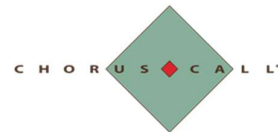


## “Rainbow Children's Medicare Limited Q4 FY26 Earnings Conference Call”

May 25, 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. Sucrit D. Patil – Eyesight Fintrade Pvt. Ltd.</li> <li>• Ms. Damayanti Kerai – HSBC</li> <li>• Mr. Alankar Garude – Kotak Institutional Equities</li> <li>• Mr. Rahul Jeewani – IIFL Capital Services</li> <li>• Mr. Mahesh – Individual Investor</li> <li>• Mr. Anubhav Sangal – Anand Rathi</li> <li>• Mr. Vedant Nilekar – ICICI Securities</li> <li>• Mr. Vishal Manchanda – Systematix Institutional Equities</li> <li>• Mr. Uttam Purohit – VVD Asset Management</li> </ul>
Moderator	<ul style="list-style-type: none"> <li>• Mr. Rahul Jeewani - IIFL Capital Services</li> </ul>

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**Moderator:** Ladies and gentlemen, good day, and welcome to Rainbow Children's Medicare Limited's Q4 FY26 Earnings Conference Call hosted by IIFL Capital Services Limited. 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 Services. Thank you, and over to you, Mr. Jeewani.

**Rahul Jeewani:** Good morning, everyone. This is Rahul from IIFL Capital. I welcome you all to the fourth 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.

**Dr. Ramesh Kancharla:** Thank you, Rahul. Good morning, everyone, and thank you for joining us for Rainbow Children's Medicare Limited earnings call for Q4 and financial year ending March 31, 2026. As I reflect on the year gone by, I would like to start with a few key strategic and operational updates for the quarter as well as the year.

- FY26 has been the landmark year for Rainbow with the company adding nearly 500 beds, the highest annual capacity addition in its history, significantly strengthens our platform for long-term growth across key markets.
- The investments made over the last 2 years are now beginning to reflect on our performance with Rainbow delivering its highest ever quarterly revenue and achieving 20% year-on-year growth.
- Our key operating metrics include outpatient footfalls, inpatient discharges and deliveries continue to witness healthy growth across both mature as well as the new hospitals. Importantly, the occupancies remain stable despite substantial bed addition.
- The acquired hospitals at Warangal and Guwahati have integrated seamlessly into the Rainbow network and continue to scale up well operationally.
- In addition, the newly commissioned hospitals at Rajahmundry, HRBR, Electronic City and Mahadevapura IVF center in Bangalore are witnessing good patient traction. We are pleased with the response in Bengaluru, where we managed to onboard highly reputed consultants across pediatrics, obstetrics, neonatal and fertility specialties. **Today, Rainbow is the largest pediatric and perinatal care provider in Bangalore City.**
- As we enter the next phase of growth, our focus firmly is centered on improving occupancies, clinical excellence and patient experience.
- Mr. Abrarali Dalal has transitioned seamlessly into the role of Chief Executive Officer position and is actively driving day-to-day and strategic operations across the organization.

- I'm also extremely proud to share that Rainbow has once again been recognized as a Great Place to Work, making sixth recognition in the last 7 years with the outstanding employee satisfaction score of 90%.
- Coming to financials. For Q4 FY26, the company reported a revenue of INR459.9 crores, a growth of 24%, EBITDA of INR144.7 crores with a growth of 26% and a PAT of INR78.2 crores, a growth of 38% compared to the Q4 of the last financial year.
- Occupancy for the quarter stood at 45.3%.

Coming to projects:

- We have further strengthened our projects team with onboarding of a Director of the Projects for timely execution of our projects.
- The regional hub hospital in Coimbatore of 130 beds is in an active construction phase now and we expect to commence operations in H2 FY28.
- We continue to make significant good progress in our Gurugram projects, where we are trying to fast track the Sector 56 of 125 beds to commence operations in H2 FY28, and a large super specialty hub in Sector 44 of 325 beds is expected to commence operations in Q1 FY29.
- We have received all statutory approvals for regional greenfield hub hospital in Pune of 150 beds. Excavation work is in progress now.
- We have also signed a lease agreement for a greenfield spoke hospital of 80 beds in Bangalore City at a Micro market is called Seeghalli, which is very close to ITPL and Hoskote. This is a rapidly growing micro market. This will be our seventh hospital in the city.
- We have entered into an agreement for build-to-suit 100-bed hospital in Central Indore and it's in the permission stage.
- We have also entered into MoU to run pediatrics and obstetrics services in 200-bed multi-facility hospital, which is owned by the same owner. This multi-specialty belongs to the same owner, and he would be building for us a 100-bed hospital in the neighboring site.
- Therefore, it would allow us to transfer our practice seamlessly in 2 years' time into the new premises.

With the current expansions, what we have nearly 900-plus beds in the execution phase, which are all likely to kind of complete in about 2.5 years' time.

