



November 11, 2022

National Stock Exchange of India Limited  
Exchange Plaza, Plot No. C/1, G Block,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051.  
Symbol: RAINBOW

BSE Limited  
Corporate Relationship Department,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400001.  
Scrip Code: 543524

**Sub: Transcript of the Investor call - Financial Results for Q2 & H1 FY23.**

**Ref: Disclosure pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.**

Dear Sir/ Madam,

Please find enclosed the Transcript of the Investor call held on November 4, 2022, with regard to Financial Results of the Company for Q2 & H1 FY23.

The said Transcript is also available on the website of the Company and can be accessed through the following link:

<https://www.rainbowhospitals.in/investor-relations/reports/Analyst%20Concall%20Transcript%20Q2%20&%20H1%20FY2023.pdf>

We request you to kindly take the same on record.

Thanking You,

Yours faithfully,

For **Rainbow Children's Medicare Limited**

**Ashish Kapil**  
**Company Secretary and Compliance Officer**  
Encl.: As above.

## Rainbow Children's Medicare Limited

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## Rainbow Children's Medicare Limited Q2 & H1 FY-23 Earnings Conference Call November 04, 2022

Call Duration	• 1 hour and 15 minutes
Management Speakers	<ul style="list-style-type: none"><li>• Dr. Ramesh Kancharla – Chairman and Managing Director</li><li>• Mr. R Gowrisankar – CFO</li><li>• Mr. Saurabh Bhandari – Business Analyst</li></ul>
Participants who asked questions	<ul style="list-style-type: none"><li>• Dheeresh Pathak, WhiteOak Capital</li><li>• Bansi Desai, JP Morgan</li><li>• Madanagopal Ramu, Sundaram Mutual Fund</li><li>• Damayanti Kerai, HSBC</li><li>• Tushar Manudhane, Motilal Oswal Financial Services</li><li>• Saket Reddy, Polsani Enterprise</li><li>• Piyush Biyani, Individual investor</li><li>• Rahul Jeewani, IIFL Securities Limited</li><li>• Sumit Gupta, Motilal Oswal Financial Services</li><li>• Prashant Kutty, Sundaram Mutual Fund</li><li>• Mahesh, Individual investor</li><li>• Alankar Garude, Kotak Institutional Equities</li><li>• Kapil Agarwal, ITUS Capital</li></ul>

**Siddharth Rangnekar:** Thank you, Rutuja. Welcome, everyone to the Earnings Conference Call of Rainbow Children's Medicare Limited to discuss the financial performance for the second quarter and half year ended September 30<sup>th</sup>, 2022. We have with us, Dr. Ramesh Kancharla, Chairman and Managing Director; Mr. R Gowrisankar, CFO and Mr. Saurabh Bhandari, Business Analyst.

Before we begin, I would like to share that some of the statements made on today's call could be forward looking in nature, and may involve certain risks and uncertainties. A detailed statement in this regard is available in the quarter two FY23 results presentation that is hosted on the company's website and also on the stock exchanges.

I would now like to invite Dr. Ramesh to make his comments. Over to you, sir.

**Dr. Ramesh Kancharla:** Yes. Very good morning to everyone. I hope you all had a good festive season. So, it gives me immense pleasure to welcome you all to the earnings call for the second quarter and the first half of the current financial year. Before dwelling into the results, I would like to highlight the salient aspects of our operating model given that we are a recently listed company.

The Rainbow Children's Hospital has 15 branches across the country with three outpatient clinics in six cities, having 1,555 beds. Our pediatric services under the “**Rainbow Children’s Hospital**” include newborn and pediatric intensive care services, pediatric multi-speciality services, pediatric quaternary care, including organ transplantation. “**Birth Right by Rainbow**” is an integrated, perinatal service within the children's hospital offering normal and complex obstetric care, multidisciplinary fetal care, perinatal genetic and fertility care, in addition, gynecological services.

Rainbow is built on strong fundamentals of multidisciplinary approach, with a full time doctor engagement model, 24/7 consultant led service in a child centric environment.

This is the model, the children's hospital being built across the world on core principles of multidisciplinary care, full time doctor engagement model and the children-only environment. We follow a hub and spoke model for wider coverage of the city. The Hub hospital provides comprehensive multi-specialty pediatric care with an advanced tertiary and quaternary care services, while the spokes provide 24/7 emergency care, large outpatient services and comprehensive obstetrics and

pediatric inpatients. That includes level 3 NICU services. The model has evolved significantly in Hyderabad city, and is gaining traction very well in Bangalore. We plan to replicate this model in Chennai and National capital region in the coming years.

We run the country's largest academic training program for pediatrics and pediatric super-specialties in the private healthcare, offering post graduate, residential DNB training program and fellowship programs. We have a total of 128 seats across our group for training and we added, another 12 seats for our pediatrics and obstetrics and gynecology training program.

So, regarding the performance of the quarter, historically, the second quarter witnesses a higher occupancy, patient footfalls and relatively robust financial performance. And we experienced a similar trend during the current quarter, where a strong growth is witnessed across all key operating metrics, like occupancy, outpatients, as well as in patient volumes across all the hospitals. Consequently, we registered the highest ever revenue, EBITDA and PAT in this current quarter.

Our occupancy for the current quarter was 62.2% compared to the 46.6% in the corresponding quarter of the last financial year. The matured hospitals, which are over five years of operations had an occupancy of ~68% and maturing ones, which are less than five years of operations had an occupancy of ~48% for the current quarter. The occupancy for the first half of the year was a standard ~53% compared to ~43% in the first half of last financial year.

As stated earlier, the second quarter witnessed a higher patient footfall and better occupancy, but the case mix was more secondary care pediatrics. This shift in the case mix resulted in moderation of average revenue per occupied bed during this quarter. The ARPOB for Q2 FY23 stands at INR. ~47,000, and the first half of the current financial year is INR. 49,000. So, there is 18% of growth Q2 year-on-year, of the revenue and also the growth of EBITDA and PAT during the Q2 year-on-year, which are at 23% and 36% respectively. Our CFO, Mr. R Gowrisankar will give you further details in a short while.

Regarding to our expansions. I'm pleased to share that we have added 55 beds spoke hospital on Old Madras Road in Chennai city started from September 1, 2022. This hospital marks the initiation of our hub and spoke model in the city of Chennai. The hospital witnessed a good traction the first month itself, impressive numbers of OPD footfalls.

The new other expansions, like spoke hospital in the financial district in Hyderabad city is near to completion, is expected to commence operations in Q4 of the current financial year.

