value markets for Rainbow.

Sanidhya: Great. That really helps. Just trying my luck on the last one. So now from next quarter, we'll have a higher base for the revenue part. Should we expect similar kind of at least mid-20s growth? Or should we look for lower number?

Abrarali Dalal: As I mentioned in my opening remarks, we are leveraging our operational capabilities, accelerating digital initiatives, and strengthening lead generation and conversion across the network. The first quarter delivered strong growth, and while the base will naturally become higher going forward, we remain confident of delivering revenue growth in the 20% range during the second quarter as well. We expect growth to remain above 20%.

Moderator: Next question comes from the line of Prithvi Raj with Unifi Capital.

Prithvi Raj: I just have a couple of questions. The first one, till a year back, we used to be predominantly in Chennai, Bangalore and Hyderabad. But now we got into Northeast, we have plans for NCR and then Mumbai. So how should we look at Rainbow, say, in the next 5 years, given that you have another 1,200 beds to be announced over the next few quarters?

Is the company going to enter new metros in Northwest or it will add more of spoke hospitals in South? So how should we look at the business model from geography standpoint?

Ramesh Kancharla: Our market is India, and we view the entire country as our opportunity. Broadly speaking, South India represents a mature, premium market, while North India offers a significant growth opportunity.

If you look at the four northern states—Uttar Pradesh, Bihar, Rajasthan, and Haryana—they account for nearly 62% of India's births, with close to 28 million babies born every year. This represents a substantial opportunity for specialized pediatric healthcare and acute care services. We are therefore looking more actively at these markets. At the same time, cities such as Indore, Raipur, and Bhubaneswar are experiencing rapid economic growth and urbanization. Several multi-specialty hospital operators have successfully established themselves in these markets.

As the leader in pediatric healthcare, we believe our opportunity extends across the country. Wherever we find the right opportunity, we are prepared to expand. Guwahati is a good example, where we acquired an existing platform and have steadily enhanced its clinical capabilities. Going forward, we intend to further strengthen that hospital and, over time, develop spoke hospitals around it.

While operating across multiple geographies does present challenges, we are fully cognizant of them and will continue to execute our proven operating model.

Prithvi Raj: Okay. That's clear. And just a follow-up on this. So does this mean the payer mix will eventually change as you get into new geographies because right now, it's predominantly cash and insurance. But to get some footfalls in new geographies, will you consider looking at government scheme patients at some point of time?

Ramesh Kancharla: This is something we are actively evaluating. In markets where we have excess capacity or available beds, we may consider allocating a portion of that capacity to government-funded healthcare schemes. However, the decision will depend on the reimbursement rates and overall economics. Unlike many surgical specialties, our business is predominantly medical in nature, so we need to be particularly careful in evaluating pricing, service delivery, and clinical outcomes.

While improving occupancy and expanding access to care are important objectives, we also need to ensure that pricing remains sustainable and consistent with our quality standards.

Prithvi Raj: One final question from my side. Could you give some sense on the profitability of the new hospital, say, the Assam, Rajahmundry and the new Bangalore one, how it is doing with respect to EBITDA?

Abrarali Dalal: Certainly. Guwahati, being an acquired and well-established hospital, is already performing well and does not present any margin concerns. For the newer greenfield hospitals, such as Rajahmundry and Electronic City in Bangalore, we are still in the process of ramping up operations and building capacity.

That said, the revenue trajectory has been encouraging, occupancy continues to improve, and while there is naturally some pressure on margins during the initial ramp-up phase, we do not expect the path to profitability to be prolonged. We remain confident of achieving positive operating leverage within a reasonable timeframe.

Prithvi Raj: Is it possible to give some number for Rajahmundry, the new Bangalore on the margins?

Saurabh Bhandari: Rajahmundry is breakeven right now.

Abrarali Dalal: Yes, Rajahmundry is broadly at breakeven. As for our Electronic City hospital in Bangalore, we expect it to reach breakeven over the next two to three months. Overall, we are not far away from achieving breakeven at either of these facilities.

Moderator: Next question comes from the line of Bala Murali Krishna with Omar Investment Advisors.