As I conclude, I want to reiterate the strategic priorities as we enter into the next phase of growth:

- My role will be working very closely with the CEO and the senior management personnel to drive growth, service excellence and consultant engagement, strengthening Rainbow's clinical offerings significantly in all our hub hospitals as well as regional spoke hospitals and focus on clinical outcomes.
- With the success of two acquisitions, which have been done in the last 2 years' time, we are very excited about looking at the acquisitions which are aligned to our philosophy and also where we can add scale.
- And we are looking at some new spoke hospital in existing cities and are firming up our plans for the new geographies as well.

With that, I now hand over the mic to Mr. Abrarali Dalal before Mr. Vikas give us financial update. Thank you.

**Abrarali Dalal:**

Thank you, Dr. Ramesh. Good morning, everyone, and thank you for joining us today. It has been a little over 4 months since I joined Rainbow and I am extremely pleased with the depth of clinical excellence, quality culture and strong organizational foundation that the company has built over the years. Rainbow today has a highly differentiated and scalable platform in women and children health care, supported by a strong brand, full-time consultant-led model and an outstanding clinical team across the network.

Over the last few months, I've spent good time engaging closely with our unit leadership teams, clinicians and functional heads across the organization. One of the key opportunities ahead of us is to further improve occupancies, consultant engagement, service mix, patient experience and operating leverage across the network, particularly as the recent capacity additions mature over the coming years.

I am now deeply involved in our operating review cadence and transformation initiatives and are building a more data-driven and execution-focused organization. This includes strengthening dashboarding and performance tracking systems, institutionalizing structured review mechanisms and improving accountability across units for sharper execution at hospital level.

In parallel, we are making meaningful investments in sales and marketing, doctor engagement and patient conversion initiatives to accelerate growth momentum and improve asset utilization across the network. I'm looking forward to working closely with the leadership team to drive aspirational yet achievable growth of 20% in the current year while maintaining margins.

Further, I remain highly optimistic about Rainbow's long-term growth opportunity and our ability to create a sustainable value for all stakeholders. Thank you so much and I'd like to hand over the call to Vikas. Thanks.

**Vikas Maheshwari:**

Thank you, Mr. Abrar. A very good morning to all of you and thank you for attending this investor conference. I'm pleased to brief on the financial performance and the key developments of Rainbow Hospital for the fourth quarter and the financial year ended 31st March, 2026.

- Our operating revenue for the quarter stood at INR460 crores, reflecting a growth of 24% compared to the corresponding quarter of the previous financial year. For the full year FY26, our revenues stood at INR1,703 crores, reflecting a growth of 12% compared to FY25.
- Our EBITDA for the quarter amounted to INR145 crores, marking a growth of 26% compared to the same period last year. For FY26, our EBITDA stood at INR544 crores, reflecting a growth of 11% compared to the previous financial year. Our EBITDA margin for the current quarter stood at 31.5%, while for FY26, our EBITDA margin stood at 32%.
- Profit after tax for the quarter stood at INR78.2 crores, reflecting a growth of 38%. Ex of deferred tax adjustment, PAT growth is at around 17% over the corresponding quarter of the previous

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financial year. For the FY26, our PAT stood at INR282 crores, registering a growth of 15.3% compared to FY25.

- In terms of operational performance, inpatient discharges, outpatient volumes and the deliveries witnessed a very healthy growth of 18%, 19% and 22%, respectively, during the quarter, reflecting a strong demand momentum across both mature and newly commissioned hospitals.
- Our payor mix continues to remain very robust and balanced with insurance and cash contributions remaining broadly stable during the quarter and for the full year. We had 47.5% cash business for the quarter, while the insurance business was at around 52%.
- I am pleased to inform that the company continued to maintain a strong balance sheet and healthy liquidity position of INR594 crores, which provides adequate flexibility to support our ongoing capital expenditure plans, growth initiatives and the potential inorganic opportunities.
- With our current cash position and anticipated internal accruals, we remain well positioned to fund all planned expansions through the internal resources. Our operating cash flow to pre-Ind AS EBITDA is at around ~72%, reflecting a strong cash conversion post tax payment.
- During the quarter, we invested INR61 crores on the ongoing capex plan. And for the full year, we have invested close to INR217 crores capex towards expanding and strengthening capabilities across existing and upcoming hospitals, in line with our long-term growth strategy. With these insights, I conclude my financial update.

I now invite questions and suggestions from the participants. Thank you.

**Moderator:**

The first question is from the line of Sucrit D. Patil from Eyesight Fintrade Pvt Ltd.

**Sucrit D. Patil:**

I have two questions. My first question to Mr. Dalal is, looking ahead, how do you see Rainbow's operational model evolving to balance scale with efficiency? What measures are being taken to strengthen hospital network resilience, automation and patient delivery standards across the diverse geography? That's my first question. I'll ask my second question after.