The project work for Central City Hyderabad and Anna Nagar in Chennai city are progressing well, and are expected to commence operations during the next financial year, probably mid financial year, halfway through.

The next hospital for which we received the requisite permissions from government is in Rajahmundry, in the state of Andhra Pradesh. It is a 100 bed Greenfield project. The lessor will commence the project work soon at the site.

The Company has signed up an agreement with the lessor to construct additional block of the 50 beds in the Hyderabad city which is right next to one of our spoke hospital in Hydernagar, to cater to future growth at this spoke hospital, because the Hydernagar spoke hospital is running full for most of the year and requires more beds.

I also take pride in sharing with you that we have obtained NABH certification for two more hospitals. Thereby, having 10 hospitals certified by NABH in our network. We also have country's first JCI certified fertility center in Hyderabad.

To summarize, the first half of the current year has largely been as per the expectations. The business has returned back to normalcy with operating parameters demonstrating strong growth. I wish to underline that Rainbow Hospitals continue to build a strong clinical health care model to deliver excellent outcomes for children.

With that, I conclude and hope to continue our conversation in the subsequent quarter in the New Year. Thank you very much. over to Mr. R Gowrisankar, CFO.

**R Gowrisankar:**

Thank you sir. Good morning. First of all, I would like to thank you all for taking out time and joining our earnings update call. As told by Dr. Ramesh, quarter two was in fact medically a busy quarter. We have witnessed a robust growth in our outpatient and inpatient volume and also in delivery numbers. On the consolidated financials for the first half of FY23, we have achieved a revenue of INR. 550 crore as against the revenue of INR. 512 crore in the corresponding H1 of FY22. The top line has grown by 7% over last year, last year H1 and if we exclude the COVID

vaccination one time impact on the last year, our normalized revenue has grown by 28%.

EBITDA margin has witnessed a growth of 14% over previous year H1 and stands at INR. 191 crore. If we exclude one time impact of COVID vaccination on this, the real growth in our EBITDA is at 31%. EBITDA margin for the current year H1 stands at 34.8%, as against 32.7% of the previous financial year H1.

Profit after Tax for the H1 of FY23 is INR. 100.3 crore, as against INR. 81.2 crore for the H1 of FY22. PAT margin has grown by 23% over H1 PAT margin of FY22, and PAT margin for the current half year stands at 18.2% as against the PAT margin of 15.8% over the last year H1 of FY22.

Our OP volume has grown by 54% and IP volume has grown by 29% and delivery numbers have grown by 13% over the corresponding period of FY22. ARPOB for H1 of current year has shown a growth of ~5% over corresponding period ARPOB, excluding the COVID vaccination impact. We have witnessed occupancy of 52.76% for the H1 of FY23 compared to 43% of the corresponding period of FY22.

When it comes to quarter two performance of FY23, we have achieved a revenue of INR. 313 crore. There is a growth of 32% of revenue over the previous quarter and 18% over the corresponding quarter of FY22. EBITDA margin of the quarter two of FY 23 stands at 35%, which is at INR. 109 crore. EBITDA has grown by 23% over corresponding quarter of last financial year.

PAT for the Q2 for FY23 is at INR. 61.5 crore. PAT margin for the quarter stands at 19.60%, and PAT margin for the current year Q2 has grown by 36% over corresponding quarter of last year. OP and IP volumes for the current quarter has grown by 55% and 35% over the corresponding period of FY22.

We have witnessed a 62% occupancy in this quarter. Mature hospitals have witnessed 68% occupancy and new hospitals has witnessed 48% occupancy in Q2 of FY23.

Though our international business is not very significant, we are seeing a growth in the number of international patients visiting our hospitals for treatment.

Our return-on-capital employed and return-on-equity stands at 14.79% and 12.95% for the first half of FY23. Our payer mix for Q2 remains at 48% credit and 52% cash.

In this quarter, we have capitalized the project cost of OMR Chennai and we have incurred so far INR. 22 crore towards the financial district and Anna Nagar projects which are part of the CWIP as of 30<sup>th</sup> September, 22. Also, we have spent about INR. 2.3 crore towards the CSR expenses as against the mandatory spend of INR. 2.4 crore for this financial year. We have utilized this CSR expenses for sports development, skills development and providing medical equipment for government hospitals.

Overall, Q2 was the best quarter and we have seen growth in revenue, EBITDA, PAT, OP, IP and delivery numbers and occupancy. Thank you once again. Now we'll open the call for your valuable questions and insights.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Dheeresh Pathak from WhiteOak Capital. Please go ahead.

**Dheeresh Pathak:**

Yes. Thank you for taking the questions and congratulations on the great results. So, this sharp improvement, although, we understand the seasonality in the business, but just if you can further elaborate the increase in occupancy that we've seen. Is this in line with what we would have witnessed in the past years as well or this is some element of some viral vector-borne diseases or something of that sort which has impacted this quarter's occupancy? And how do you see occupancy in the next two quarters for the second half of the year?

**Dr. Ramesh Kancharla:**

See, the occupancy, what we have witnessed is definitely a lot more than what we expect in the current quarter, Q2. So, if we go back the last two years has been the pandemic years, where the pediatric business has been impacted significantly, because children did not kind of suffer or were not the sufferers of COVID. So, when we roll back and see in 2019, that our occupancies are about 56% annually. So, probably we're kind of limping back to the kind of a normalcy of our occupancies while adding number of beds. So, what we see is definitely that we're coming back. All the operating metrics are coming back to the normalcy.

So that's what we see, in the particularly quarter two, definitely because schools have started, there's a lot of a viral infection, which normally do not require admissions. Some of them viral infections perhaps are more pronounced than coming to pneumonia, requiring admissions, which is why you see that our ARPOB has come down compared to the previous quarter, because of the secondary care

case mix. So, I think moving forward in future, we expect to kind of come back, bounce back to the pre-pandemic occupancy. And where we are now at this stage, about ~53% of occupancy, we will continue to maintain the similar trend till the end of the year.

**Dheeresh Pathak:** Okay. So sir, if you have the numbers with you, like FY19, and '20, what would have been the occupancy in Q2 and Q3? If you have those numbers in front of you, otherwise, I can take them later.

**Dr. Ramesh Kancharla:** They are not in front of me, but they're kind of more or less kind of, maybe two or three percentage points plus or minus. So, it will be very similar. Generally, the pediatric hospitals, our business is about Q2 and Q3 are more promising in terms of numbers, occupancies and revenues. So, certainly that the occupancy would have been higher at that time as well.