Bala Murali Krishna: Hi. So on the bed addition front, you have given a guidance...

Abrarali Dalal: Sir, your voice is a little unclear.

Bala Murali Krishna: Is it better now?

Ramesh Kancharla: Better. Better. Yes.

Bala Murali Krishna: Yes. On the bed addition front, you have given a guidance of 2,500 beds over the next 5 years around 15% CAGR. So how do you think this will translate to top line perspective 20%, 25%?

Vikas Maheshwari: The revenue projection, if we were to add 2,500 beds in the next 5 years, what is the revenue growth that you are looking at 5 years hence? That's the question.

Ramesh Kancharla: Yes. Based on our current trajectory, we expect to cross INR 2,000 crores in revenue by the end of this financial year. Looking ahead, over the following four years, we believe we have the potential to double that revenue.

This view is based on our historical growth trajectory, the planned pace of capacity additions, and the geographies into which we are expanding. At this stage, this should be viewed as a broad directional outlook. We will share a more detailed business plan as we progress.

Bala Murali Krishna: Okay. So on the ARPOB front, sir, so normally in the other specialty hospitals when they do very critical specialization related treatments, the ARPOB will increase, but how it will improve in our case in franchise care? So how ARPOB will be driven as we grow?

Abrarali Dalal: As I mentioned earlier, expansion into larger markets such as Gurugram and Mumbai, combined with a continued focus on tertiary and quaternary pediatric care, will be the primary drivers of ARPOB.

As we expand services such as pediatric liver transplantation, pediatric kidney transplantation, pediatric cardiac surgery, and other advanced specialties, the case mix naturally becomes more complex, resulting in higher ARPOB. So the key drivers are expansion into higher-value geographies and an increasing share of advanced pediatric procedures.

Bala Murali Krishna: Okay. Usually, when we start the new hospital, so how big the ARPOB levels, and when it become matured, maybe 5 years down the line, so how it looks like any numbers ballpark number?

Ramesh Kancharla: I think let's put it this way. We are the pilot project in the country for the pediatrics. Every number, whatever we have driven or delivered so far is a fresh number. Can you compare with others apple-to-apple, we cannot. So that's what. So we are discovering ourselves. If you compare Rainbow's ARPOB with other leading hospital groups today, we are already among the top four organizations in terms of realizations.

For us, ARPOB is primarily driven by the quality and complexity of care delivered. Factors such as the proportion of intensive care beds, the volume of high-acuity patients, and the strength of our specialty programs all contribute significantly. As hospitals mature and their super-specialty programs develop further, ARPOB naturally increases because of the higher-value procedures they perform.

As we have outlined, over the next five years we intend to build a network of around 5,000 beds, anchored by five major hub hospitals—Hyderabad, Bangalore, Chennai, Gurugram, and Guwahati. These hubs will drive clinical complexity and higher ARPOB through advanced tertiary and quaternary care.

Our spoke hospitals also generate healthy ARPOB through high patient turnover, strong outpatient volumes, shorter average lengths of stay, higher obstetric volumes, and neonatal intensive care services.

Based on our experience over the past five years, ARPOB has grown at a CAGR of around 5%–6%, and we believe that trajectory remains sustainable.

Vikas Maheshwari: If I may add, our investor presentation provides a comparison of ARPOB between mature and new hospitals. We define mature hospitals as those operating for more than five years. For the first quarter, ARPOB for hospitals that are less than five years old was approximately INR 59,000, whereas mature hospitals generated an ARPOB of around INR 70,000—an increase of roughly 18%.

So, to answer your question directly, yes. As hospitals mature and begin handling a greater share of complex cases, ARPOB increases meaningfully. This is a trend we have consistently demonstrated across our network over time.

Moderator: Next question comes from the line of Damayanti Kerai with HSBC.

Damayanti Kerai: My question is on your Mumbai market entry. So you spoke about your focus segments, etcetera. Just want to understand a bit on your thought on the potential challenges in this market, which you can face.