**Abrarali Dalal:**

To answer your first question, technology will play a central role in the evolution of our operating model. We are currently implementing a new CRM platform, which is a key part of this initiative.

Rainbow already generates a significant number of patients leads through various channels and activities. Our focus now is on strengthening our operational capabilities to improve lead conversion and patient engagement. Technology will be a critical enabler in achieving this objective and enhancing overall operational efficiency across the network.

**Sucrit D. Patil:**

My second question to Mr. Vikas is, from a technical standpoint, how is the company optimizing its capital structure to balance growth investments in new hospitals and technologies with keeping the debt under control, especially given the capital-intensive nature of the business? Can you elaborate in detail on the framework being used for cash flow forecasting, interest rate risk

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management and working capital efficiency to ensure liquidity while still maintaining the profits above the green zone?

**Vikas Maheshwari:**

That's a great question. That is a very good question.

If you look at our balance sheet, Rainbow has historically maintained a strong financial position and remains a cash-rich company. We currently have no debt on our books and hold close to INR ~700 (**it is ~600 Cr, regret the error**) crores in cash and cash equivalents.

To date, all our expansion and capital expenditure programs have been funded through internal accruals. Similarly, the development pipeline of approximately 900 beds that we recently outlined in our presentation is expected to be funded through internal cash generation.

At this stage, we do not foresee the need for incremental borrowing to support these growth plans, and we remain committed to maintaining a prudent and conservative capital structure while funding our expansion initiatives.

**Moderator:**

We'll take the next question from the line of Damayanti Kerai from HSBC.

**Damayanti Kerai:**

Two questions. First, can you bit elaborate on your M&A strategy? Now you mentioned you are looking to expand meaningfully with assets which are aligned to your philosophy. So, which will be the market where you are mainly looking to acquire assets? And what kind of hospital in terms of size or the ticket size which you intend to look for?

**Dr. Ramesh Kancharla:**

Yes, Damayanti. As we have already discussed, we currently have around 900 beds in various stages of development and operationalization.

Looking ahead, our experience with the two acquisitions completed so far has been very positive. As we evaluate future opportunities, we will focus on both the scale of the operations and the potential for further expansion and value creation.

Ideally, we would look at assets that have at least 50 operational beds with the ability to scale up to 100 beds or more. Smaller facilities are generally more difficult for us to integrate and scale effectively.

Our acquisition strategy will focus on opportunities where there is scalability, alignment with our clinical philosophy, and an attractive micro-market. We are also open to evaluating larger platforms or multi-unit operators where there is a strategic fit.

A second area of focus is entering new geographies. We are evaluating number of emerging cities with strong long-term growth potential. This work is currently underway, and we expect to share a more detailed growth plan over the next three months.

**Damayanti Kerai:**

So, if I understand correctly, you intend to look assets pan-India. As you mentioned, wherever opportunities are good, where there is attractive micro market, you will look to add assets there?

**Dr. Ramesh Kancharla:**

Absolutely.

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**Damayanti Kerai:** Okay. That's good to hear. And then, sir, the Indore arrangement, so you mentioned 200 beds which is existing hospital. It is an operational and management contract for you. Is that right?

**Dr. Ramesh Kancharla:** No. The existing 200-bed facility is a multi-specialty hospital being developed by a doctor-entrepreneur. Adjacent to this facility, he is also developing a dedicated 100-bed women's and children's hospital for Rainbow.

In the interim, since the 200-bed hospital is already operational, we have been invited to exclusively manage and operate the pediatric, obstetric, and neonatal services within that hospital. We viewed this as an attractive opportunity because it allows us to establish our presence in the market immediately, build patient volumes and brand recognition, and subsequently transition those services to the dedicated 100-bed Rainbow facility once it becomes operational in approximately two years.

That is the structure of the arrangement.

**Damayanti Kerai:** And under this arrangement, you will be booking revenue of -- what are the financial arrangement very broadly, if you can highlight?

**Vikas Maheshwari:** Damayanti, thanks for this question. Certainly. Under this arrangement, Rainbow will be allocated dedicated space within the existing operational hospital. Admissions, patient care, and discharges for the pediatric, obstetric, neonatal, and intensive care services will be managed by Rainbow. We will deploy our own doctors, nurses, and clinical teams to operate these services.

The arrangement is intended as a transition phase until the dedicated facility becomes operational.

**Saurabh Bhandari:** The revenue will accrue to us, Damayanti.

**Vikas Maheshwari:** Yes, revenue will be in our name.

**Saurabh Bhandari:** It is not an O&M contract.

**Damayanti Kerai:** Okay. And these 200 beds is the total capacity. Out of that, how many will be for the pediatric care part, which you will manage?

**Dr. Ramesh Kancharla:** We have designated approximately 25 beds for neonatal, pediatric intensive care, and critical care services.

As for inpatient rooms and ward beds, the allocation is more flexible. Depending on demand, the effective capacity could range from 50 to 70 beds or even higher. Our objective is to maximize utilization based on patient demand rather than operate within a fixed room allocation.

