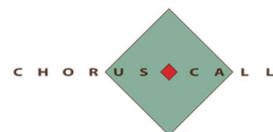


## “Rainbow Children's Medicare Limited Q3 FY '26 Earnings Conference Call”

**January 29, 2026**



Call Duration • 1 Hour	
Management Speakers	<ul style="list-style-type: none"> <li>• Dr. Ramesh Kancharla – Chairman and Managing Director</li> <li>• Mr. Abrarali Dalal – Group Chief Executive Officer</li> <li>• Mr. Vikas Maheshwari – Group Chief Financial Officer</li> <li>• Mr. Saurabh Bhandari – Head Investor Relations &amp; Group Business Analyst</li> </ul>
Participants who asked questions	<ul style="list-style-type: none"> <li>• Mr. Dhananjai Bagrodia - Alchemy Capital</li> <li>• Mr. Prithvi Raj - Unifi Capital</li> <li>• Ms. Nancy Yadav - Allegro Capital</li> <li>• Mr. Anshul Agrawal - Emkay Global</li> <li>• Mr. Rishi Modi – RDM Advisory</li> <li>• Ms. Bansi Desai - JPMorgan</li> <li>• Mr. Venkata Sivaram – Individual Investor</li> <li>• Mr. Rahul Jeewani - IIFL Capital</li> <li>• Mr. Alankar Garude – Kotak Securities</li> </ul>
Moderator	<ul style="list-style-type: none"> <li>• Mr. Rahul Jeewani - IIFL Securities Limited</li> </ul>

*Note: No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Rainbow Children's Medicare Limited*

**Moderator:** Ladies and gentlemen, good day, and welcome to the Rainbow Hospitals Q3 FY '26 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 now being recorded.

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

**Rahul Jeewani:** Yes. Hi. Good morning, everyone. This is Rahul from IIFL Capital. I welcome you all to the third 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 Ltd earnings call for Q3 FY26 and the nine months ended December 31, 2025.

I would like to start with a few key strategic and operational updates for the quarter.

- Our operational performance showed steady improvement across all the key performance indicators, including outpatients, footfalls, IP discharges and deliveries. Growth has been quite satisfactory, considering the festivities, year-end holidays and ongoing seasonal impact.
- The new units performed well with a steady improvement both in IP and the OP volumes. The acquired hospitals at Warangal and Guwahati have operationally well integrated into Rainbow network. Both these hospitals are performing well and in line with our expectations.
- During the quarter, we commissioned a 100-bed hospital at Rajahmundry, strengthening our presence in Coastal Andhra Pradesh. The performance of this hospital so far has been exceptional and very close to breakeven in a few months' time.
- The 90-bed spoke hospital in Electronic City, Bangalore, it just commenced the operations, reinforcing our footprint and advancing the hub-and-spoke model in Bengaluru.

With these additions, the company has largely completed the planned expansion for the current cycle and now transitioning from the phase of capacity addition to the execution.

- For Q3 FY '26, the company reported revenue of INR445.4 crores, growing at a 12% and the EBITDA of INR147 crores with a growth of 9% and a PAT of INR73.9 crores, a growth of 7% compared to the Q3 of the last financial year.
- Occupancy for the quarter stood at 47.2%.

**Coming to projects:**

- The 60-bed spoke hospital in Hennur in Bengaluru city is in concluding stages, and we're awaiting for the final governmental approvals. We expect to commence operations in a few weeks' time.
- The construction has started at the regional hub hospital at Coimbatore of 130 beds. We are targeting to commence operations by end of the '27.
- Our upcoming Gurgaon hospital's expansion in Sector 44 and Sector 56 NCR, right now we are at the basement stage slab, and we are hoping to complete the basement slabs in 3 months' time.
- The greenfield regional hub hospital in Pune of 150 beds has received project plan approvals from government and excavation work has just started.

**On the clinical side:**

I would like to present our experience of first liver transplant in Bengaluru hub hospital.

- An 11-year-old child was referred to us with chronic liver disease, presenting with persistent jaundice and progressive weight loss. Detailed evaluation by our pediatric liver team confirmed advanced liver disease, with living-related liver transplantation identified as the only viable long-term life-saving option.
- Following extensive discussions with the family, both parents were evaluated as potential living donors. The mother was found to be the most suitable donor. A comprehensive pre-transplant workup was completed for both the donor and the recipient, and a successful living donor liver transplantation was performed using the mother's left lobe.
- The transplant procedure was completed smoothly, and the post-operative course was uneventful. The transplanted liver demonstrated immediate and satisfactory function. The donor was discharged on post-operative day 7, and the child was discharged on day 18 with normalized liver function parameters.
- Although this was the first liver transplant performed at this hospital, the robustness of clinical systems and multidisciplinary coordination enabled a seamless execution

of the program. We are deeply grateful to the mother, who not only gave birth to her child but also gave a second lease of life through her liver donation.

- Today, we are proud to state that pediatric liver transplantation is being successfully performed across all our hub hospitals in Hyderabad, Bengaluru, and Chennai. As a pediatric liver specialist, I take immense pride in our teams. Over the past six years, we have successfully established three pediatric liver transplant programs, achieving an overall survival rate of 94%.

Clinically, we continue to see strong traction across pediatric specialties and the quaternary care, with improving case mix and the growing contribution from complex and high-end procedures.