And then you can also elaborate a bit on the doctor engagement model, which you intend to do for this market. And after, say, a few years down the line, should we assume Mumbai market will be as profitable as your home market of Hyderabad? So how should we look in terms of profitability profile for this part?

Ramesh Kancharla: Damayanti, we have a fairly good understanding of the Mumbai market. It is undoubtedly a premium market, with higher employee costs, higher doctor costs, and an overall higher cost structure. At the same time, pricing levels are also correspondingly higher.

For us, entering Mumbai is strategically important because we believe we can bring significant value to the market. More importantly, the clinical model we intend to build is quite differentiated from what currently exists in Mumbai. If we are able to successfully leverage our clinical strengths, we believe Rainbow can establish itself as a premium provider in the city.

From a profitability standpoint, we will need some time to better understand the market dynamics, particularly when benchmarked against large multi-specialty hospitals operating there. Given the higher cost structure, I am not in a position to provide a precise margin expectation today. However, I am confident that EBITDA margins should eventually be above 20%, although it is too early to estimate where they will ultimately stabilize.

Overall, we are very excited about the Mumbai opportunity, as it provides us with a strong platform to build a much larger presence in the city over the long term.

Damayanti Kerai: Sure, sir. And the doctor engagement model, will that be similar like doctors will be on payroll or it will be something different than your usual model?

Ramesh Kancharla: Our preferred approach has always been to have core doctors on a full-time employment model wherever possible. To operate a high-quality children's hospital efficiently, a large proportion of the clinical team needs to be full time.

That said, there may be some degree of flexibility for certain specialty doctors, where a hybrid engagement model could be appropriate. However, our core philosophy of building a strong full-time clinical team will remain unchanged.

Damayanti Kerai: Sure. That's helpful. And then I wanted to check on one of the markets where you had interest a few years back, Chennai. How has been the experience there? I just wanted to understand is that turning out to be the way you expected when you entered Chennai market?

Ramesh Kancharla: Yes. Chennai has done well initially, and then there is some dip in 3 years ago, it is building on well now.

Damayanti Kerai: Okay. And my last question is your plan for spend towards digital ecosystem. So you -- in the initial comments, we heard about your initiative there. So a bit more there, what kind of spend you foresee to build this part of the business? And how soon we can see the system which you are working to achieve?

Abrarali Dalal: Most of the foundational infrastructure is already in place. During the first three months, we finalized and implemented a new CRM platform, along with a lead management system. We have also increased our investments in digital patient acquisition to strengthen our direct-to-patient engagement capabilities.

In addition, we now have a structured lead conversion framework in place. On the technology side, we are redesigning our architecture around a modern Hospital Information System (HIS), with the patient interface connected through a middleware platform.

We are also building a Business Intelligence (BI) platform and a centralized data lake, which will significantly improve data integration, analytics, and reporting efficiency across the organization. This transformation journey has already commenced, and we expect most of these initiatives to be substantially implemented over the next three to four months.

Damayanti Kerai: Sure. So in terms of the EBITDA margin profile, how should we look at, say, FY27, '28 number given the kind of spend which are currently ongoing?

Ramesh Kancharla: Over the last two years, we have added almost 40% of our current bed capacity, and this expansion has naturally created some temporary pressure on margins, which we had also highlighted during our previous earnings call.

That said, while margins have been under some pressure, **our overall EBITDA pool has continued to grow. As these new hospitals mature and operating leverage improves, we expect margins to strengthen.** Our long-term guidance remains unchanged. **We continue to expect EBITDA margins to return to the 24%–25% range on a pre-Ind AS basis by the end of the year.**

Moderator: Next question comes from the line of Rahul Jeewani with IIFL Capital.

Rahul Jeewani: Sir, we are now expanding aggressively into markets outside South India. So now, let's say, we have Guwahati, Indore, Pune, Mumbai and then the Delhi NCR commissioning as well. So given that we are now aggressively going outside core markets, what kind of a management bandwidth we have put in place or we are targeting to put in place to manage expansion across, let's say, these diverse markets?