The key dedicated component is the approximately 25 intensive care beds.

**Damayanti Kerai:** 25 beds in the intensive care. Okay.

- Dr. Ramesh Kancharla:** Yes.
- Moderator:** Sorry, sir, you were saying something.
- Vikas Maheshwari:** No, I was just checking, Damayanti, whether the clarity is there or any follow-up question is there on that.
- Moderator:** She has left the queue, sir. We'll take the next question from the line of Alankar Garude from Kotak Institutional Equities.
- Alankar Garude:** Sir, out of this 18% growth in IP discharges in the fourth quarter, how much was organic?
- Vikas Maheshwari:** Alankar, around 9%–10% of the growth came from the acquired and newly added units, while the balance was organic.
- Alankar Garude:** Okay. And if I strip off the acquired units only, how much would the growth be, the mature plus standalone unit?
- Vikas Maheshwari:** The acquired units, primarily Guwahati and Warangal, contributed around 7%–8% of revenue growth, depending on the month.
- Saurabh Bhandari:** This is revenue, Alankar, not volumes.
- Alankar Garude:** Okay. And will the mix in volumes be any significantly different?
- Vikas Maheshwari:** Almost it should be on the same line, Alankar.
- Alankar Garude:** Okay. So, then the question is, I mean, we have seen an improvement in the organic growth after a few quarters. So just wanted to understand the sustainability of it, how much of this improvement can be attributed to the digital initiatives as well as the marketing initiatives you had talked about in the previous call?
- And if you can elaborate on, where are we now in this journey of enhancing -- I mean, you mentioned about technology in the opening remarks, but on digital, marketing, where are we in this journey right now?
- Abrarali Dalal:** Alankar, as I mentioned earlier, we are undertaking several technology initiatives focused on both operational efficiency and sales and marketing effectiveness.
- Two key initiatives currently underway are the implementation of a new CRM platform and a new Hospital Information System (HIS). As we increase our investments in digital marketing and promotional activities, our objective is to enhance the visibility of our doctors. The idea is that as more patients engage with the Rainbow brand, technology will help us improve conversion rates throughout the patient journey.
- We started this transformation a couple of months ago, and while there is still a long way to go, we are already seeing some early signs of improvement. A portion of the recent volume growth

may be attributable to these efforts, although I would not attribute all of it to them at this stage. Over the next two to three months, we expect more visible results and should be able to provide a more meaningful update at the end of the first quarter.

**Alankar Garude:** Got it, sir. The second question is if you look at ALOS for us, it's somewhere around 2.7, 2.75 days. Is there any scope to reduce ALOS further?

**Vikas Maheshwari:** Alankar, we are already among the best in the industry on this metric. Over the last three years, ALOS has consistently remained around 2.7 days, with only minor fluctuations of about 0.1 days. This is the natural range for our business model.

**Alankar Garude:** Okay. So difficult to go significantly beyond this number.

**Dr. Ramesh Kancharla:** Let me provide some additional perspective. In women's and children's hospitals, recovery tends to be faster because patients are generally younger. As a result, ALOS is largely driven by clinical realities rather than management decisions.

It is not something that can be materially increased or reduced at will. Changes in case mix can have some influence. For example, if we see more chronic cases, longer ICU stays, or highly complex treatments, ALOS could move higher. Conversely, if obstetrics becomes a larger proportion of the mix, ALOS may decline slightly.

Overall, we view an ALOS of 2.7–2.8 days as very healthy and appropriate for our business.

**Alankar Garude:** Got it, sir. That's helpful. The other question was can you qualitatively talk about your performance across the key clusters, specifically Hyderabad, Bangalore, Chennai? And even if you can talk about Madhukar, how has been the performance, say, in FY26, fourth quarter? And what are your expectations over the coming years?

**Dr. Ramesh Kancharla:** We have already discussed the seasonal backdrop during the call. If you look at the year as a whole, performance was relatively stable, with some acceleration in Q4.

This improvement was largely driven by a better-quality mix of patients, higher case complexity, and the increasing contribution from fertility services. Obstetrics has also increased as a share of revenue, moving from around 28%–30% historically to approximately 32% today.

The business mix is gradually evolving. We are consciously working to reduce dependence on seasonal demand and move toward a more diversified and sustainable growth model. While seasonality will always play a role, our goal is to become less reliant on it over time.

A key part of this strategy involves strengthening clinical capabilities across both hub hospitals and regional spokes, onboarding additional specialty doctors, and expanding our ability to handle more complex cases.

**Alankar Garude:** Sir, if you can help, I mean, break your response across the 3 main clusters, Hyderabad, Bangalore, Chennai and even Madhukar. Any qualitative comments on the performance, where

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are we in the journey of taking Bangalore closer to Hyderabad levels or even Chennai closer to Bangalore? And any color on that will be really helpful, sir.