**Dheeresh Pathak:** Okay. Sir, the next question is in terms of new capacity. So, this year, we have the Chennai, which is already commissioned. And this, I think, in the last quarter, you're expecting the Financial District, Hyderabad to commission. So, those two would be the only additions for this year, right? And this Central Hyderabad and an Anna Nagar, that would commission like you said in the second half of next financial year. So, those two, 160 beds would be the additions in FY24 or there is some else, some other asset that is expected to come up in FY24? Commission in FY24?

**Dr. Ramesh Kancharla:** Okay. So, the two which are in Central Hyderabad, as well as Anna Nagar in Chennai, and also, we expect to kind of have beds in Hyderabad city also. The block next to Hydernagar hospital, additional 50 beds are going to come. So, there is some other kind of brownfield projects that takes about nine months to 10 months' time, which is kind of early to comment on those things. So, this is what we have definitely.

**Dheeresh Pathak:** So, including Hydernagar, 50, FY24 should see 210 beds, commission. Is that a fair understanding?

**Dr. Ramesh Kancharla:** You are right. Yes.

**Dheeresh Pathak:** Okay. And then FY25, although, it might be too early, but you mentioned Rajahmundry which is 100 beds, and is there any other assets which you feel?



**Dr. Ramesh Kancharla:** We have Rajahmundry, NCR and spoke in Bangalore. They are all going to come in FY25.

**Dheeresh Pathak:** Okay. NCR is how many beds? It is, as to my understanding, 100 beds and spoke is about 50 beds. So, as of now 250 beds in FY25?

**Dr. Ramesh Kancharla:** Yes. Some of the spokes varies. There may be some additional beds, especially, regional spokes like Rajahmundry. They could be 100 beds because they themselves are large cities with a large catchment area.

**Dheeresh Pathak:** Okay. And last question for Gowrisankar ji. How much was the CapEx for the OMR asset?

**R Gowrisankar:** It's about INR. 60 lakh per bed.

**Dheeresh Pathak:** Ok. So, it is in the same thumb rule. What will be the total maintenance Capex that you would do this year?

**R Gowrisankar:** This year we should do about INR. 40 crore.

**Dheeresh Pathak:** Maintenance Capex?

**R Gowrisankar:** Yes.

**Moderator:** Thank you. The next question is from the line of Bansai Desai from JP Morgan. Please go ahead.

**Bansai Desai:** Hi. Congratulation on good set of numbers. Sir, I have two questions. So firstly, on the margins. So, if I look at the first half, on the pre-IndAS number, we are almost tracking at 30% EBITDA margin versus what you have previously guided, which is closer to 25%. So, if you can just comment on this? Is this the new base that we are seeing or with the addition of new hospitals, we should expect this number to moderate in the coming years?

**Dr. Ramesh Kancharla:** Thank you, Ms. Desai. See, so, when we have guided earlier about 25% pre-IndAS EBITDA margins, so, certainly last year, not many beds have been added. So, the business has matured. If you look at it, our matured hospitals, and also maturing hospitals also contributed significantly. So, as we move forward with addition of the new beds, definitely the business probably going to go on the same way, margins

will obviously get moderated to the 25%-26%. So, it is difficult to kind of give a very accurate guidance, but I would stick to what is deliverable from the company's front, that is 25% which earlier I spoke on the call, while growing and adding more beds.

**Bansi Desai:** Okay, and so my second question is on the utilization of cash. So, if I see the run rate over the next three years, we could be generating close to INR. 1100 plus crore of cash. Against this, our CapEx needs are closer to INR. 500 crore odd, if we were to expand the way you have elucidated. So, what would be the utilization of the balance cash?

**Dr. Ramesh Kancharla:** Okay. So, I think we have certain plans, which I've spoken earlier also, that we are exploring some other Greenfield project especially in NCR region. So, once those things come into reality, which is currently work in progress, probably, we'll have a better understanding of the utilization of cash on the balance sheet, as well as the net proceeds which we raised from the IPO. But whatever when we look at it, it definitely going to be our cash surplus company, unless we kind of have a greater number of Greenfield projects. The situation is, we have a note that we have significant cash on the balance sheet. And thirdly, that we are generating the cash to the operations, quite significant amount, and all this is put together that whatever you plan, whether asset light, greenfield project, brownfields or asset heavy, also, including purchasing some land wherever there is an opportunistic opportunities.

So, we have found value within these funds. Of course, you know, the last year, we have kind of done over 15% of the PAT of the dividend. So, there will be enough cash around. So, it's a comfortable situation. I'm confident on that, what things are going to go.

**Bansi Desai:** And sir, last question before I get in the queue. Sir, on ARPOB, I understand, you know, it's the case mix which has driven the decline in this quarter. But if I look at the first half number, this is closer to INR. 49,200, which is a 5% increase over last year's ex-COVID ARPOB. Given that we have taken price increases in Q1 of this year, does it seem to be on the lower side? Especially that given that we had guided for, 7% to 8% growth on the ARPOB numbers? So, what's the trajectory going ahead?

**Dr. Ramesh Kancharla :** I think what we stated is that, when we had this busy season, where we're kind of fighting for the beds, you look at our ALOS has gone further down, because to accommodate more patients, to a significant shift in the case mix. That is a single most reason for the kind of moderation of ARPOB. But I think once we come back

to the kind of a normalized the business, not so much of a bed crunch, we'll kind of get back to our INR. 49,000 ARPOB which is what actually we were expecting to do it.

**Moderator:** Thank you. The next question is from the line of Madanagopal from Sundaram Mutual Fund. Please go ahead.

**Madanagopal Ramu:** Good morning, Mr. Ramesh. Congratulations on excellent numbers. My first question is on how was it the beds added in the last one year in terms of occupancy, in terms of are they moving in line with our expectations?

**Dr. Ramesh Kancharla:** Yes, Mr. Gopal. Yes. We are moving on lines of expectation. So good things are actually is that, after two years of difficult periods of COVID, in our pediatric business, what we are seeing is pretty normal case mix. It is OPD through footfalls and specialities, outpatients, as well as in patients and surgical work. Even obstetrics or deliveries have come back to normalization. Now, both outpatient, specialty mix and those things. So, this is a great news. So, this is where we have control and predictability is much better.

So, the other factors, which are not in our hand, is that, all that with the seasonality, those things kind of play up, play plus or minus.

**Madanagopal Ramu:** The payback period for these, what you expect? Generally our payback period, we say is four years, right? So, are they looking like they can do better than that, or it's moving in that direction?

**Dr. Ramesh Kancharla:** I think that that's very ambitious for the payback period of four years' time. So, it's the seven years' time.