Ramesh Kancharla: Our management bandwidth has improved significantly over the past few years. Rainbow continues to be driven by the CEO and the vision of the promoters, supported by a very strong corporate leadership team. We have experienced functional heads across all key areas, including project execution, and most of them have been with the organization for the last three to four years. Over this period, we have further strengthened the team by adding leaders for service excellence, new projects, and sales & marketing.

At the regional level, we have also significantly strengthened our leadership across Bangalore, Chennai, Andhra Pradesh, and Hyderabad, which continue to be our core markets. As we expand into Mumbai and the Delhi NCR region, we will establish similar regional leadership structures there as well. Overall, we are very comfortable with the strength of our management team and our execution capabilities, and we believe we are well positioned to support the next phase of growth.

Rahul Jeewani: Sure, sir. And in terms of the regional clusters, can you define in terms of what kind of clusters would these be? So maybe Delhi, NCR and Maharashtra to manage hospitals across these markets?

Abrarali Dalal: Rahul, we already have a strong frontline leadership team, with each hospital being led by an experienced Hospital Head, supported by a robust corporate back end comprising specialized functional teams, as Dr. Ramesh mentioned.

Going forward, our larger cities will be organized into regional clusters. Depending on the maturity and size of the network, a Cluster Head will oversee two, three, or four hospitals.

For example, if a city eventually has six or seven hospitals, it may be divided into two clusters, each led by a Cluster Head who will directly oversee one hospital while also supervising two or three additional hospitals within that cluster. This is the operating model we intend to follow as the network expands.

Rahul Jeewani: Sure, sir. And let's say, out of these 2,500 incremental beds which we are planning to add over the next 5-year period, we have visibility for 1,200 beds. But for remaining, let's say, 1,200, 1,400 beds, would we go into other cities or would look to add hospitals within the cities which we have already identified. So would we go deeper, let's say, in Mumbai, Pune or Central India or look to further spread across the country?

Ramesh Kancharla: That's right, Rahul. Broadly, around 30% of the future bed additions will be in our existing southern markets, where we will continue strengthening our hub-and-spoke model and expanding into new micro-markets.

The remaining 70% of the planned capacity will be added in newer markets. This will primarily include the Delhi NCR region, other cities in North India, Central India, and Mumbai. That is broadly how we expect our expansion to be distributed over the next five years.

Rahul Jeewani: So sir, roughly then the new expansion would happen in all these new markets which have already been identified and laid out to the market?

Ramesh Kancharla: Yes. One important aspect of our strategy is that whenever we enter a market, we aim to build a comprehensive presence rather than operate a single hospital.

Our objective is to establish a hub-and-spoke network that provides broad geographic coverage within a city. We believe this is the most efficient model for children's hospitals, both from a clinical perspective and in terms of operational efficiency, cost optimization, and management bandwidth. Pediatric healthcare is highly specialized and emergency-driven, making network density particularly important.

Take Hyderabad as an example. Today, we operate close to 1,000 beds there, but that does not mean we have reached our limit. We will continue adding capacity in Hyderabad, just as we will continue expanding in Bangalore. That is the strength of the hub-and-spoke model. As our reputation grows, patients expect us to be present across multiple locations within the city, and we intend to meet that demand.

Rahul Jeewani: Sure, sir. And sir, last question from my end. I think you referred to the fact that obviously, near-term revenue growth will be 20%. But did you indicate that target is to double top line over the next 4-year period?

Ramesh Kancharla: **Yes. If we are able to sustain revenue growth of around 20% annually, that would naturally result in the business doubling its revenue over approximately four years.**

Rahul Jeewani: Sure, sir. So essentially, 20% is the target for the medium term in terms of revenue growth?

Ramesh Kancharla: Yes.

Moderator: Next question comes from the line of Sucrit D. Patil with Eyesight Fintrade Private Limited.

Sucrit Patil: I have 2 questions. The first question to Mr. Dalal is beyond the regular outlook, I just want to understand what are the top 2 to 3 execution priorities you are focusing on in the immediate quarter. And alongside that, what do you see as the biggest risk in patient demand shifts or competitive pressures?

And how are you preferring to manage them while strengthening Rainbow's position in the pediatric and maternity space? That's the first question. I'll ask my second question after this. Thank you.