**Dr. Ramesh Kancharla:** Certainly. Intensive care services have been significantly strengthened in both Bangalore and Chennai. Specialty services have also expanded, particularly at our Marathahalli hub in Bangalore.

The overall service mix has improved, and we are now performing a growing number of bone marrow transplants and liver transplants. In Chennai, for example, we completed approximately 10 liver transplants in the first year of the program. This creates opportunities for government tie-ups and should further strengthen both transplant volumes and intensive care services.

In Bangalore, we have now built a comprehensive specialty stack, and the next phase is to expand advanced and complex care programs. Pediatric specialty hospitals naturally take time to mature, but I am very encouraged by the progress we are seeing in both Bangalore and Chennai.

The same approach that helped us build Hyderabad is now being successfully replicated in these markets.

**Alankar Garude:** Got it, sir. And one final question with your permission. We have seen some consolidation -- actually, consolidation of the top 2 players, at least on the maternity side, last week in the mother and child segment. From a competition standpoint, can it change anything at all for Rainbow?

**Dr. Ramesh Kancharla:** I would answer that in two parts.

First, in pediatric healthcare, Rainbow remains the largest player in the country, both in terms of scale and clinical capability. There is currently no other player that comes close to our breadth of specialties, clinical depth, and ability to handle complex pediatric cases. We remain the undisputed leader in this segment.

Second, in maternal and perinatal care, we perform approximately 20,000 deliveries annually. While we do not emphasize this fact frequently, we are likely among the second- or third-largest maternity chains in the country. Over the last two years, we have also built a rapidly growing fertility business.

I do not want to compare ourselves or match ourselves with any of the boutique chains, which are more of a mom-and-pop stores because their sizes are less than 50 beds or 25 to 30, 40 beds. And we don't do any hospital which is less than -- lowest is 50 beds. Even the 50 beds are only 10% of the hospitals. Our model is fundamentally different. We focus on larger hospitals, broader service offerings, and stronger clinical capabilities.

Our strategy is centred on building large, clinically differentiated institutions with comprehensive offerings in women's and children's healthcare. As a physician-led organization,

our primary focus has always been clinical excellence and advancing healthcare delivery in these segments, and that will continue to define our approach going forward.

**Moderator:**

The next question is from the line of Rahul Jeewani from IIFL Capital.

**Rahul Jeewani:**

Yes, sir. Just a few clarifications again on the Indore hospital. So, sir, this incremental, let's say, 100-bed new pediatric unit which is being built, I'm assuming that the capex for that unit will be done by the partner. So, what would be Rainbow's investment if we have to do anything there? And if you can also talk about what kind of revenue sharing arrangement, we have with the partner?

**Dr. Ramesh Kancharla:**

The partner will undertake the base building and provide us with a semi-warm shell on a long-term lease basis. This is similar to the model we follow for several other leased hospitals, where we enter into lease agreements for 20–30 years. Rainbow will invest in the interior fit-outs and medical equipment required for operations.

**Vikas Maheshwari:**

It is lease rental payment only.

**Rahul Jeewani:**

Okay. So as of now, the arrangement is for the 200-bed existing multi-specialty hospital, you are just managing the pediatric unit for them. And once you move to this new 100 unit, this would function as a normal leased hospital for you?

**Dr. Ramesh Kancharla:**

Exactly. That is the intended structure.

**Rahul Jeewani:**

Sure, sir. And then what kind of -- because obviously, this is not part of the expansion plan which you have put out in the PPT. So, what kind of spend do you envisage for this 100-bed Indore hospital?

**Dr. Ramesh Kancharla:**

It is still at an early stage, but similar to our other regional spoke hospitals, the investment would likely be in the range of INR 65–70 lakhs per bed.

**Rahul Jeewani:**

Okay. Sure, sir. Sure, sir. And commissioning, you said over the next 2 years period?

**Dr. Ramesh Kancharla:**

Yes, I think likely 2 years.

**Rahul Jeewani:**

Sure, sir. And sir, my second question is with respect to performance across the mature and new hospitals. Now while on the new hospital side, we saw a very significant increase in capacity to the tune of 80%, despite that, we were able to hold on to occupancy in the new hospitals.

But if we look at the mature hospitals for the full year, we have seen a decline in occupancy, while on the ALOS as well on the mature hospitals, there has been some decline. But can you qualify in terms of what led to the decline in occupancies for the mature hospitals apart from, let's say, a weaker seasonal business which we might have seen last year?

**Dr. Ramesh Kancharla:**

We have discussed this over the last two quarterly earnings calls as well. The primary reason has been the absence of the seasonal volume uplift that typically benefits mature hospitals. This was particularly evident during Q2 and Q3.

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In Q4, however, performance improved, and occupancy increased to approximately 52%.

