

Equity Research Desk

ALPHA



It takes a lot to treat the little



Founded: 1998
HQ: Hyderabad, India



India's largest pediatric multi-specialty hospital chain



Operates under Rainbow Children's Hospital & BirthRight by Rainbow brands



Network of 24 Hospitals + 5 Clinics across 9 cities



Capacity of 2,435+ beds with hub-and-spoke model



Focus: Pediatric, Neonatal, Maternity, Fertility & Quaternary Care

Subsidiaries



As of FY25, the company has 6 subsidiaries and no other joint venture or associate companies.

Growth Strategies



Capacity Expansion

- Added nearly 500 beds in FY26
- Active pipeline of ~900 beds across key cities
- Expansion across Gurugram, Pune, Coimbatore, Indore & Bengaluru
- Growth funded through internal accruals



Occupancy & Volume Growth

- Inpatient discharges up 18% YoY
- Outpatient consultations up 19% YoY
- Deliveries increased 22% YoY
- Occupancy expected to improve as new hospitals mature



Fertility & IVF Growth

- IVF revenue reached ₹61 Cr in FY26
- Expected annual growth of ~25%
- High-margin and less seasonal business



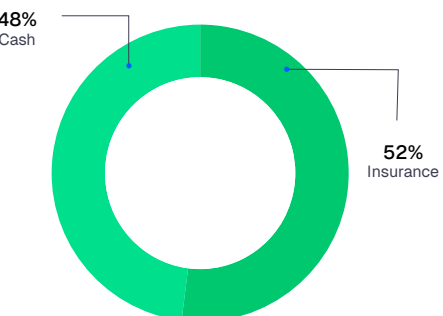
Geographic Diversification

- Expanding beyond core South India markets
- Strengthening presence in NCR, Maharashtra & Central India



Growth Trigger: Capacity ramp-up + fertility expansion + improving occupancy

Payor Profile - FY26



Product & Service Portfolio



Pediatric Services

- Neonatal & Pediatric Intensive Care (NICU/PICU)
- Pediatric Multi-Specialty Care
- Organ Transplants & Quaternary Care
- Pediatric Cardiology & Oncology



Women Care Services

- Maternity & Obstetric Care
- Fetal Medicine & Genetic Care
- Fertility & IVF Services
- Gynecology Treatments



Specialized Healthcare Ecosystem

- Consultant-led care model
- Integrated mother & child healthcare platform
- Advanced neonatal and pediatric infrastructure



Edge: Leadership in pediatric and women-care healthcare

Financial Highlights



Q4FY26

- Revenue: ₹460 Cr (↑ 24% YoY)
- EBITDA: ₹145 Cr (↑ 26% YoY)
- EBITDA Margin: 31.5%
- Net Profit: ₹78 Cr (↑ 38% YoY)



FY26

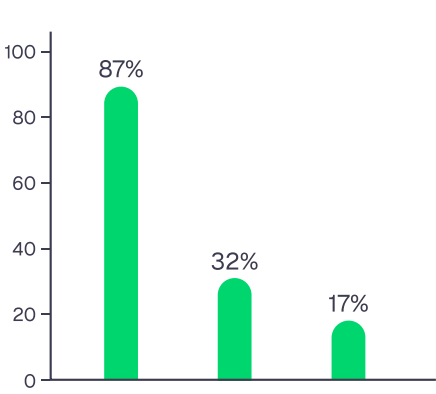
- Revenue: ₹1,703 Cr (↑ 12% YoY)
- EBITDA: ₹544 Cr (↑ 11% YoY)
- Net Profit: ₹282 Cr (↑ 15% YoY)
- Highlight: Strong volume growth with stable margins



Financial Performance (3 Years)

- Revenue CAGR: ~13%
- Net Profit CAGR: ~10%
- Debt-to-Equity: ~0.54x
- Avg. ROE: ~18%
- Avg. ROCE: ~19%
- Highlight: Healthy growth supported by strong capital efficiency