Abrarali Dalal: Our immediate focus is on a few key execution priorities. First, while we are working across multiple levers, technology remains a major focus area. We have significantly increased our investments in digital initiatives and social media engagement, and we have already started seeing encouraging results during the first quarter.

Second, we are focused on strengthening our referral ecosystem by increasing doctor engagement. We are making our clinicians more visible across the market, engaging with corporates, and communicating our clinical capabilities more effectively. These are the two primary levers we are currently working on to drive patient volumes.

Coming to your question on the competitive landscape, I believe Rainbow operates in a niche segment. We are fundamentally a pediatric super-specialty hospital network that also offers comprehensive mother-and-child care. From that perspective, I do not believe there is direct competition comparable to our model.

As far as patient demand is concerned, families increasingly prefer specialized hospitals for both maternity and pediatric care. Rainbow offers a complete continuum of care—from fertility and IVF to obstetrics, neonatology, pediatric intensive care, and pediatric super-specialties. We provide a truly comprehensive ecosystem.

As patients become more aware of this integrated offering, we believe patient preference will increasingly shift toward Rainbow. Our objective is to accelerate this awareness through stronger digital engagement as well as above-the-line (ATL) marketing initiatives.

Sucrit Patil: My second question is to Mr. Vikas, again, from -- along a similar line. From a financial point of view, what key risk or challenges you anticipate in the immediate quarters? And what specific measures are being taken to manage the margins, ensure consistent cash flow and strengthen the balance sheet, especially areas that are cost pressure incentives and the receivables part and any regulatory compliance issues? Thank you.

Vikas Maheshwari: Sucrit, that's a very comprehensive question. From a cost perspective, we have added nearly 780 beds over the last two years, and we will continue to add capacity through acquisitions such as Indore and other upcoming projects. Therefore, our first priority is ensuring seamless integration of acquired hospitals by standardizing systems, processes, and cost structures. For greenfield hospitals, the focus is on optimizing costs while ensuring that the business scales in line with our growth plans. If growth exceeds expectations, we need to manage expansion efficiently, and if growth is slower than planned, we must ensure costs remain well controlled.

Cost management, therefore, continues to be one of our highest priorities. Another important area is treasury management. As a cash-surplus company, we have significant treasury investments. Given the volatility in debt and credit markets, our focus is on balancing liquidity, capital safety, and treasury yields while maintaining returns in line with industry standards.

Finally, with our ongoing expansion program, project execution, capital cost management, and timely delivery of projects remain among our top priorities.

Moderator: Next question comes from the line of Bansi Desai with JPMorgan.

Bansi Desai: So my first question is on our expansion into newer markets. Very keen to understand from you when we have expanded in the past outside our core markets and when we enter these newer markets, in your opinion, in your experience, what has been that single hardest element to replicate in the newer markets? Is it setting up the doctor referral systems? Or is it creating that brand trust in that market? If you can share some thoughts on that?

Ramesh Kancharla: The biggest challenge is building the right clinical ecosystem by assembling a high-quality medical team. The second is effectively communicating our capabilities to the city and earning the trust of parents. That is where our primary effort goes. Equally important is engaging with the medical community through CMEs, workshops, educational programs, and continuous interaction with referring doctors. Since we are a clinically driven organization, these relationships are extremely important.

Unlike adult hospitals, children's hospitals are largely emergency-driven. You cannot predict the number of pediatric emergencies in the same way you can forecast procedures such as knee

replacements or cardiac surgeries. Ultimately, your success is determined by the quality of care, clinical outcomes, and the trust you build.

Therefore, when we enter a completely new market where the community is unfamiliar with Rainbow, we have to invest considerable effort in both delivering outstanding clinical outcomes and effectively communicating our capabilities.

Bansi Desai: Understood. And when we think about setting up these referral hubs outside of South India in, say, Guwahati in Delhi, what will make you double down in those markets? So what are those things that you look for? Is it just the initial ramp-up and success that you receive in your country projects? Or is it also a function of availability of, say, acquisition opportunities?