**Madanagopal Ramu:** Okay. And if the new hospitals that you are, that we are planning to together, if I add what you mentioned, it comes to around 450 beds, that's what the plan is, right? As of now, between '24 and '25? You think any further scope is there to increase this? You mentioned Greenfield and NCR is possible. Any brownfield like in the existing places itself? I happened to visit your Guindy facility and congrats for an excellent facility actually, it was almost fully utilized when I saw that. What is the scope for increasing beds in the existing facilities itself or nearby in terms of adding beds?

**Dr. Ramesh Kancharla:** We are exploring and by the same time it is in a very prime area for Chennai city. And I mean, we constantly keep looking around what is available in the vicinity and neighborhoods, so that, I mean, it's always good to add more beds where you are doing very well. So, sometimes it happens. Like in Hyderabad city, in one of the spokes, we got a great opportunity to add 50 more beds because that's also doing very well. So that kind of opportunities sometimes come, sometimes difficult. But however, in Chennai city, we are adding about 85 beds in Anna Nagar. So that is not very far from Guindy. I think that will balance out pretty well.

**Moderator:** Thank you. The next question is from the line of Damayanti Kerai from HSBC. Please go ahead.

**Damayanti Kerai:** Hi. Good morning. Dr. Ramesh, my first question is to you. So, beyond your proven model in the city of Hyderabad, now you are expanding into newer markets. So what gives you confidence that you will be able to replicate your model in some newer cities, say Delhi, NCR, Bengaluru and how do you see competition scenario in these newer markets?

**Dr. Ramesh Kancharla:** See, the country is in need of children's hospital. There's no doubt about it. Number one. Number two is that, when we moved from Hyderabad to kind of doing (starting hospital) in Bangalore and subsequently Chennai, then New Delhi. So, it's kind of, it does take time when you go the new city, but once you start settling, which is why we always go and do a hub hospital first, because that's what is going to differentiate you from other small, tiny Children's Hospital or maternal boutique centers because we're going as a multi-specialty children's hospital. So, similar thing we have done in Chennai.

So, we go and do a multi-specialty children's hospital, which would obviously take about three, four years' time to kind of settle down to do well financially, then start adding more spokes. So, maturity something in which time is something which is very important to build a conceptually the model. So, then requirements made of children's Healthcare is phenomenal. So, which everyone knows about it. We have done well in Bangalore, and we are tracking well in Chennai. We just started doing hub and spoke model and the next would be in NCR . In Delhi, It took a little more longer time than the South. So, now the Delhi is tracking fairly well and our credibility is going up. People come to know that there's a children's hospital model. So, we're comfortable to go and expand in Delhi now further. So, therefore, we are working. Our plans are to expand in the NCR, rather than Delhi.

**Damayanti Kerai:** Okay, sir. And how about the competition scenario in some of these markets? Or you think your model is very unique, and it won't be impacted much by what others are offering?

**Dr. Ramesh Kancharla:** Yes, I would say some degree of competition will be there from the obstetrics side. But when we look at a model of ours, there's no competition to the Rainbow model. But there's always a pediatric service there in a small wing in a multi-speciality or smaller children's hospitals, but Rainbow going into a city with a unique doctor engagement model and also children-only environment services and also building a robust intensive-care services, multi-specialty. There is no competition in this area. So, it takes obviously time, because Children's Healthcare is not something which is can be aggregated or orchestrated. It has to be built very organically.

So, we deal with a digitally native population, I think we need to think of our deliverables, and that becomes very, very important. So, when we go into a new city, it takes time for people to get comfortable that what quality of deliveries we are doing it, then the word of mouth and then it starts going really well. Once four or five years get past then the peak of growth happens in the six years to eight years' time.

**Damayanti Kerai:** Okay. And eventually, you might also look at Mumbai market in future, if possible, right?

**Dr. Ramesh Kancharla:** Well, as I said, there is a need and requirement in the country. But what is important is that unfortunately, this cannot be aggregated. So, and also the specialist pool is beginning to increase in the country. 20 years ago, when we started, there were only hardly few specialist doctors who were trained in the pediatric subspecialties. Now, recently there are a number of institutions in the country, a significant number of doctors coming from outside the country to join us to build a model. So therefore, that's very encouraging. And this requires kind of a more institutional approach and business growth organically.

**Damayanti Kerai:** Okay. Sir, that's helpful. So, my last question is a clarification on your payor mix, Mr. R Gowrisankar. So, you mentioned 48% credit. So, is it TPA or you have some component of government?

**R Gowrisankar:** We have TPA and corporate. About 1% is government and rest all are insurance only.

- Damyanti Kerai:** So, government is just 1% and the rest is corporate and TPA?
- R Gowrisankar:** Yes.
- Moderator:** Thank you. The next question is from the line of the Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.
- Tushar Manudhane:** Sir, firstly, just on the professional fees to doctors, as I see there have been sharp increase almost about 6 - 7% year-over-year. So, any specific comment there?
- Dr. Ramesh Kancharla:** So, the increase in the professional fees is mainly because we are adding new facilities and also newer portfolios. So, what we look at is overall professional fees across a group level. As a full-time doctor engagement model, for the doctor component of professional fees is 23%, maximum 24%. I think the first half of this year is about 23%, this time. I'm comfortable with that.
- Tushar Manudhane:** Okay. And, secondly, when I see mature and new hospital, ALOS is lower or rather ALOS is higher for the new hospitals by almost a day. So, is this a specific trend or this ALOS in a new hospital to reduce to the matured level over a period of time.
- Dr. Ramesh Kancharla:** Now, what happens is, these matured hospital, ALOS will be down in busy quarters like this. The reason is, because there's always a pressure on discharging early. So that's why the ALOS gets down. In the newer hospitals, there are beds, there's no pressure on next day to admit more patients. So that's probably reason a little bit of differences will come the newer hospitals to mature hospitals.
- R Gowrisankar:** Also, one more factor is that in the new hospitals we have a cardiac institute, which has got about six days of ALOS.
- Tushar Manudhane:** Understood. And just lastly, if you could break down IP, OP volume, as well as IP, OP revenue into matured and new?
- R Gowrisankar:** We have done that. In fact, we have given that IP revenue, as well as the volume.
- Tushar Manudhane:** As I have seen the presentation, it's a volume, not the revenue.
- R Gowrisankar:** The revenue we have given is the overall revenue .