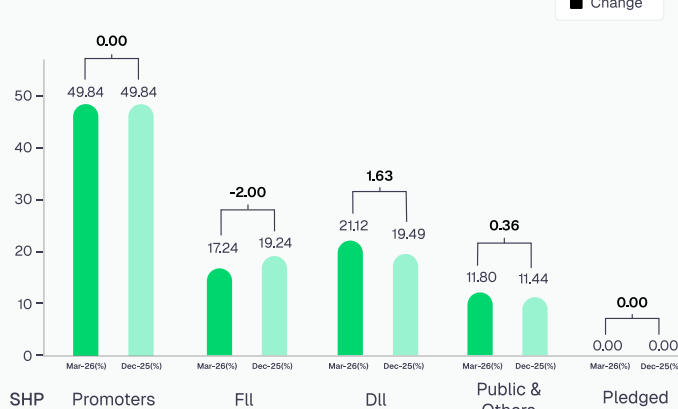
Margins-FY26



Market Data

CMP	₹1,365
Date	12-Jun-26
Target Price	₹1,611
Upside Potential	18%
52 Week High/Low	1646/1084
NSE Code	RAINBOW
Market Cap	Small
Sector	Healthcare
Rating	BUY

Shareholding Pattern



Ratios - FY26

ROE	18%
ROCE	18%
Div. Yield	0.26%
PE Ratio (x)	42.4
Face Value	10.00
EPS (₹)	27.4

Industry Outlook

- Rising healthcare expenditure in India
- Growing demand for pediatric and maternity care
- Increasing penetration of organized healthcare services
- Government support through Ayushman Bharat & healthcare spending initiatives

Growth Drivers

- Healthcare Infrastructure Gap
 - Low hospital bed availability compared to global standards
 - Strong demand for organized healthcare providers
- Specialized Mother & Child Care
 - Rising awareness of quality pediatric and maternity care
 - Increasing preference for specialized hospitals
- Fertility & IVF Demand
 - Growing infertility treatment adoption
 - Higher demand for assisted reproductive services
- Geographic Expansion
 - Expansion into underpenetrated healthcare markets
 - Growing urban healthcare demand

Competitive Advantage

- Peers: Global Health, KIMS
- India's largest dedicated pediatric hospital chain
- Strong brand recognition in women & child healthcare
- High-margin specialized care model
- Consultant-led operating structure
- Expansion funded without significant leverage

Peer Analysis

Company	CMP	Mcap.	ROCE	ROE	3Yr Sales CAGR	P/E	EPS (₹)
Rainbow	1365	13853	18.00%	18.00%	13.00%	50	27.40
Global Health	1235	33208	17.00%	15.00%	18.00%	60	20.70
KIMS	785	31415	9.00%	11.00%	21.00%	131	6.00

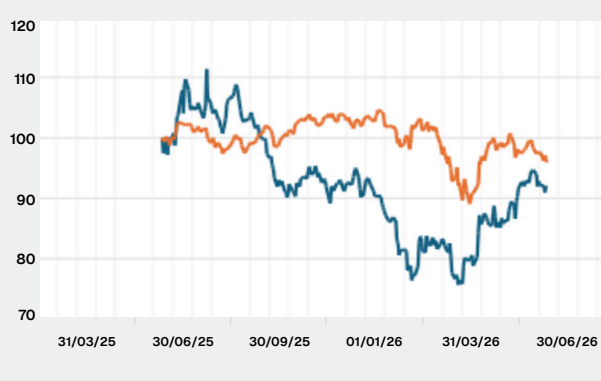
Outlook

- Management targets 17-18% revenue CAGR over the medium term
- ~900-bed expansion pipeline to drive future growth
- Improving occupancy expected to enhance operating leverage
- Fertility & IVF segment emerging as a strong growth engine
- Recommendation: BUY | Target Price: ₹1,611
We recommend maintaining a 20% stop-loss from entry price

SWOT Analysis

- Strengths
 - India's largest pediatric healthcare network
 - Strong brand in women & child healthcare
 - Debt-light balance sheet and healthy margins
- Weaknesses
 - Occupancy temporarily impacted by new capacity additions
 - Geographic concentration in South India
- Opportunities
 - ~900-bed expansion pipeline
 - Rapidly growing fertility & IVF business
 - Increasing healthcare penetration across India
- Threats
 - Ramp-up risk from multiple new hospitals
 - Rising competition in maternity and fertility care
 - Regulatory changes impacting healthcare sector

Indexed Price Chart



Note: To read the Disclaimer and Disclosure, [click here](#)

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