Ramesh Kancharla: Building a multi-specialty children's hospital is a journey that naturally takes time.

In Guwahati, we already had a well-established platform. The demand, opportunity, and patient need are all present. The primary challenge in the Northeast is the availability of specialist doctors. If we are able to build the right medical teams, patient demand is readily available.

In Delhi NCR, the situation is different. There, we expect to attract stronger medical talent, not only from across India but also internationally. That gives us a significant advantage.

Compared to our mature southern markets—which are highly competitive, fragmented, and include government and trust hospitals—the newer markets offer a much larger opportunity. We have already demonstrated that a pure-play private children's hospital can succeed in the South despite intense competition. The markets we are entering now provide an even larger opportunity.

Bansi Desai: Understood. And my second question is also what is your initial read on seasonality this year given monsoon is in deficit. So we are entering very strong quarters from a seasonality standpoint. So if you could comment on that. And in the past, we've mentioned that we've also taken some steps to reduce our mature hospitals dependency on seasonality. So will some of those also play out?

Ramesh Kancharla: If you look at our performance over the last two quarters, we have already reduced our dependence on seasonality to some extent.Seasonality will always remain a factor in children's hospitals because disease patterns naturally fluctuate. However, our objective is to build a business that performs consistently throughout the year. Going forward, we want seasonal demand to become the icing on the cake, rather than a key driver of our performance.

Bansi Desai: Understood. So we've seen very good -- we've seen increase in occupancies in our mature hospital in Q1 on a year-over-year basis. So should we expect that to continue in Q2, Q3 irrespective of how season plays out?

Ramesh Kancharla: As Abrar explained earlier, we are strengthening our engagement with parents and communities through greater digital outreach and several other initiatives. These efforts are intended to make the business progressively less dependent on seasonality.

Abrar, would you like to add?

Abrarali Dalal: Yes. As we've discussed throughout the call, we are actively working on all the key operating levers. Our business plans are not built around assumptions of stronger seasonality.

Over the last six months, we have implemented several initiatives that have already translated into improved patient volumes during the first quarter. As we continue to execute these initiatives over the next two to three quarters, we expect that momentum to continue. If seasonal demand also strengthens, it will simply provide an additional upside.

Moderator: Next question comes from the line of Anshul Agrawal with Emkay.

Anshul Agrawal: Sir, would it be possible to strip out the inorganic growth in the current quarter numbers? Could you help me with the organic growth in the current quarter?

Abrarali Dalal: When you say inorganic, do you mean acquisitions?

Anshul Agrawal: Yes, that's correct, sir. Would be present in the quarter basically Guwahati and Warangal?

Ramesh Kancharla: Both Guwahati and Warangal are EBITDA-positive operations. Guwahati is already operating at EBITDA margins close to the company average, while Warangal is steadily ramping up and should reach company-level margins over the next year.

Anshul Agrawal: I was asking from the top line perspective in terms of contribution, organically, how much have we grown in the current quarter? I understand 33% is the overall reported growth?

Abrarali Dalal: I think there's about 20% growth in Guwahati as well as Warangal, right?

Vikas Maheshwari: The acquisitions contributed approximately INR 38 crore of revenue during the quarter.

Saurabh Bhandari: 10% EBITDA contribution, that's what you're asking came from acquisitions. So on the revenue growth, Anshul, if you remove this, 24% growth on a like-to-like basis.

Anshul Agrawal: Yes. And any particular reason why ARPOBs in the mature cluster have increased by about 10%? Has there been any insurance price hike, cash hike or anything to add?

Ramesh Kancharla: I think it's a combination of -- combination pricing as well as the case mix. These are 2 reasons.

Anshul Agrawal: Got it, sir. Second question, if you could just highlight, quantify the losses that we would have incurred in the Bengaluru units in the current quarter. The reason why I ask is that I think Abrar mentioned that we're close to breakeven in Electronic City after, say, probably a quarter, whereas

our original guidance in Electronic City was roughly 15 months breakeven. And again, Hennur losses, considering that competitive intensity in that particular cluster, I presume would be up because of the consolidation in the industry.