**Saurabh Bhandari:** About 52% occupancy is there.

**Dr. Ramesh Kancharla:** As mentioned earlier, one of our key priorities is to reduce dependence on seasonal demand. We are working towards building a broader service portfolio and a deeper specialty stack. The contribution from obstetrics and fertility has increased, and the specialty mix will continue to improve.

Seasonality will always have an impact no doubt, but over time, we expect the business to become significantly less dependent on seasonal trends.

**Rahul Jeewani:** Sure, sir. So just on the seasonal business. In the past, the seasonal business has contributed around 10% to 12% of our overall top line. So, let's say, what would have been the contribution in FY26 for the seasonal business? And if you can also call out the contribution from the IVF segment and the international business for last year?

**Dr. Ramesh Kancharla:** If you look at the overall growth for FY26, we delivered around 12% growth. Had seasonal demand been at normal levels, growth could have been closer to 18%–20%.

As Abrar mentioned earlier, based on the current quarter's performance and the growth initiatives underway, we believe the business is positioned to deliver around 20% growth in the upcoming financial year.

International business, however, was impacted by geopolitical developments. Historically, we have received a meaningful number of patients from Bangladesh and other international markets. Dominantly, we used to get patients from Bangladesh and

**Saurabh Bhandari:** Somalia.

**Dr. Ramesh Kancharla:** Because a lot of deporting has happened, Somalians and Nigerians and those people. Yes. Disruptions in these markets affected patient flows, and in some cases local coordinators were not available, resulting in a significant shortfall versus our expectations for international business.

**Saurabh Bhandari:** Additionally, in Q4, the escalation of conflict in the Middle East affected air connectivity and travel, which also impacted international patient inflows.

**Rahul Jeewani:** Sure, sir. Can you call out the number just for bookkeeping purposes, both international patient and the IVF revenue contribution?

**Vikas Maheshwari:** International patient revenue remained broadly flat during FY26 at approximately INR 28.9 crores.

As for IVF, it contributed 3.7% of total revenue for the full year, with the contribution increasing quarter on quarter. In Q4, IVF accounted for approximately 4.1% of revenue.

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- Saurabh Bhandari:** And in absolute number terms, IVF business for full year was INR60 crores.
- Vikas Maheshwari:** INR61.4 crores.
- Moderator:** The next question is from the line of Mahesh, an Individual Investor.
- Mahesh:** I'm retail investor and also a customer of Rainbow. And I have seen the different experience between Hyderabad and Vizag branches. So, as we are entering into new cities, so how are we ensuring the same quality standards maintained at new branches or spoke hospitals?
- Dr. Ramesh Kancharla:** That is a very important point, Mahesh, and it is something we are actively addressing through our "One Rainbow" initiative.
- We have dedicated teams working on standardization across the network, including clinical protocols, SOPs, and operating frameworks. Given that pediatric healthcare is highly clinical in nature, consistency in medical protocols and care delivery is critical.
- Hospitals in Hyderabad, Vijayawada, and Bangalore already operate with a high degree of standardization. As our network has expanded to 25 hospitals, extending this consistency across all units has become a major strategic priority. It is an area that my senior clinical leadership team is actively focused on.
- Mahesh:** Yes, because I have observed this pattern. Like most of the jobs are in urban cities, and they come to hometowns and they prefer Rainbow because the same quality they prefer, but they are experiencing a little bit quality gap. So that's why...
- Dr. Ramesh Kancharla:** Thank you for bringing that to our attention. We take such feedback seriously and will continue working to ensure a more consistent experience across the entire Rainbow network.
- Moderator:** The next question is from the line of Anubhav Sangal from Anand Rathi.
- Anubhav Sangal:** Could you provide the revenue numbers for pharmacy for full year FY26 and Q4?
- Saurabh Bhandari:** Sorry, Anubhav, there was disturbance. Can you please repeat your question?
- Anubhav Sangal:** Sir, could you provide the pharmacy revenue numbers for Q4 as well as FY26?
- Saurabh Bhandari:** Pharmacy numbers?
- Vikas Maheshwari:** Anubhav, as a matter of policy, we do not disclose pharmacy revenue separately. However, if you look at our pharmacy-related costs, they typically account for around 12%–13% of revenue. Based on that and the associated margins, you may be able to estimate the pharmacy revenue contribution. At this stage, we do not disclose it separately.
- Moderator:** The next question is from the line of Vedant Nilekar from ICICI Securities.