Our teams across the network remain focused on delivering high-quality outcomes supported by full-time consultant-led model with a strong multidisciplinary collaboration.

I'm pleased to welcome Mr. Abrarali Dalal as a Chief Executive Officer. I'm sure his leadership and experience will be a strong addition to the organization.

**As I look forward, I would like to reiterate that the major capacity addition in the last 2 years have almost concluded, and we are now focusing on operational excellence, patient experience and strengthening our sales and marketing and to improve our occupancy across the group level.**

I'm sure with our focused executive plan, we will be able to deliver great outcomes and value for our stakeholders. With that, I now hand over the mic to Mr. Abrarali to introduce himself before passing the mic to Mr. Vikas Maheshwari for the financial update.

**Abrarali Dalal:**

Thank you, sir. Good morning, everyone. I come with over 25 years of experience across the health care, telecommunications and FMCG industry. My career spans leadership roles in operations, strategy and business development.

My previous track record has largely been in managing turnaround, brownfield expansion, driving clinical excellence and brand repositioning mostly in the health care industry.

In my previous role, I led the growth journey of Sahyadri Hospitals for 6 years and successfully completed 2 transitions from Everstone Capital to OTPP in October '22 and then from OTPP to Manipal recently in October '25. I look forward to contributing to Rainbow at this important juncture, with a clear focus on improving occupancies, enhancing service levels, and building scalable, sustainable operations for a longtime growth.

Thank you so much, and over to you, Vikas.

**Vikas Maheshwari:**

Thank you, Mr. Abrar. A very good morning to all of you, and thank you for attending this investors' conference. I'm pleased to brief you on the financials performance and the key developments of Rainbow Hospitals for the third quarter and the first 9 months of FY '25-'26.

- Operating revenue for the quarter stood at INR 445 crores, reflecting a growth of 12% when compared to the corresponding quarter of the previous financial year. For, the first 9 months, our revenues stood at INR1,243 crores, reflecting a growth of 9% when compared to the same period of the previous financial year.
- Our EBITDA for the third quarter amounted to INR 147 crores, marking a 9% growth compared to the same period last year. For the first 9 months, our EBITDA stood at close to INR400 crores, reflecting a growth of 6% when compared to the first 9 months of the previous financial year.
- The EBITDA margin for the current quarter is at around 33%, while for the first 9 months, our EBITDA margin is 32.1%.
- The profit after tax for the quarter is INR74 crores, a growth of 7.2% in comparison to the corresponding quarter of the last financial year. For, the first 9 months, our PAT stood at INR 203.3 crores, reflecting a growth of 8.3% when compared to the first 9 months of the previous financial year.
- In terms of the operational performance, inpatient discharges, outpatient volume witnessed a growth of 9% and 18%, respectively, when compared to the corresponding period of the last financial year. Deliveries grew by an impressive 16% when compared to the corresponding period of last year.
- Our payor mix continued to remain robust and the balance with 51% of the revenue coming from the insurance, and the balance 49% coming from the cash patients. For the first 9 months, the payor mix remains more the less same, where the cash stands at 48% and 52% at insurance.
- I'm pleased to inform that our company continued to maintain a robust balance sheet with a cash position of INR579 crores as of December 31, 2025. These funds will support our ongoing capital expenditure, merger and acquisitions plans. With our current cash and anticipated internal accruals in the coming quarters, we are well positioned to complete all our planned capital expenditures using internal resources.
- During the quarter, company has invested INR57 crores in capital expenditures towards expanding and enhancing our services at existing and upcoming hospitals.

With these insights, I conclude my financial update. I now invite questions and suggestions from the participants. Thank you.

**Moderator:** Thank you very much. The first question is from the line of Dhananjai Bagrodia from Alchemy. Please go ahead.

**Dhananjai Bagrodia:** Congratulations on your new assignment. Just wanted to understand, sir, what are we thinking regarding occupancy, because now we have enough capacity, how are we thinking on growing occupancy?

**Vikas Maheshwari:** Question on occupancy, how do we build occupancy?

- Ramesh Kancharla:** Currently, our overall occupancy stands at around 47.2%. This year, we have seen some muted seasonality across the group, more pronounced in mature hospitals such as Hyderabad, Andhra Pradesh, and Bangalore. This has impacted occupancy levels.
- Specifically, pediatric outpatient volumes, inpatients, and intensive care admissions have been lower than usual due to subdued seasonal trends. These are the three segments that typically benefit the most from seasonality. Otherwise, the rest of the system remains well positioned.
- Typically, Q2 and Q3 are strong seasonal quarters. However, this year has been unusual, with a lack of seasonal illnesses that would otherwise drive footfalls and inpatient admissions.
- Dhananjai Bagrodia:** Sure sir. We get just add that in terms of longer term, we are now below 50% utilization. What can we see or what can we think of doing to grow that significantly?
- Vikas Maheshwari:** Dhananjai, your voice was not very clear, actually.
- Dhananjai Bagrodia:** Okay. Hello?
- Ramesh Kancharla:** Okay. Can you please repeat again? Not clear.
- Dhananjai Bagrodia:** I think right now we're below 50% utilization?
- Ramesh Kancharla:** Right.
- Dhananjai Bagrodia:** What are we thinking longer term on how we could move that? Because once we get that, then our margins and numbers could be increasing significantly and even our growth will be there. So anything we're trying to pinpoint that on how to growth -- how to grow occupancy?
- Ramesh Kancharla:** Absolutely. We have a clear plan in place for the coming year to drive occupancies. We have significantly strengthened our sales and marketing function, including appointing senior leadership. Mr. Abrar Ali has also joined us, which further strengthens execution.
- We are focused on more aggressive sales and marketing initiatives, along with exploring additional avenues to improve occupancy. We are also evaluating selective CGHS empanelment at revised rates, though no decision has been taken yet.
- Our objective is to improve occupancy to around 55%–60%, which is the range where we deliver strong operational and financial outcomes.
- Dhananjai Bagrodia:** North of 65%?
- Ramesh Kancharla:** 55% to 60%.
- Dhananjai Bagrodia:** Okay. And sir, would we look at also increasing now more capacity in the near term? Or would we now just focus on occupancy, occupancy, occupancy?