Ramesh Kancharla: The new Bengaluru hospitals—HRBR and Electronic City—are still in the investment phase and therefore continue to incur losses.

Our general guidance remains unchanged. We expect new Bengaluru hospitals to achieve breakeven within 12 to 15 months, although some may reach it slightly earlier and others a little later. Broadly, we expect all of them to break even within about 18 months.

We have built strong medical teams at HRBR and Electronic City, although we continue to add a few more specialists. Overall, we remain very optimistic about the long-term potential of the Bengaluru market.

Anshul Agrawal: Got it, sir. And the acquisitions that we have sort of relayed yesterday, those would be positively contributing to EBITDA? And do we expect any losses from these units as well going ahead whenever they get commissioned?

Abrarali Dalal: These are operational businesses, and we do not expect them to dilute our EBITDA. While it may take some time to further strengthen and scale them up, we do not expect them to become an EBITDA drag.

Ramesh Kancharla: For example, Nellore is an established hospital with a well-known medical team. We believe we can significantly strengthen its clinical capabilities and expand it into a comprehensive 100+ bed facility within about six months.

Rainbow is already a household name across Andhra Pradesh, particularly in Nellore and Guntur, so our brand equity will play an important role. Similarly, Guntur is currently a 50-bed hospital located just 40 kilometres from our 135-bed Vijayawada hospital. It complements Vijayawada very well by strengthening deliveries, neonatal care, and emergency services.

Overall, we do not expect any material losses from these acquisitions. They should stabilize within about six months and thereafter begin contributing meaningfully. As a result, we expect our overall Andhra Pradesh cluster to perform very well by the end of the year.

Moderator: Next question comes from the line of Ankit Shah with White Equity Investment Advisors.

Ankit Shah: I have a question on the strategy side. So you called out 5 hub hospitals that we have identified. I wanted to understand your strategy for Mumbai. So do we also plan to have a hub in Mumbai, let's say, in the next 5 years or so?

Like in case of Gurgaon, we have a proper strategy with a proper hub hospital coming up, a greenfield hospital and then we can play that market well. So can you shed some light on the Mumbai piece?

Ramesh Kancharla: Absolutely. Given the size of Mumbai, we would certainly like to establish a large hub hospital there. While Mumbai presents its own set of challenges, it also offers tremendous opportunities, and we are actively working towards that objective.

Abrarali Dalal: That said, our immediate priority is to successfully integrate and strengthen the Malad hospital before pursuing the next phase of expansion.

Moderator: Next question comes from the line of Sanketa Save Kohale with PL Capital.

Sanketa Save Kohale: My question was on the seasonality actually. For us, Q2, Q3 normally are strong quarters. How has been the start for this quarter? I mean could you please highlight 2, 3 indicators that we can watch out for?

Ramesh Kancharla: It is still too early to comment. The monsoon has been delayed, which everyone is aware of, so we will need to wait and see how the season evolves. At this stage, July is too early to draw any conclusions.

Sanketa Save Kohale: Right, right. Okay. The second question was on recent acquisition. You have already answered, but then I would like to know about the Malad unit. What would be the growth levers for this unit? And is there any lock-in noncompete or buyout arrangement with the 3 doctor promoters? And is there any part to 100% ownership going forward?

Ramesh Kancharla: In any joint venture or subsidiary structure, we generally retain appropriate options for the future. That said, these doctors have been associated with us for a long time and are highly respected clinicians. We would like them to remain part of the Rainbow journey for at least the next decade.

Sanketa Save Kohale: Okay. And what will be the growth levers from the Malad hospital?

Ramesh Kancharla: The biggest opportunity lies in leveraging Rainbow's expertise in high-acuity pediatric care.

Within a radius of roughly 10 to 12 kilometres from Malad, there is a population of nearly 8 million people. Despite that large catchment, there remains a significant shortage of high-quality pediatric beds. We therefore see a substantial opportunity to establish a leading pediatric centre by leveraging our strengths in neonatal intensive care, pediatric intensive care, emergency transport services, ECMO, and other advanced pediatric specialties. We are confident in our clinical capabilities and believe there is a significant unmet need for specialized pediatric care in Mumbai..

