

RAINBOW CHILDREN'S MEDICARE LIMITED

Our Company was originally incorporated as 'Rainbow Children's Medicare Private Limited' under the provisions of the Companies Act, 1956, as a private limited company, at Hyderabad, Telangana, pursuant to a certificate of incorporation dated August 7, 1998, issued by the Registrar of Companies, Hyderabad at Telangana ("RoC"). Subsequently, our Company was converted into a public limited company, and the name of our Company was changed to 'Rainbow Children's Medicare Limited' pursuant to a special resolution passed by the Shareholders of our Company on November 3, 2021 and a fresh certificate of incorporation was consequently issued by the RoC on November 20, 2021 under the Companies Act, 2013. For further details in relation to the changes to the name of our Company and the Registered Office, see "History and Certain Corporate Matters" on page 294 of the red herring prospectus of the Company dated April 19, 2022 ("RHP").

Registered Office: 8-2-120/103/1, Survey No. 403, Road No. 2, Banjara Hills, Hyderabad - 500 034, Telangana. Telephone: + 91 40 49692244
Corporate Office: 8-2-19/1/A, Daulet Arcade, Road No. 11, Banjara Hills, Hyderabad - 500 034, Telangana. Telephone: +91 40 49692244; Contact Person: Ashish Kapil, Company Secretary and Compliance Officer
E-mail: companysecretary@rainbowhospitals.in; Website: www.rainbowhospitals.in; Corporate Identity Number: U85110TG1998PLC029914



OUR PROMOTERS: DR. RAMESH KANCHARLA, DR. DINESH KUMAR CHIRLA AND DR. ADARSH KANCHARLA

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF RAINBOW CHILDREN'S MEDICARE LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER"), COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 2,800.00 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 24,000,900 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE SELLING SHAREHOLDERS REFERRED TO IN ANNEXURE A TO THE RHP (THE "OFFER FOR SALE") ON PAGE NUMBER 641 OF THE RHP. THE OFFER INCLUDES A RESERVATION OF UP TO 300,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION (CONSTITUTING UP TO [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL) FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WOULD CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

QIB Portion: Not more than 50% of the Net Offer

Non-Institutional Portion: Not less than 15% of the Net Offer

Retail Portion: Not less than 35% of the Net Offer

(Retail Individual Bidders are those who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in the Offer)

Employee Reservation Portion: Up to 300,000 Equity Shares aggregating up to ₹ [●] million

PRICE BAND: ₹516 TO ₹542 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH.

THE FLOOR PRICE IS 51.60 TIMES THE FACE VALUE OF THE EQUITY SHARES AND

THE CAP PRICE IS 54.20 TIMES THE FACE VALUE OF THE EQUITY SHARES.

BIDS CAN BE MADE FOR A MINIMUM OF 27 EQUITY SHARES AND IN MULTIPLES OF 27 EQUITY SHARES THEREAFTER.

A DISCOUNT OF ₹ 20 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES

BIDDING IN THE EMPLOYEE RESERVATION PORTION.

Risks to Investors

- The Offer Price at upper end of the price band is ₹ 542 per Equity Share. However, the average cost of acquisition per Equity Shares for the Selling Shareholders is as follows:

Name of the Selling shareholder	Avg. cost of acquisition per Equity Share as on the date of the RHP (in ₹)	Name of the Selling shareholder	Avg. cost of acquisition per Equity Share as on the date of the RHP (in ₹)
Dr. Ramesh Kancharla (Promoter Selling Shareholder)	7.32	Mrs. Padma Kancharla (Other Selling Shareholder)	Nil
Dr. Dinesh Kumar Chirla (Promoter Selling Shareholder)	0.91	British International Investment plc (formerly known as CDC Group plc) (Investor Selling Shareholder)	54.50
Dr. Adarsh Kancharla (Promoter Selling Shareholder)	Nil	CDC India (Investor Selling Shareholder)	110.29

- Our revenues are highly dependent on our hospitals in Hyderabad and Bengaluru. Of our 14 hospitals, six are situated in Hyderabad, Telangana and three are situated in Bengaluru, Karnataka. Any impact on the revenues from these hospitals could materially affect our business, financial condition and results of operations. The proportion of volumes at hospitals in Hyderabad and Bengaluru, of our aggregate inpatient and outpatient volumes across all our hospitals are as follows:

Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021	For the nine months period ended December 31, 2021
Proportion of volumes at hospitals in Hyderabad and Bengaluru to aggregate inpatient and outpatient volumes across all our hospitals	84.07%	81.89%	78.98%	77.28%

- We are dependent on our medical professionals and our business and financial results could be impacted if we are not able to attract and retain such medical professionals. The attrition rate for our permanent employees, which includes nurses (including interns and paramedical personnel) are as follows:

Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021	For the nine months period ended December 31, 2021
Attrition rate for our permanent employees, which includes nurses (including interns and paramedical personnel)	35.41%	38.75%	45.50%	26.74%

- The Offer Price, market capitalization to revenue multiple and price to earnings ratio based on the Offer Price of our Company, may not be indicative of the market price of our Company on listing or thereafter. The details of our price to earnings ratio and market capitalization to revenue from operations based on the upper end of the price band i.e. ₹ 542 per Equity Share are given below:

Particulars	Price to earnings ratio (based on diluted EPS)	Market capitalization to revenue
For the year ended March 31, 2021	127.53	7.91

For details of market capitalization to revenue multiple for our listed peers that have a similar business profile to us, please see "Basis For Offer Price" section.

- Weighted average cost of acquisition of all shares transacted in last three years and one year preceding the date of the Red Herring Prospectus ("RHP")

Period	Weighted Average Cost of Acquisition ^A (in ₹)	Cap Price (₹ 542) is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price ^A (in ₹)
Last 1 year	7.80	69.49	0-70
Last 3 years	7.80	69.49	0-70

^AAs certified by Madhu Mantri and Associates, Chartered Accountants, in their certificate dated April 19, 2022

- We are significantly dependent on certain specialties for a majority of our revenues. We have four core specialties, namely secondary pediatric care, tertiary pediatric care, quaternary pediatric care and women care (gynecology, obstetrics and related services), of which our secondary pediatric care services have historically accounted for the largest portion of our revenues. See "Our Business – Key Specialties – Pediatric services (including secondary, tertiary and quaternary care)" on page 259 of the RHP.