- Saurabh Bhandari:** So, Tushar, about 70% of the revenue that we have mentioned would be the inpatient revenue and 30% revenue would be the outpatient revenue.
- Tushar Manudhane:** And, just further to this, into new and matured, any further bifurcation in terms of IP, OP?
- Saurabh Bhandari:** No. So, Tushar. We don't give that. We give it at the company level, the IP and OP volumes.
- Moderator:** Thank you. The next question is from the line of Saket Reddy from Polsani Enterprise. Please go ahead.
- Saket Reddy:** Good morning, sir. What are the ICU occupancy numbers for this quarter?
- Dr. Ramesh Kancharla:** Intensive care services?
- Saket Reddy:** Yes. Intensive care services.
- Dr. Ramesh Kancharla:** I think we have about, I do not have an accurate number. At group level, I can say one thing, our ICU occupancies have been around 55%, both pediatric intensive care and neonatal intensive care.
- Saket Reddy:** 55% is it?
- Dr. Ramesh Kancharla:** Yes.
- Saket Reddy:** Okay. And Delhi facility, are we breakeven on that?
- Dr. Ramesh Kancharla:** Yes. we are posting positive results in Delhi facility.
- Saket Reddy:** Okay. And the insurance hikes? We mentioned in the last call that some of the cities, we're still yet to get some hikes. So, are they done in this quarter?
- R Gowrisankar:** I think Hyderabad is still to happen. Bangalore, Chennai it happened there, Hyderabad, we are waiting for it.
- Saket Reddy:** Bangalore, Chennai in this quarter?

**Dr. Ramesh Kancharla:** No. The Bangalore, Chennai has happened in the last quarter and Delhi also. Hyderabad, still negotiations going on because somehow there is a problem with some TPA and those things because post-COVID, they are really, really going very slow, and where I'm not sure whether it is something they're stressing on too much. We explicitly say that in the COVID period they have actually taken their own toll. We are pursuing. I think it will happen sometime, maybe in a couple of months' time.

**Moderator:** Thank you. The next question is from the line of Piyush Biyani, an individual investor. Please go ahead.

**Piyush Biyani:** Hi. Good morning. So, my question is regarding basically I want to know about the proportion department is proposing. What is the new proportion, basically? It will be good if you can able to give me the department.

So, second question is regarding, as I understand that pediatric is the main component of your business, right. So, I want to know how much margin you're generating from the pediatric segment.

**Dr. Ramesh Kancharla:** First question is that, given the granularity in children figures. See, this children healthcare is a very, very different unlike multi-specialty. So, for example, a sick child comes into hospital, does it belong to intensive care, or do they belong to a specialty? neurology, nephrology, sometimes with combined admission. So, the granularity becomes very, very difficult.

With the granularity, whatever we work, it has always been like, you are outpatients, you are obstetrics revenue, intensive care revenue, or the pediatric revenue, pediatric surgical. So that's how we can have a fairly good division. When you try to further divide, it is difficult to kind of dissect into the specialties and intensive care, because the specialty patients are in intensive care. So how do you put that? Which pocket do you put it in? So that's the difficulty of children's Hospital. So therefore, we have taken a conscious decision about to have a clear-pathways to kind of divide our business into the intensive care and super specialties together. And the pediatrics and other allied and obstetrics and outpatient business in the four verticals.

On the proportion, overall proportion we have now segmented between the Obstetrics and Pediatrics, which is about 30% of our business is obstetric business, OBGYN segment and 70% of the business is pediatrics.



- Piyush Biyani:** And what about margin? How much margin is there?
- R Gowrisankar:** Margin, we calculate at the company as a whole. We don't again, subdivide that between this. We don't prepare a P&L for two segments separately.
- Dr. Ramesh Kancharla:** We try to look at it. It's difficult because there's a pediatric component in the delivery also. So, there's a Fetal Medicine Department. It's a complex. It's very difficult kind of a differentiator. Unlike children's hospital in adult hospital you have nephrology, you have a urology, very clearly demarcated healthcare. Adult healthcare is like a wear and tear problems. As we age, we get into problems of urology, kidney. Children healthcare is more of like a congenital or infection or metabolic or various etiological factors. It is not wear and tear, which is why it's difficult to kind of differentiate between the specialty and intensive care. We look at it, but I think it's probably appropriate and fair. And that's the structure you find in our consulting, doctor engagement model, etc. We work in teams. Teams generate revenue. They distribute revenues between themselves. So much easier, much fairer. So, we always try to build that. Our model is very similar to British-Canadian model. So, it's kind of a doctor's work for institutions. Institutions take care of the doctors. That's what we are actually balancing out the last 20 years' time.
- Piyush Biyani:** No sir, actually my question came from ARPOB. If I can see, the ARPOB is declining compared with the last two three quarters, correct. And if I can see OBGYN, it is growing. So, I think, as for my analytical view, basically due to the increase in the delivery volume, because the ticket size if I compare it with the delivery with pediatric child healthcare, then it is very less, right? So, going forward, as per my understanding the token is shifted to delivery also. So, ARPOB, how it will impact ARPOB going forward?
- Saurabh Bhandari:** So, if you look at the ARPOB, it is not declining. If you look at the ARPOB basically it is increasing. Whether you compare it to last Q2 of last financial year. Now, if you look at obviously, ex-COVID. Now, when you look at against the quarter one ARPOB and compare it, quarter one ARPOB will obviously be higher because what happens is your secondary care pediatrics, in the case mix, it is quite low in quarter one. So, you know, for a company like ours, it is very important that you compare your ARPOB on a YTD basis. So, when it is nine months, you compare nine months of last year vis-a-vis nine months of this year, rather than comparing it on previous quarters because there is too much seasonality in the business which will not give you a right

idea on the ARPOB. That's first. So, our ARPOB is increasing on a YTD basis. That's the first point.

Now on the second point, if you look at the pediatrics, it also has a component of tertiary and quaternary care pediatrics, which has quite substantial ARPOB. It's the only secondary care pediatrics, which is cold, cough and fever, and which is seasonally pronounced during the rainy time. So, this is why you're seeing ARPOB which is lower in this current quarter.

**Moderator:** Thank you. The next question is from the line of Rahul Jeewani from IIFL Securities Limited. Please go ahead.

**Rahul Jeewani:** Thanks for taking my question. And also in the last call, you had indicated that typically 2Q and 3Q occupancies for us are 700 basis points, 800 basis points above the 1Q run rate. Now this quarter, we delivered significantly above that, but what are you seeing in terms of 3Q occupancy? So, do you expect to sustain let's say 60% kind of occupancies in 3Q as well?