*Note: No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Rainbow Children's Medicare Limited*

- Ramesh Kancharla:** Over the last two years, we have added close to 780 beds, which is a significant capacity expansion. Our pipeline remains strong, with the next phase of bed additions expected over the next 18 to 24 months.
- This gives us a clear runway of about 1.5 years to focus on operational execution—driving occupancy, improving outcomes, and optimizing performance from the recently added capacity.
- Dhananjai Bagrodia:** Okay. And sir, the average length of stay for this 2.73, what do -- what are we targeting? Is this a fair number we should target going ahead? Or how should one look at this?
- Vikas Maheshwari:** Yes, this is broadly in line with our historical range. ALOS typically fluctuates between 2.6 and 2.8 days, with an average of around 2.7. This is appropriate for our business model.
- Dhananjai Bagrodia:** Okay, fine. Fantastic. And ARPOB growth at some stage, let's say, now we have already reached -- We're actually doing really well on ARPOB now. We've almost INR60,000. Would it be fair to assume that ARPOB has peaked out? Or do we see in that also improving from it?
- Vikas Maheshwari:** Inflation-adjusted ARPOB growth may continue, but the more relevant metric to track is ARPP, as ARPOB can fluctuate due to mix changes and seasonality.
- Dhananjai Bagrodia:** Okay. But is that your disclosure?
- Vikas Maheshwari:** We expect ARPP to grow at around 5%–7% CAGR over the long term. While there may be quarter-to-quarter volatility, over a longer period, ARPP growth has consistently been in the 6%–7% range.
- Moderator:** The next question is from the line of Prithvi Raj from Unifi Capital.
- Prithvi Raj:** First, on the new hospitals, is it possible to give more details about how Guwahati, Warangal, Rajahmundry are scaling up? What kind of patients are we getting? And how is the insurance empanelment? Also a follow-up on that, could you please give us the occupancy and margin details for each of these 3 hospitals during the quarter?
- Vikas Maheshwari:** That's a good question, Prithvi. As a company policy, we do not disclose geography-wise granular details. However, I can share directional colour.
- At the time of acquisition, Guwahati was generating close to INR 8 crores per month in revenue. Currently, it is doing slightly better than that on a monthly basis. Warangal, at the time of acquisition, was generating around INR 2 to 2.5 crores per month, depending on the month. We have broadly reached that trajectory again.
- As insurance and other empanelments progress, performance is improving. For both Guwahati and Warangal, approximately 70% of insurance empanelment's are now complete. There are two to three large insurers where empanelment is still pending, and our teams are actively engaged. We expect most of these to be in place by February or March.

Overall, the company is fully focused on completing all business-enabling requirements, including insurance and government empanelment.

**Prithvi Raj:**

And anything on the margins?

**Vikas Maheshwari:**

Margins at Guwahati are broadly in line with company-level margins. Warangal is EBITDA positive and continues to improve, though it is still on a ramp-up trajectory.

**Prithvi Raj:**

And you also made a point that Rajahmundry has broken even in the first quarter. Is it right?

**Ramesh Kancharla:**

Yes, Rajahmundry is close to breakeven—specifically in the last month of the quarter. The traction there has been very good, across outpatient volumes, inpatients, and intensive care. Patient transfers are also strong.

Rainbow is a well-established and trusted brand in Coastal Andhra, and we have built a strong clinical team at Rajahmundry. Overall, performance has been encouraging.

**Prithvi Raj:**

So even given the way these hospitals are scaling up, is it fair to assume that maybe in 2 years, these margins can be in line with company's margins?

**Ramesh Kancharla:**

Yes. In some cases, yes—that is our expectation. However, it may not be uniform across all locations. Outcomes will depend on factors such as competitive intensity and local pricing dynamics.

From a consolidated perspective, our long-term margin aspiration remains around 24% to 25% EBITDA. That is where Rainbow should operate while continuing to grow.

**Prithvi Raj:**

Okay. One last question from my side. I mean, let it be ARPOB or ARPP, we saw a high growth this year. It might be also because of lower seasonal business. Let's assume we get back the seasonal business next year. Will the ARPOB or ARPP growth rate will be lower than inflation rate just for next year if the seasonal business comes back?

**Ramesh Kancharla:**

No. Not materially. When seasonal business forms a smaller proportion of the overall mix—relative to intensive care and complex inpatient treatments—the impact on ARPOB and ARPP is limited.