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- Vedant Nilekar:** Am I audible?
- Abrarali Dalal:** Yes.
- Moderator:** Yes, you are.
- Vedant Nilekar:** Congratulations to the management for a great set of numbers. My first question is on the dedicated IVF center we have at Mahadevapura, Bangalore. Now that we have our full year revenues from IVF at around 3.7%, how are we envisaging the ramp-up? And what would be the drivers for it in the next 2 to 3 years?
- Dr. Ramesh Kancharla:** Historically, most of our fertility services have been housed within our hospitals. Currently, we have a couple of standalone fertility centers in Bangalore and one in Hyderabad.
- Our approach to building the fertility business is centered on the quality of doctors, adherence to a strong ethical framework, and the support we receive from our internal referral network, along with direct patient engagement. We have been very encouraged by the growth trajectory of the fertility business over the last two years.
- Going forward, we expect the fertility business to continue growing at approximately 25% year-on-year for at least the next three years.
- Vedant Nilekar:** Okay. And my second question is on the capex. Can you please help us with the figure of capex for the next 2 years along with the bifurcation of maintenance and growth?
- Vikas Maheshwari:** Certainly. Our capital expenditure can broadly be divided into maintenance capex and growth capex. Maintenance capex is approximately INR 45 crores per year across our network of around 25 units.
- Growth capex can be further divided into two categories. The largest component relates to our Gurugram projects, where we own the land and are constructing the hospitals ourselves. We have already incurred part of the expenditure and expect an additional investment of around INR 400 crores towards the Gurugram facilities.
- For the remaining projects—such as Coimbatore, Pune, and other facilities—you can assume a capex intensity of around INR 65–70 lakhs per bed.
- Vedant Nilekar:** INR70 lakh per bed.
- Vikas Maheshwari:** Yes, around INR 65–70 lakhs per bed is a reasonable assumption.
- Vedant Nilekar:** Okay. And so, is there any capex included regarding Indore in this?
- Vikas Maheshwari:** Yes, it does. You can assume approximately 100 beds for Indore.
- At present, our total development pipeline is around 900 beds, including the Gurugram projects. Excluding Gurugram, the pipeline is approximately 450 beds. Applying a capex intensity of

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around INR 70 lakhs per bed, the investment requirement for Coimbatore, Pune, Indore, and other facilities would be roughly INR 300–350 crores.

In addition, we expect to invest approximately INR 400–500 crores in the Gurugram projects over the next two years.

**Moderator:** The next question is from the line of Vishal Manchanda from Systematix.

**Vishal Manchanda:** I have a question on the occupancy. Like in your opening remarks, you highlighted that improving occupancy and service mix is one of the areas that you are working on. So, can you highlight some near-term and medium-term levers for the occupancy improvement and service mix improvement?

**Dr. Ramesh Kancharla:** When it comes to occupancy, our view is that a group-level occupancy of around 56%–58% is the desirable range for achieving our budgets and delivering the expected outcomes of our operating model.

Occupancy naturally fluctuates due to seasonality, holidays, and other cyclical factors. However, if we can maintain a blended occupancy of 56%–58% across the group, we believe we can deliver on all our key operating and financial metrics.

In terms of service mix, there is a clear distinction between hub hospitals and spoke hospitals. Spoke hospitals are primarily volume-driven businesses, whereas hub hospitals focus on both volume growth and enhancement of service mix. This includes expanding specialty services, increasing surgical volumes, driving more intensive care admissions, and treating a larger number of complex specialty cases.

For example, in super-specialty areas such as liver transplantation, we have planned a significant ramp-up during the current year. Initiatives such as these will play an important role in driving top-line growth.

**Vishal Manchanda:** Are there segments within health care, like within the pediatric care that you currently do not have presence in and are intending to build presence in those categories?

**Dr. Ramesh Kancharla:** In Hyderabad, we already have a comprehensive portfolio of pediatric specialties. In Bangalore, we have built approximately 60%–70% of that capability and are continuing to expand it. We are following a similar path in Chennai as well.

Pediatric super-specialties take time to develop, as many of them are relatively new disciplines in India and require specialized talent and infrastructure. We have successfully built these capabilities in Hyderabad and are now accelerating the development of similar capabilities in Bangalore and Chennai.

Our objective is to create a pediatric equivalent of a multi-specialty adult hospital—offering a comprehensive range of pediatric specialties under one roof. This has been a core part of our strategy, and we believe we have executed it quite successfully so far.

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**Vishal Manchanda:** Sir, would you be able to share some number as to like what -- in your kind of core hubs like Hyderabad, what would be our market share in the super specialty services? Like would we have a very dominant share, like most of the cases coming to Rainbow?

**Dr. Ramesh Kancharla:** We certainly believe we hold a leading position. However, it is difficult to accurately quantify market share because comprehensive market-level data is not readily available, and patient flows are often fragmented.

That said, among dedicated pediatric healthcare providers, there are very few players operating at a meaningful scale in these super-specialty segments.

**Vikas Maheshwari:** Vishal, we have recently engaged CRISIL to conduct an industry study covering the pediatric healthcare market and our positioning within it. That work is currently in progress.

Once the report is finalized, we will be able to share more authentic and data-backed insights. At present, market data remains highly fragmented, which is why we have sought CRISIL's support to build a more comprehensive assessment of the market and our position within it.