**Dr. Ramesh Kancharla:** Yes. Rahul, this is a very difficult answer because as I earlier explained to you that Q2 was definitely more pronounced than usual Q2 because of the first time children going back to school and various other factors. We had torrential, unseasonal rains, seasonal rains, all kinds of things. So, we had the mix of viral infections in the community, which we think is seen in even other healthcare hospitals also. Significant medical admissions have come in Q2. So, going on to the Q3, I think what is important is that we will definitely do a kind of a better occupancies. But whether to do similar ones or not, it is difficult to say at this point of time. As we move forward, the Q2 and Q3 occupancies will be higher. Sometimes Q2 will be more and sometimes Q3 will be more. This season sometimes fluctuates and varies between the Q2 and Q3, one to other. It's difficult to predict.

So however, I think we are coming back. Good thing is that our normalized business has come back. Complete normalcy, as we see it. And we are hoping to kind of do the other parameters which have been not done well is like, specialty, obstetrics and the surgical, some transplant work, all these things will start picking up. The occupancy is something that varies between a quarter and quarter based on the seasonality. But interesting thing is, our main business is coming back. So, we're very comfortable about whatever the guidance we have earlier given for the year. That's what kind of we can say at this point in time.

**Rahul Jeewani:** Sure, sir. Can you instead comment on the full year occupancy then, because pre-COVID, we were operating with 52% kind of occupancy level. So, with the capacity expansion, which we are planning out over the next three to five year period, would we be able to maintain overall occupancies at around 52%, 53%?

**Dr. Ramesh Kancharla:** Yes. That's what we are expecting about. It's a 50% plus occupancy is that something which we expect to do in the current year.

**Rahul Jeewani:** Sure sir. So just on the seasonality again, now last year 4Q, we saw a very significant impact on our margin. And that was because 4Q was a seasonally weak quarter for us, while our cost base remained largely the same due to which our EBITDA margin on a pre-IndAS basis last year 4Q were around 16%. So, this 4Q, do you see such a strong seasonal impact on margins this year as well? Or do you think that this year 4Q, the margins could be closer to our full year kind of guidance which we have given?

**Dr. Ramesh Kancharla:** I think it is not going to be that easy to say the fourth quarter, how it's going to pan out. But I'm sure overall, with the normalcy of the business coming back, it may not be so much weak. That's what my expectations are. So, I mean, a quantifying occupancy is pretty difficult at this point in time. But what we can say, what I earlier said is that we expect to kind of drive occupancies of beyond 50%. And when you have that kind occupancies, I think, a normal business we expect to do well.

**Rahul Jeewani:** Sure, sir. And just one last question on the Delhi market. In the last call, you indicated that you want to convert the Rosewalk luxury hospital to a normal childbirth hospital. So how are those plans progressing? And then with respect to the NCR expansion as well, I think you were trying to acquire some land parcel in that market. So, any update on that front?

**Dr. Ramesh Kancharla:** We have number of people working on it. I think we still haven't got a clear indication that, finalization of that. We are working on it and the work in progress of the NCR expansions. Regarding Rosewalk, yes, of course, we are actually converting that from luxury to the Rainbow model. So, which is happening now. So, we are recruiting more full-time doctors and also we are kind of converting it as a Rosewalk by Rainbow, rather than luxury hospital. So, this will take obviously some time to build the numbers.

So, Malviya Nagar is going on well. I'm quite happy and satisfied the way things are going with Malviya Nagar, and we're able to kind of see good traction in Delhi. Now,

people know about Rainbow, know about brand. That is the time has come for us to expand in NCR.

**Moderator:** Thank you. The next question is from the line of Sumit Gupta from Motilal Oswal. Please go ahead.

**Sumit Gupta:** Hi. Good morning, sir. Thank you for the opportunity. I just want to know regarding the COVID impact in 2Q 22 for the matured and new hospitals, the impact on the ARPOB?

**Dr. Ramesh Kancharla:** There is about INR. ~8000 impact on ARPOB in second quarter of last financial year. ARPOB was about INR. 55,000 in first half of last financial year, and the impact of COVID vaccine is INR. ~9000. So, when you kind of adjust that the COVID impact and compare it with ARPOB of first half of current year INR. ~49,000, there is a growth of 5% odd.

**Sumit Gupta:** Right sir. So, just I want to know regarding the mature and the new hospitals, the impact of the COVID?

**Dr. Ramesh Kancharla:** There is INR. 8,000 rupees difference between mature and maturing hospitals. What has happened is, we have done more vaccines in maturing hospitals because the maturing hospitals have got a bandwidth to do it because they are new hospitals, staff is there, doctors are there. So, we have done lot more vaccines from the new hospitals. We have enough manpower.

**Sumit Gupta:** Second question is regarding the doctor retention model. So, what is the retention ratio for the past like four or five quarters? And what strategy do you implement in retaining those doctors with respect to the competitors? They also have a good brand. So, they can attract talent from you.

**Dr. Ramesh Kancharla:** Overall, our attrition is a very, very miniscule, I think we don't track up what one quarter or even here and here. We see it once in two years' time. I think our attrition is, what we look at is two things. One is at a consultant level. Consultant level attrition is pretty negligible. And the people who get trained and go out and they're kind of a trainees in fellowship programs which we cannot take them as an attrition. of late, what we are trying to do is a significant number of doctors who have been trained with us for especially fellowship programs and even DNB pediatrics, we have been retaining them back into the system because they already know our

structure and system philosophy. So, that's going very well. So, we are pretty comfortable with overall our ability to attract and retain the doctors.

**Moderator:** Thank you. The next question is from the line of Prashant Kutty from Sundaram Mutual Fund. Please go ahead.

**Prashant Kutty:** Thank you for the opportunity, sir. Just a couple of clarifications which I had. In the press release, you mentioned about some of the offerings you're going to add in the next couple of quarters in the next year. Just saw that Bangalore and may be even your Bangalore facility, I mean, any comments on Delhi was missing. So, any thoughts in that terms of how the beds would be coming up or whatever, because you've spoken about a couple of spoke additions conditions in Hyderabad and in Chennai, and you've also spoken about Greenfield in Andhra Pradesh and one more spoke in Hyderabad in the next year. But any thoughts on Bangalore and Delhi?

**Dr. Ramesh Kancharla:** Yes, I think as in Bangalore, we have one hub and two spokes. One spoke is in construction phase, which is a greenfield construction phase. We also have a plan to kind of look out for one more spoke to add in the next 18 months' time. So that's Bangalore. So probably Bangalore and probably in about 18 months, two years' time, we will have two more spokes, about addition of another 120 beds will be there in Bangalore.