Seasonal admissions typically involve shorter stays—one or two bed-days—with lower billing. When such volumes increase, average metrics can soften marginally. However, our core business—obstetrics, neonatal care, intensive care, pediatric specialties, and pediatric surgery—remains stable and forms the bulk of revenue.

Seasonal business, which usually peaks in Q2 and Q3, sits on top of this core and drives incremental growth in occupancies, outpatient volumes, diagnostics, and overall revenue. While quarter-to-quarter metrics may fluctuate, on an annual basis, an ARPP growth of 5%–6% is healthy and sustainable.



- Prithvi Raj:** Okay. Got it. Just a bookkeeping question because you had recent hires, CEO and some senior level, do we expect an increase in the employee expenses or it's already in the books?
- Vikas Maheshwari:** With senior leadership hires now largely completed, and capex plans already in place, we expect revenue growth to come through and EBITDA margins to improve accordingly. While there is some incremental cost from leadership additions, as a percentage of revenue, we expect this to stabilize over the next two to three quarters.
- Moderator:** The next question is from the line of Nancy Yadav from Allegro.
- Nancy Yadav:** Congrats on a great set of numbers. I think some part of my question already got clarified in the earlier question. But I just wanted to understand why there has been some decline in the volumes and our revenues are flat as compared to the previous quarter, but there's been some decline in OP and IP volumes. And we started our Rajahmundry facility also this quarter. So how exactly should we look at a decline in volumes? Was it just because of seasonality or there was something else that impacted it?
- Ramesh Kancharla:** Oh, it's clearly seasonality what we have seen. The decline was primarily due to seasonality. Last year, we had a very strong seasonal base, with high occupancies and outpatient volumes. This year, seasonal demand has been muted, particularly in mature units.
- In markets such as Hyderabad, Bangalore, and Vijayawada, lower seasonal outpatient footfalls and admissions led to flatter performance. This explains the softer occupancy levels across the group, especially in mature hospitals
- Nancy Yadav:** Understood. And sir, just another thing about hospitals. So when we start a unit, like we started 3 units recently, how long does it take for them to start ramping up, for them to start contributing meaningfully to financials?
- Ramesh Kancharla:** Okay. For example, Rajahmundry is expected to generate positive EBITDA from the next financial year without any doubt. The Electronic City unit in Bangalore will likely take around 15 months to break even. The Hennur unit, which is expected to commence operations shortly, should take less than a year to reach breakeven.
- Overall, by next year, most units launched over the last two years should be EBITDA positive. Except for Electronic City during its ramp-up phase, most units in Chennai and Bangalore are expected to contribute positively to EBITDA.
- Moderator:** The next question is from the line of Anshul Agrawal from Emkay Global.
- Anshul Agrawal:** First question, was while you have suggested the time lines of breakeven for the Bangalore units, would it be possible to guide or quantify the losses that we could expect in the coming quarter or any period as such till these units breakeven?

*Note: No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Rainbow Children's Medicare Limited*

Also a follow-up on that is, Rajahmundry, I think in the last call, if -- we mentioned that we're expecting it to break in within 12 to 15 months, but I think we are on track to breakeven within two quarters. So any particular reason that we would want to call out or any change that we have seen that has happened versus our earlier expectations which has led to this strong performance in that unit?

**Ramesh Kancharla:** On Rajahmundry, our brand equity in the Godavari district is very strong— almost every household is familiar with Rainbow. We have built a very strong clinical team there and have been able to scale intensive care services effectively. Demand has been fairly good.

Additionally, Rajahmundry is strategically located between our Visakhapatnam and Vijayawada units, roughly 200 kilometers on either side. It serves a large catchment area, including several nearby towns, and is part of a strong agricultural delta region. These factors have led to much better traction than initially expected

**Anshul Agrawal:** Got it. Would you be able to quantify the losses or guide towards what kind of losses can we build in for the Bangalore units in the upcoming quarters?

**Vikas Maheshwari:** For the two Bangalore units— Electronic City and Hennur, which is expected to commence operations in the coming weeks— a full-year EBITDA loss assumption of around INR 5–6 crores per unit for FY26–27 would be reasonable.

**Anshul Agrawal:** Got you. Both units combined, not per unit?

**Vikas Maheshwari:** 5 Cr loss for each hospital. So INR10 crores for both.

**Ramesh Kancharla:** I would about say about INR12 crores to INR15 crores.

**Vikas Maheshwari:** Yes, INR 12–15 crores would be a prudent assumption.

**Anshul Agrawal:** Got it. Second question what I had was on the mature portfolio. While I understand the seasonality impact in the current quarter as well, we are hearing incremental news flow around competition sort of in the single specialty ramping up and another multi-specialty hospital is sort of coming up with a new hospital in Hyderabad itself. While we obviously can't call out a season will return next year, but do you foresee mature hospitals to sort of lag given the fact that increasing competition, funding for other hospitals is on the rise, especially in our core markets?

**Ramesh Kancharla:** Oh, there's no doubt about it. Competition in Hyderabad has existed for the last 10–12 years, but it is certainly increasing. Multi-specialty hospitals that earlier lost pediatric and obstetric volumes are now attempting to re-enter mother-and-child care within their broader hospital frameworks. At the same time, smaller standalone hospitals and clinics are competing for outpatient footfalls and deliveries.