Moderator: Next question comes from the line of Sanidhya with Unicorn Asset.

Sanidhya: So I just wanted to understand when we see Cloudnine as a competitor in the NCR market, they follow a very different approach to what we are building. I understand that we are planning a hub unit in Sector 44 and then maybe we will try to widen our approach in the city. But just wanted to understand how management see what they are doing as a strategy versus what we are planning to do.

Abrarali Dalal: Cloudnine operates in a very different category. Rainbow is fundamentally a tertiary and quaternary pediatric super-specialty hospital that also handles a significant number of deliveries. In fact, we are among the largest maternity providers in the country as well.

Cloudnine's model is much more digitally driven and largely focused on maternity and deliveries. While we have also significantly increased our investments in digital capabilities, approximately 65–70% of our business model is fundamentally different. Therefore, I do not believe the two businesses are directly comparable.

Sanidhya: No, that is absolutely correct. I understand that. But my question is coming from a different approach. Yes. My question was coming from a different approach. How I was looking at it is, say, a parent, so they go to a hospital, they try and having a care, then they actually have a kid with the hospital.

They form a relationship there with multiple doctors and they have a memory there. They try to be like going there mode even as the child grows, right? So that kind of forms a pattern of going and you get out of, say, more out of same patient, you could say or whatever. So it becomes a family approach in that sense. So that was my approach to look at this.

Ramesh Kancharla: I mean I have an answer for this. Yes Rainbow has developed a very strong safety ecosystem around childbirth. Beyond normal deliveries, we specialize in managing high-risk pregnancies because we have fully integrated neonatal and pediatric intensive care capabilities. Families who deliver with Rainbow generally continue their journey with us because the transition into pediatric care is completely seamless.

Even families who initially deliver elsewhere often shift to Rainbow later. They may continue vaccinations at another hospital for a few months, but when a child develops an acute illness—particularly in the middle of the night—parents naturally seek a hospital that has dedicated pediatric emergency services and specialists available around the clock.

That level of pediatric emergency capability simply cannot be matched by standalone birthing centres, and that is where Rainbow is fundamentally different.

Abrarali Dalal: You're essentially referring to patient stickiness. Even if a family initially delivers at another maternity chain, any significant pediatric issue is far more likely to be treated at Rainbow because of our emergency and super-specialty capabilities. That is typically the point at which families transition to us.

Sanidhya: Yes, that does. So more -- I don't want to push it further just getting my approach right. So don't we think that if we have a wider network of, say, BirthRight in that sense that we can -- so because it's like 10 to 15...

Abrarali Dalal: Yes. We already do have BirthRight is available in all our 24, 25 hospitals. It's already there. And in a capacity than most of the things it's already there.

Sanidhya: Yes. Same on extending on that, I was asking that, okay, do we want to actually expand it horizontally the BirthRight part of ours versus the axle specialty or the pediatric specialty part?

Ramesh Kancharla: Rainbow was founded by a pediatric super-specialist, and clinical excellence has always been at the core of our philosophy. Whatever we build must be supported by strong medical systems. In smaller hospitals, maintaining that level of clinical capability becomes much more difficult. While a smaller facility may appear attractive from an expansion standpoint, it may not be adequately equipped to manage emergencies, and that is not a compromise we are willing to make.

For that reason, I would not build hospitals with only 20 or 30 beds. Even 50-bed hospitals have become less attractive to us today. We are far more comfortable operating hospitals with 80 beds or more, where we can provide comprehensive support across maternity, neonatology, pediatric intensive care, and pediatric super-specialties.

That is how we believe high-quality pediatric healthcare should be delivered.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I now hand the conference over to the management for closing comments.

Vikas Maheshwari: Thank you for joining today's conference call. Your continued support and thoughtful questions is instrumental to our strategic journey. If there are any questions, do write to us or connect with us at investorrelationship@rainbowhospitals.in. Thank you very much.

Moderator: Thank you. On behalf of Rainbow Children's Medicare Limited and IIFL Capital, that concludes this conference. Thank you for joining us. You may now disconnect your lines.