**Prashant Kutty:** 125?

**Dr. Ramesh Kancharla:** Yes. 120 to 125.

**Prashant Kutty:** 60 to 65 beds each.

**Dr. Ramesh Kancharla:** Yes. That is how will do. The NCR is something which we are actually looking at it. So probably in the next quarter, I will be able to give you a lot more clarity in the NCR.

**Prashant Kutty:** Okay. And as far as Andhra Pradesh is concerned, you just spoke about one hub coming up. That's only one which is there right or are you planning for any other spokes if AP is concerned?

**Dr. Ramesh Kancharla:** It is an early phase to talk about Nellore and Kurnool. So, we got permissions to construct Rajahmundry Hospital. That is 100 beds. The lessor is going to kind of

start the work. It will take about exactly two years from now to commence. There is a timeline which were agreed with the builder.

**Prashant Kutty:** So, just reiterating one point. So typically, one can say that this year will add about close to 200 odd beds, and even after then also we'll be looking at adding about close to 200 beds. And maybe '25 could see a much larger increase in beds. That's a fair assumption?

**Dr. Ramesh Kancharla:** Yes. Exactly. Yes. Some other projects, which are greenfield, will take its own time, two years' time.

**Prashant Kutty:** Two years' time is to be taken in that.

**Dr. Ramesh Kancharla:** Yes. Exactly.

**Prashant Kutty:** And just one more clarification sir. When you said that ARPOB had the impact, obviously of COVID and also, like you said, the ALOS was slightly higher, because that reason the ARPOB kind of got slightly impacted. But I presume the price increase is largely already factored into the ARPOB as of now, right. Or is there any element of price hike which is still left to be done?

**Dr. Ramesh Kancharla:** No, I don't think there's anything left in the price hike for the current year.

**R Gowrisankar:** The Hyderabad insurance, this has to be signed. So that will give you more revenue.

**Dr. Ramesh Kancharla:** I won't give too much guidance on Hyderabad price hike. We are according to the TPA's rating, that we are already at a very good price. So, there is negotiation going on. It's too early to guide anything.

**Prashant Kutty:** So, basically, this is a function of operations as volume comes in, you'll probably see that normalization of the ARPOB.

**Moderator:** Thank you. The next question is from the line of Mahesh, an individual investor. Please go ahead.

**Mahesh:** Sir, I just wanted to know your cash position as on day, what are your free cash flow that you will generate this year and what are your plans with the cash that you will generate?

**R Gowrisankar:** So, we have about INR. 500 crore cash balance as on date. As we said earlier, we have committed capital expenditure of about INR. 600 crore. Now, we have got plans to expand by about 1000 beds in next about three to five years. Also we will have enough internal, we don't have any plans to borrow money now. If any more cash accruals are left, I think Board should take decision. Considering the situation the board will take decision on giving dividends.

**Mahesh:** Also, sir, is there any plan of any inorganic growth that you're looking at with this cash in your books?

**Dr. Ramesh Kancharla:** So, inorganic growth is something which we are not negative about it. We are kind of obviously, the opportunities have to be attractive, and also philosophically aligned, where we can add significant scale of patient or the scale to the operations, then absolutely we are fine with that. So, we have a model which is a very well set and we do not want something of different models where the difficulties are posed. So, we are kind of cautious on that the same time we are open and perhaps probably start exploring towards the end of the year, next year.

**Mahesh:** Also sir, what was the free cash that you have generated in these six months? And what is your expectation that it will generate in the coming six months? I mean, by the end of this year?

**Dr. Ramesh Kancharla:** I think that kind of quantitative guidance is difficult to do. I think we have already said and we will stick to that, what we were able to kind of our deliverables about 25% of pre-IndAS EBITDA or 30%-31% of the post-IndAS EBITDA. Post IND AS EBITDA of INR. 360 crore is something which we have committed, which will be achieved definitely.

**Mahesh:** Fair enough. Sir, one more slight doubt on this, that what are your operating beds currently, because you're having somewhere around 1700 beds, 1700 odd beds. What are the operating beds among that?

**R Gowrisankar:** Sure. We have 1,555 capacity of beds and we have 1,065 operational beds.

**Mahesh:** This is including the new capacity that you have added in Hyderabad?

**R Gowrisankar:** Yes. Not Hyderabad. Chennai, OMR is included.

- Saurabh Bhandari:** Yes. So, Chennai facility only opened in the last month, in September. So, you know, we have taken the weighted average beds for this particular period.
- Mahesh:** So, 1155 and the ARPOB would be somewhere around INR. 50,000 balanced.
- Saurabh Bhandari:** Yes. With the growth of 6% to 7%. Alright, fair enough.
- Moderator:** Thank you. The next question is from the line of Dheeresh Pathak from WhiteOak Capital. Please go ahead.
- Dheeresh Pathak:** Thanks for the question again. The rental cost, Mr R Gowrisankar for Q2 and 1H is how much?
- R Gowrisankar:** For 2Q, it is INR. 14 crore, actually. So, as I said, we take it as 5%. But the difference between the pre-IndAS and post-IndAS EBITDA, is INR. 14 crore which is rental cost.
- Dheeresh Pathak:** So, last year it was full-year, INR. 60 crore. So, this year there'll be no escalation in any of the rental.
- R Gowrisankar:** We have escalations in this year. Also we have rental for new facilities. So, it will go up actually.
- Dheeresh Pathak:** No, in the base assets also, there is no escalation this year. When will we see escalation?
- R Gowrisankar:** See, we have got some facilities escalation coming from Q3 actually.
- Dheeresh Pathak:** Q3?
- R Gowrisankar:** Q3. So, it's once in three years it happens actually. Some of the facilities are having escalations.
- Dheeresh Pathak:** Yes. That I know, it is lumpy. So, that is what I want to know that in the second half is it going to be how much higher? Because is it more like a large percentage of the assets' rental escalation is kicking in from second half?
- R Gowrisankar:** No. Still Dheeresh, you can keep the rental cost as 5% on the overall revenue.



**Dheeresh Pathak:** Okay. On the new hospitals, can you share the EBITDA from the new hospitals, like you shared the revenue?

**Dr. Ramesh Kancharla:** Unfortunately, we don't quite of give guidance unit by unit and what we broadly categorized is, matured or maturing hospitals. I think that table is there on maturing hospitals and then terms of occupancy. So, that is the new hospital bucket.

**Dheeresh Pathak:** So sir, among the new hospital bucket, is there any asset which is negative EBITDA right now or all assets are positive EBITDA?