However, when it comes to children requiring high-end or complex care, patients continue to prefer Rainbow. That said, increased local competition does impact outpatient volumes. Cities are expanding, and more young families are moving in, so the overall market is also growing.

Our focus is on capturing a larger share of this expanding market. One of the initiatives we are working on is setting up clinics in local geographies, particularly as traffic congestion increases and families prefer care closer to home. Competing effectively with smaller hospitals and clinics is an ongoing effort, and we are actively working on these challenges.

**Anshul Agrawal:** Got it. So again, would we be maintaining our sort of high teens top line growth aspiration/goal despite all these challenges in the mature hospitals or core geographies?

**Ramesh Kancharla:** I'm sure. Yes, we remain confident. Challenges exist for all hospital operators. There would be ~6, 7 multi-specialty hospital groups in each city, they all have challenges, but they're overcoming. The same way for us. Even large multi-specialty hospital groups face similar pressures and continue to adapt.

Importantly, there is no direct equivalent to Rainbow at our scale and level of specialization—most competitors are still 7–10 years behind us in terms of experience and capability. Where we do see some leakage is in outpatient footfalls, as patients sometimes opt for nearby facilities. Addressing this is a key focus area.

We currently operate close to 1,000 beds in Hyderabad and will continue expanding outpatient touchpoints through multiple formats, including clinics and additional units. This is an ongoing process. As a category leader with strong brand equity and reach, we intend to continue driving growth proactively

**Anshul Agrawal:** Got it. Very clear, sir. Just one last question. Are there any immediate plans to increase the operational beds at the Guwahati hospital? I see that we only have 85 operational beds where the capacity is around 150 beds. Are there any immediate plans to increase the operational beds there?

**Ramesh Kancharla:** Yes. Over the next three to four months—likely in the early part of the next financial year—we plan to operationalize additional beds at the Guwahati hospital.

**Anshul Agrawal:** Thank you. That's it from my side. All the very best.

**Moderator:** Thank you. The next question is from the line of Rishi Dilip from RDM Advisory.

**Rishi Dilip:** A few questions. So a lot of questions have been asked on occupancy and the rationale has been seasonality-led occupancy decline. I just wanted to understand, are we exploring any other business models, maybe smaller clinics to bring in patient flow from slightly further distances, so that even if the seasonality doesn't work for us, yet our mature hospitals can rise up to 60% occupancy? Just what initiatives we are taking there?

**Ramesh Kancharla:** Yes, those plans are underway. We are exploring smaller clinic formats, and the work is currently in progress. These initiatives are moving into the execution phase, and we expect more clarity over the next six months.

**Rishi Dilip:** Okay. All right. That's great to hear. Secondly, I wanted to understand the international patients was -- is the big rationale behind our Gurgaon hospital investment that we are doing. We want to make it a global hub for international patients for pediatrics. Given how we've seen a lot of volatility in geopolitical relations, what hedging mechanisms or what mechanisms are we implementing so that even if there is a disruption, we still don't suffer extremely highly when we end up operationalizing that hospital?

**Ramesh Kancharla:** Yes, it's a good question. The Gurgaon hospital is still about 18 to 24 months away from operations, and we will be starting detailed strategic planning well in advance. This will include decisions on hospital positioning, doctor mix, specialty mix, and overall market positioning.

International patients will certainly be an important element for a super-specialty children's hospital in the Delhi region like multi-specialty hospitals. However, we are mindful of geopolitical volatility. We are already thinking through how to diversify international markets and identify geographies that are more stable and accessible.

In parallel, our teams are working on de-risking mechanisms to reduce dependence on any single geography, especially given the challenges we have seen in markets such as Bangladesh. This is a long-term strategic exercise, and we are fully cognizant of the geopolitical risks involved.

**Rishi Dilip:** All right. I understand, sir. Maybe pick this up once we are closer to the operationalization of the Gurgaon Hospital?

**Ramesh Kancharla:** Yes.

**Rishi Dilip:** Third question I had was on the hospital operationalization delays that you've experienced over the past 1 year, some because of construction time lines, some because of government delays and permissions. So just wanted to understand, is there -- has there been some sort of root cause analysis being done on how to ensure that we hit our time lines on hospital operationalization and change in the process that needs to be done? Any technology change that can help us reduce the time line for construction, just to get your view on that?

**Ramesh Kancharla:** Yes, it's a great question. Yes, this is an important area of focus for us. We are actively working on strengthening project management consultants (PMCs) and assessing how technology can be better leveraged to improve execution and compress timelines.

Based on our experience, delays typically arise from three phases. The first is during planning and sanction approvals, which are dependent on government processes. The second is execution, which involves contractors and internal project management—this is largely within our control. The third phase is final statutory approvals before commissioning, which again depends on local authorities.

For example, in Bangalore, delays occurred due to administrative changes following the division of the Bengaluru metropolitan area into zones, which resulted in approval delays of two to three

months. Historically, over the last six to seven years, delays have typically been limited to one or two quarters. However, in the recent cycle, some projects have seen delays of nine to twelve months.

In Coimbatore, delays were caused by the need for re-sanctioning of drawings, leading to an additional six months, which we have already communicated earlier. At this point, execution timelines are more predictable.

We believe execution-related delays are within our control, and we are strengthening processes there. Approval-related delays, especially around elections or administrative changes, are harder to control and vary significantly by state and city.