**Moderator:** The next question is from the line of Rahul Jeewani from IIFL Capital.

**Rahul Jeewani:** Yes, sir. Sir, just on the geographic expansion, which you are targeting now with the, let's say, the Delhi hospitals, we would have a presence in North. Pune provides us an entry into Maharashtra, and now we have announced this Indore hospital as well into Central India. So, let's say, M&A opportunity which you're looking at would largely be focused in these 3 clusters? Or you are looking at outside as well?

I forgot about Guwahati as well you have Guwahati, Northeast. So, if you can talk about this geographic expansion which you are targeting in some of these newer markets.

**Dr. Ramesh Kancharla:** Rather than being focused on specific geographies, we look primarily at the quality of opportunities available and whether they fit our operating model. Our approach is driven more by the attractiveness of the opportunity than by a predetermined geographic preference.

We continuously evaluate potential opportunities across the country and assess where they can create value for us. At this stage, we are not restricted to any region and are open to pursuing opportunities wherever they make strategic and operational sense.

**Rahul Jeewani:** Sure, sir. Sir, why I was asking because, let's say, in our core clusters of Hyderabad, Bangalore and Chennai, we have adopted this hub-and-spoke model where we have a larger hub hospital and the spokes feed into the hub. So, in these -- obviously, Delhi has the hub and one hub and one spoke. But for some of these other markets, wouldn't you want to have a similar kind of a hub-and-spoke approach to expansion?

**Dr. Ramesh Kancharla:** No. Eventually, wherever it is appropriate. For example, in Guwahati, we have acquired a hospital that has integrated seamlessly into the Rainbow network. We are expanding specialties there and evaluating how best to address the broader Northeast market.

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Our long-term vision is to provide pediatric care through a hub-and-spoke model wherever it is suitable. However, the model depends on factors such as the size of the city, population density, accessibility, and local healthcare needs. It is not necessary that every market will require a hub-and-spoke structure.

For example, in a city like Indore, a spoke may not be necessary. Similarly, in smaller cities such as Raipur, a single hospital may be sufficient. In contrast, a market like Pune would likely be well suited for a hub-and-spoke approach.

Ultimately, decisions around hub-and-spoke expansion are influenced by city size, population, accessibility, traffic conditions, and several other local factors.

**Rahul Jeewani:** Sure, sir. So maybe within some of these smaller cities where you might expand, we might have just 1 or 2 hospitals without necessarily having a hub?

**Dr. Ramesh Kancharla:** Yes, absolutely.

**Moderator:** We'll take the next question from the line of Uttam Purohit from VVD Asset Management.

**Uttam Purohit:** Congratulations on a good set of numbers. My question was on the ARPOB. If you could give some color on the drivers of ARPOB this quarter and for the full year as well? How much of what -- was it price driven and how much of it was mix driven?

**Dr. Ramesh Kancharla:** ARPOB has grown by about 8%, right? In our case, ARPOB growth is predominantly driven by case mix. In addition, the increasing contribution from the fertility business has also supported ARPOB growth.

**Vikas Maheshwari:** Correct.

**Dr. Ramesh Kancharla:** These are the two primary drivers of ARPOB growth. Pricing increases also contribute to ARPOB growth on a year-on-year basis.

**Uttam Purohit:** And how do we see this number 2, 3 years down the line?

**Dr. Ramesh Kancharla:** I think it is important to look at both ARPOB and ARPP together. However, if we are evaluating growth trends, I would place greater emphasis on ARPP. ARPOB can fluctuate from quarter to quarter due to changes in case mix, whereas ARPP provides better visibility over time. As we have consistently indicated, we expect ARPP to grow by around 5%–6% annually.

**Uttam Purohit:** Yes. And on the growth side, if I see this quarter, a good chunk of growth came from the maturing hospitals. So, if you could give some sense like which geographies were the key drivers and where are we seeing a quick ramp up other than Hyderabad.

**Dr. Ramesh Kancharla:** We have seen growth across the group, including Hyderabad, Bangalore, Chennai, and Andhra Pradesh. These continue to be our key markets and primary growth drivers.

**Uttam Purohit:** And on the mature side, from a long time, we have seen the occupancy has been range-bound near the 54% -- 55%, 56% kind of number. Historically, it was around 60%, 61%. So, do you think we could get back to those figures? Because I think it's been long since we have got such figures in matured side?

**Dr. Ramesh Kancharla:** Yes, certainly. That is our expectation. For the coming year, we believe mature hospitals should be able to operate at around 60% occupancy. To achieve our planned budgets and growth targets, mature hospitals will need to be around that level. On a blended basis across the network, we would expect occupancy to be in the range of 56%–57%.

**Moderator:** Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.

**Vikas Maheshwari:** Yes. Thank you, investors, for joining the conference call and giving your views and asking the thoughtful questions. Thank you very much for this. If you have any questions, you can reach out to Investor Relations at Rainbow Hospitals or you can e-mail us directly.

**Dr. Ramesh Kancharla:** Thank you very much. Thank you.

**Moderator:** Thank you, sir. Thank you, members of the management. On behalf of IIFL Capital Services, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.

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