**Dr. Ramesh Kancharla:** Some has just started, I think, this year, there are no new hospitals are in negative, but for the OMR (Sholinganallur) which we started in September actually.

As of now, the hospitals, there's no negative contributor on EBITDA except the new one, which started about a month ago.

**Dheeresh Pathak:** Okay. And this OMR and the Financial District, what would be like, there will be some drag, they will have right, because they will not be EBITDA positive immediately. So, what is the fixed cost in the OMR and Financial District hospital? Just to have a sense on an annualized basis, what are the fixed costs in these two assets?

**Dr. Ramesh Kancharla:** So, they are about INR. 2 crore in OMR for this year.

**R Gowrisankar:** For the next year, we are expecting about INR. 2 crore of negative EBITDA from OMR.

**Saurabh Bhandari:** So, the ratio of OMR, our fixed costs is about INR. 1.8 crore to INR. 2 crore a month. So, annually, we can take our annual costs on that. So, it should be between INR. 20 crore to INR. 24 crore cost for the OMR. On the financial district, it is too early because we are still yet to scout for doctors and staff and everyone is yet to join. So, at this point of time financial district is difficult to get. But OMR, this is what the cost is.

**Dheeresh Pathak:** Okay. When you say fixed costs, this includes rental and this will exclude the variable payout consultant fees, right? The COGS and the variable payout is excluded and everything else is part of it?

**Saurabh Bhandari:** Yes.

**Moderator:** Thank you. The next question is from the line of Alankar Garude from Kotak Institutional Equities. Please go ahead.

**Alankar Garude:** Yes. Hi. Good morning everyone. Sir, can you provide an update on the extent of recovery, both in IP and OP in the Bangalore cluster post the pandemic? Are we back to the pre pandemic levels?

**Dr. Ramesh Kancharla:** Yes, we are. We're back to the pre pandemic level both, in IP and OP. Perhaps there's a growth in both, the mature units like Marathahalli and as well as Bannerghatta Road. There's a new unit also, kind of posting positive EBITDA.

**Alankar Garude:** Got it. So basically, the recovery in Bangalore is in line with what we would have liked to happen in FY23.

**Dr. Ramesh Kancharla:** Yes. Absolutely.

**Alankar Garude:** Okay. Thanks. Similarly, on Delhi, it's been a slightly slower journey for us compared to the other markets. Have we completely sorted some of the initial challenges and also parallel, can you highlight some initiatives being undertaken to ensure better growth in Delhi?

**Dr. Ramesh Kancharla:** I think in Delhi, overall, our revenue is growing, clinical numbers are growing and also our overall services like intensive care services are actually picked up much better. Obstetrics is doing very well. And specialties growth is something which is kind of yet to happen. So, I think overall, the property and cost structures are quite different from the rest of the country. So therefore, which is why there's some challenge on the profitability but overall, as a business, if you ask me, how we are trending and doing number-wise, we are doing fairly well.

**Saurabh Bhandari:** Just to add what Dr. Ramesh said, Alankar, the outpatient volume in Delhi, which basically is Madhukar, has grown 44% in H1 of this year vis-à-vis H1 of last year. So, there is growth in all parameters in Madhukar.

**Alankar Garude:** Fair enough. And one final question. Any updates on the Guwahati plans?

**Dr. Ramesh Kancharla:** Not yet. Actually, we are still kind of working on it. It'll probably take some time, I think, to be honest. We have done some sweep shots, see how things are in Guwahati, but there are two ways what we're looking at it. One is, that brownfield

projects, we couldn't find a really suitable building for us to enter into the city. And the greenfield, is something which we thought we probably do it. It may take a longish time but it's still probably that's an appropriate way. So, we had to kind of start working seriously under greenfield.

**Moderator:** Thank you. The next question is from the line of Kapil Agarwal from ITUS Capital. Please go ahead.

**Kapil Agarwal:** Hi, sir. I have one question. So, when I look at the ARPOB between FY19 then it was about INR. 26,000 to right now, it's about INR. 45,000. We need some sort of normalcy over time. I want to understand, considering this ARPOB growth is almost doubled in four years, I want to understand where this growth in ARPOB is really coming from?

**Dr. Ramesh Kancharla:** Yes, Kapil, this ARPOB growth in the last four or five year's time is, I wouldn't say it's doubled, it's grown by 60%. So yes, we have grown by almost 8% to 10% consistently last few years' time. That's because of that maturity. A lot of hospitals are matured. Number one. The number one reason is that maturity of the hub and spoke in Hyderabad city. Number two is, that adding more services like quaternary care, during transplants and those things. And third is, that Bangalore is turning around very well. That's another one. And there more mature hospital beds than new hospital beds. In pandemic time, we really did not do many hospitals. So, and also, there is a pricing and also in better insurance negotiations, and also, significant increase in our brand. The brand recognition has become huge, and that the footfalls have come up a lot and a lot more in outpatient departments. So, combining all these factors together, I think that growth has happened year-on-year almost 10% to 12% growth.

We have come to a stage now where we are, which is why our guidance, what we thought ARPOB growth will follow the 6% to 7%. Four, five years ago, we were smaller organizations. We have become a kind of relatively a medium sized now. So, the shift has happened quite significantly in the last five years' time, from our smaller organization to the multi-city, and also robust to growth, and also brand recognition. All the things have happened.

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

**Dr. Ramesh Kancharla:** So, thank you very much to all the participants of the call today. I mean, to conclude that, we had a great quarter, and an excellent one, we were able to post excellent results. But what's more important for me as a doctor promoter is, to see that children are addressed and their healthcare needs are taken care of very well. And also saving those sicker ones, sick children and newborns is something that is very, very important. And also, recognizing some of the surgical problems early in childhood would actually change their lives completely. And also, we are going to kind of bring them back and make them kind of efficient with the normal health, the normal health back and also increase the visibility for future. For example, the lot of undiagnosed, fully unaddressed, neglected pediatric problems are going to pose problems later on in the life when they are in the prime age of 16 years to 30 years' time. So that's where the children's healthcare is something which is a great need of the country. And also, this is what, as we grow from now to future, is one other important metric that you know how we look at the Sensex, we need to look at our mortality rates of newborn mortality rates, infant mortality. They are something very important for us to be a developed country in the world. Thank you very much. And we'll hope to catch up with you once again in the quarterly results. Thank you very much.

**Saurabh Bhandari:** Yes. And should you have any question please reach out to our [investorrelations@rainbowhospitals.in](mailto:investorrelations@rainbowhospitals.in). We would be happy to engage further with all of you. Thank you so very much for your time.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Rainbow Children's Medicare Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.

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