**Rishi Dilip:** Right. All right. It's good that we're working at least on the things that we can control, hopefully, through some technological construction equipment changes, we can ramp it up quicker. Finally, you mentioned you are exploring CGHS sign up to ramp up occupancy given the new rates. Just wanted to understand how much is the rate differential now versus our current rates for cash patients?

**Ramesh Kancharla:** No. There is a significant difference in pricing, which is why we are still in the evaluation phase. We are assessing this hospital by hospital and geography by geography, particularly where there is surplus bed capacity.

This would be the first time we are considering participation in a government scheme, so we want to be very cautious. If it makes economic sense without materially impacting ARPOBs or overall margins, we will consider it. Any adoption would be selective and not across the entire organization.

**Rishi Dilip:** And sir, what would be the percentage difference in the pricing?

**Ramesh Kancharla:** We are still working through the analysis, and it is premature to quantify the differential at this stage.

**Moderator:** The next question is from the line of Banshi Desai from JPMorgan. Please go ahead.

**Banshi Desai:** Just a follow-up on occupancy. I'm sorry to harp on it. If the seasonality continues to remain subdued going into the next year, do we see ourselves going past 50% occupancy levels just driven by the measures that we are undertaking?

**Ramesh Kancharla:** Yes, absolutely. Seasonality is one factor, but there are several action items we are actively executing to drive occupancy. Based on these measures, we are confident of achieving around 55% occupancy next year.

We have significantly strengthened our sales and marketing capabilities and are making meaningful investments in digital initiatives. These efforts should start yielding results. Over the last six months, I have been deeply analyzing our business to identify ways to drive volumes

without being overly dependent on seasonality. That exercise is currently ongoing, and we are optimistic about the outcome.

That said, seasonality is inherent to any medical hospital, and illnesses cannot be entirely predicted or avoided. We see the current year as somewhat of an aberration, and we expect next year to be materially different.

**Bansi Desai:**

Thanks for that, sir. And besides these marketing-led efforts, if you could illustrate the efforts that you are undertaking? I mean, are these in lines of adding more doctors or, again, doing more complex work? If you could illustrate what are these efforts?

**Ramesh Kancharla:**

Certainly. One key focus area is strengthening our specialties and expanding advanced and tertiary care services. For example, we started our liver transplant program in Hyderabad five years ago, and it has performed very well. We now perform the second-highest number of liver transplants in the country at our Banjara Hills unit.

We subsequently launched the program in Chennai, where it has completed a successful first year, and Bangalore has now commenced operations as well. Over the next 16 to 18 months, we aim to scale up to around 100 liver transplants across centers.

In addition, we are investing across pediatric subspecialties, including neurosurgery and pediatric cardiac care. We are also focused on driving growth in intensive care and more complex case mix. Pediatric surgical specialties, orthopedics, and other subspecialties are all areas of active focus.

Our objective is for hub hospitals—such as Banjara Hills—to operate with stable volumes throughout the year, reducing dependence on seasonality. Over time, we would like more of our hub hospitals to follow a similar model.

**Bansi Desai:**

All right. Noted. And sir, just a second bookkeeping one. If you could comment on how the IVF business has trended and what is it contributing in terms of revenues in this quarter? And on an annualized basis, what is it in terms of run rate? And also Butterfly Essentials, our retail endeavour?

**Vikas Maheshwari:**

Sure. The IVF business currently contributes around 4% of overall revenue, translating to approximately INR 17–18 crores. We believe this represents a good scale-up so far.

As for Butterfly Essentials, it continues to grow. On a quarterly basis, it contributes roughly INR 4 crores, which is about 1% of total revenue. It is still in the growth phase. Between the two, IVF has greater potential for further scale.

**Bansi Desai:**

All right. And are you dissecting margins for IVF or not at this point in time?

- Vikas Maheshwari:** At this point, we evaluate margins at a broader, company-wide level. IVF is not an EBITDA-dilutive segment and is aligned with overall company margins.
- Ramesh Kancharla:** I agree. IVF does not dilute EBITDA and should remain in line with, or potentially better than, company-level EBITDA as it scales.
- Moderator:** The next question is from the line of Venkata Sivaram, an Individual Investor. Please go ahead.
- Venkata Sivaram:** Is the company actively investing in improving digital user experiences? And do you expect any meaningful revenue contribution from it in coming quarters or in coming financial years?
- Ramesh Kancharla:** Yes, absolutely. We have finalized our marketing and digital strategy, and we are also planning significant capital expenditure to evolve into a “digital front-door” hospital model. Given that we operate in the women’s and children’s healthcare space, our patient base is largely digital-native.
- We believe digital initiatives will be a meaningful growth lever over time, and there is significant upside potential. We have firmed up the roadmap for our digital ecosystem and digital marketing initiatives and are in the process of executing them.
- Venkata Sivaram:** Yes. I mean apart from marketing, I would like to know if -- the user experience kind of thing, like some patient and...
- Ramesh Kancharla:** Yes. We are revamping the entire digital stack, including our website, patient app, and doctor interfaces. We are also moving towards a fully EMR-based ecosystem. While these initiatives take time to implement, our immediate focus is on enhancing the patient app, enabling online consultations, and integrating seamless payment gateways. Many of these initiatives are expected to go live in the near term.
- Moderator:** The next question is from the line of Rahul Jeewani from IIFL Capital. Please go ahead.
- Rahul Jeewani:** So sir, can you also talk about in terms of the ramp-up, which we would have seen in the international business? Because I think for the past couple of quarters on the international business also, we had seen some sort of an impact because of what's happening geopolitically. So where is the international business trending now? And what kind of a trajectory do you expect over the next, let's say, 2 years?
- Ramesh Kancharla:** Yes. We have gradually come back to around 2% of revenue from international business. While we had originally budgeted for about 4%, geopolitical situations significantly impacted some of our key source markets. We previously had a meaningful number of patients coming from Bangladesh, Sudan, and Kenya, two of which were severely affected. Somalia was another impacted market, including a ban affecting patient flow to Hyderabad.

As a result, international revenues are currently around 2%, which is not very meaningful at this stage. We are revisiting our international strategy to include new countries and explore new markets, with the objective of bringing international revenue back to around 4% to 5% over time.

**Rahul Jeewani:** Sure, sir. And sir, with respect to the acquired assets, what was the contribution, let's say, in third quarter?

**Vikas Maheshwari:** Contribution in terms of what, Rahul?

**Rahul Jeewani:** In terms of top line?

**Vikas Maheshwari:** Guwahati contributed approximately INR 26–27 crores, and Warangal contributed around INR 7 crores during the quarter.

**Rahul Jeewani:** Okay. So INR34 crores kind of a contribution for the quarter?

**Ramesh Kancharla:** Yes.

**Rahul Jeewani:** Sure, sir. So if we adjust that, obviously, the organic growth has been mid-single digit only. And we are talking about a recovery going into '27, '28. But yes, what comfort do you have now that we would see that recovery playing out in '27 and '28?

**Vikas Maheshwari:** Rahul, there are two key points. Over the last 12 months, the company has made significant investments in senior leadership across sales and marketing, which we have already communicated. Mr. Srinath has joined, and Mr. Abrarali Dalal has come on board as CEO to drive the business.

We have also revamped unit heads and cluster leadership wherever required and taken corrective actions. As mentioned earlier, we are significantly increasing our focus on digital initiatives and brand repositioning. A lot of these actions are already underway.

Additionally, the seasonal impact started around Q4 of last year, and the resulting low base should also support recovery going forward..

**Rahul Jeewani:** Sure, sir. Now with -- just on seasonality, obviously, what happens for us is 1-year we see a very strong season followed by a weak season next year. Now let's say, if one had to evaluate the business over a medium to a long-term perspective, would you say that maybe the growth potential for our business is mid-teens kind of a number over the next 5-year period versus our earlier guidance of 18% to 20% CAGR?

**Ramesh Kancharla:** We should look at growth on a four-year CAGR basis. Over a four-year period, we believe we should be able to achieve around 17-18% CAGR. This year may be an exception, where growth could be closer to double digits. However, historically, we have consistently delivered 17%–18% growth, and that remains our target and comfort zone.



- Rahul Jeewani:** Okay, sir. So you are still sticking to that, let's say, an 18% kind of a revenue CAGR over a medium-term period?
- Ramesh Kancharla:** Absolutely.
- Moderator:** The next question is from the line of Prithvi Raj from Unifi Capital. Please go ahead.
- Prithvi Raj:** Sir, I just have one follow-up question. If you look at our margins, the margins are quite high. That's also because of the kind of treatment that we provide at the hospitals. But just given that the competition is increasing, are we seeing any signs of the pricing coming in? And is there a risk for margins to come down?
- Ramesh Kancharla:** Our margins are driven by the operating model we follow, which is largely a fixed-cost model. When we perform well— for example, at occupancy levels of 55% or higher— the margins are quite achievable.
- Our hospitals are predominantly medical in nature, where performance depends on multiple specialties rather than just one or two. As a result, fixed costs are relatively high. When performance is strong, it translates into excellent outcomes and margin delivery. Conversely, if performance weakens, margins can decline meaningfully.
- That said, the occupancy threshold is critical for us. Even at around 50% average occupancy over a full year, we are still able to sustain margins because our underlying core business remains strong. That is the key factor we continue to monitor..
- Moderator:** The next question is from the line of Alankar Garude from Kotak. Please go ahead.
- Alankar Garude:** Sir, you touched upon Telangana and Bangalore briefly. Similarly, can you touch upon your performance across some of the other clusters as well?
- Ramesh Kancharla:** Yes. On Chennai— as I mentioned in previous calls— Chennai is improving well and is on a good trajectory overall. All three hospitals are performing well. Guindy and Anna Nagar are doing very well, and Sholinganallur has also started showing a good ramp-up. We believe Chennai is being positioned very strongly for the next year.
- The next cluster is Andhra Pradesh. Andhra Pradesh is very promising for us because we have strengthened the doctor team and leadership in Visakhapatnam, which should lead to positive outcomes. We are also planning to introduce additional programs in Visakhapatnam. Currently, we operate around 100 beds there and plan to operationalize another 50 beds.
- Vijayawada continues to perform very well. Rajahmundry has joined the cluster and is moving closer to breakeven by the third month. Overall, the Andhra cluster has the potential to become another Hyderabad for us in the future.

Coming to Delhi, performance has been okay, but I would not call it exceptional. The smaller hospital, Rosewalk, has turned around and is doing very well. Malviya Nagar, however, faces structural challenges. Given the high-cost structure and bed management issues, EBITDA margins are capped at around 8% to 10%, which has been a consistent challenge.

That said, the hospital is doing well overall, especially in obstetrics. We perform the maximum number of deliveries in South Delhi, and obstetrics remains a strong area. However, in pediatric specialties, the hospital lacks sufficient space to build advanced care capabilities. It is a mid-sized hospital and combined with high fixed costs and significant payments to the society, this continues to be a challenge.

Despite this, the hospital has a strong brand and credibility, which we intend to continue strengthening. This is particularly important in light of our upcoming Gurgaon hospitals over the next two years.

Guwahati has been a great addition for us. We are actively recruiting specialty doctors, and we expect to launch a cardiac program there by mid-next year. It has been a strong acquisition, and our expectation is that Guwahati will eventually contribute to company-level EBITDA, similar to Hyderabad and other mature clusters.

**Alankar Garude:** Just a follow-up on Guwahati, given your experience so far -- I know it's early days, but just given your experience so far, do you get the same confidence about adding more spokes in the region? And if yes, by when would you be deciding on your growth plans in the region?

**Ramesh Kancharla:** Our partner is keen on expansion, but we want to take our time. Each state has its own challenges— Manipur has its own, Nagaland has its own. We want to carefully study the potential versus the challenges before taking a call. We expect to take about a year to evaluate and decide on further expansion.

**Alankar Garude:** Got it, sir. Sir, the second question is, would it be fair to say that we will be playing a bit of a catch-up to some of the leading multi-specialty hospital companies when it comes to some of the sales and marketing activities, digital initiatives, etcetera?

**Ramesh Kancharla:** Yes, that would be fair. There is a significant ramp-up required. We have a gap, and we are actively working on closing it. This is a work in progress. Over the next one to two years, we expect substantial build-up on the digital, technology, and marketing fronts.

**Alankar Garude:** Maybe a crude way of asking the question. I mean, on a scale of, say, 1 to 100, if the leading multi-specialty players are at 100 when it comes to these marketing activities, digital initiatives, et cetera, where would we be at this point of time?

**Ramesh Kancharla:** I would place us at around 30 to 40. I would not rate us higher than that. Historically, Rainbow has grown in a very organic, doctor-driven, and community-inclusive manner. The organization was not built around sales, marketing, or digital platforms.

However, the environment is changing. Word-of-mouth referrals are increasingly being replaced by online ratings and digital platforms. Cities are becoming more fragmented and cosmopolitan, and people now rely more on digital sources than neighborhood recommendations. That is the reality we operate in today, and we need to be at the forefront of this shift.

If you ask me where we should ideally be, we should certainly be higher, somewhere higher than multi-specialty rather than lower than multispecialty as we move forward our penetration.

**Alankar Garude:**

Understood, sir. And one final question. See, there's been a lot of discussion on seasonality, and we've seen that impact on us for a few quarters now and maybe 2 quarters -- 2 years back as well. From your understanding, how do you see some of these global pediatric hospitals dealing with seasonality? Are they doing something different which we can try and do or this is just par for the course?

**Ramesh Kancharla:**

Globally, there are two kinds of pediatric hospitals. One is highly specialized institutions like the Children's Hospital of Philadelphia, and the other is mid-sized hospitals such as those in Cincinnati. I recently had a discussion with the team at Cincinnati.

What they explained is that seasonality in pediatrics is not just about coughs and colds leading to admissions. During seasons with viral infections or unusual pathogens, it is not only otherwise healthy children who get affected. These seasonal triggers tend to destabilize children with chronic conditions— those with cardiac issues, neurological problems, or other underlying illnesses.

These children are more vulnerable during seasonal spikes and often require intensive care. As a result, volumes increase significantly in critical care units. While we often attribute seasonality to acute illnesses, the real driver is the exacerbation of chronic conditions triggered by seasonal factors, often requiring higher levels of care.

This phenomenon is consistent across geographies— in India as well as globally. While India has a higher proportion of secondary and tertiary pediatric care compared to super-specialty children's hospitals in the U.S., mid-sized pediatric hospitals there behave very similarly to us when it comes to seasonality.

**Moderator:**

Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

**Vikas Maheshwari:**

Thank you to all the participants for joining today's conference call. We appreciate the insightful questions and the valuable suggestions shared during the discussion. Your continued support remains instrumental to our strategic journey. Should you have any further questions after the call, please feel free to write to us or reach out at [Saurabh.bhandari@rainbowhospitals.in](mailto:Saurabh.bhandari@rainbowhospitals.in) / [investorrelations@rainbowhospitals.in](mailto:investorrelations@rainbowhospitals.in).

**Ramesh Kancharla:**

Thank you.

*Note: No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Rainbow Children's Medicare Limited*

**Moderator:** Thank you. On behalf of IIFL Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

---

**Note:**

- *This is a transcript and may contain transcription errors. The Company or the sender takes no responsibility for such errors, although an effort has been made to ensure a high level of accuracy.*
  - *Please also note that this document has been edited without changing much of the content, to enhance the clarity of the discussion.*
  - *No unpublished price sensitive information was shared/discussed on the call.*
  - *No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Rainbow Children's Medicare Limited*
-