

Hannah Joseph Hospital IPO

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- It posted growth in its top and bottom lines for the reported periods.
- The company is planning Radiation Oncology Centre with the IPO funding.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed/cash surplus investors may park moderate funds for long term.

About the Company

Hannah Joseph Hospitals Ltd. (HJHL) was established with an objective to provide comprehensive range of neurosurgery and neurology services. It is a growing organization that aims at strengthening and establishing its presence in healthcare services providers. The company strives to serve with ultra-modern medicinal practices and state of the art infrastructure for medical as well as surgical care solutions. It has been consistently registering phenomenal growth in terms of complicated surgeries, patient volume and turnover making the hospital a landmark for neurosciences in the city of Madurai & south Tamil Nadu.

Its medical facility encompasses full-fledged department of neuroradiology by meeting standards of Neurological Institute of International Standard. The Company has also added the department of cardiac sciences with a Cath lab and cardiac operation theatres. The Company now performs complex coronary angioplasties and open-heart Surgeries. It is assessed and found to comply with NABH Accreditation Standards for Hospital 5th edition and has been awarded with a Certificate of Accreditation from National Accreditation Board for Hospitals and Healthcare Provider. Further, HJHL has also received NABL 128 Certification from National Accreditation Board for Testing and Calibration Laboratories.

Recognizing the demand for increased bed capacity and lack of space, its hospital was relocated in the year 2020. This expansion marks a notable development for the company, signifying sustained growth and progress and holding promising opportunities for future advancements in healthcare services. The company, a multi-speciality healthcare provider, strategically located in Madurai, operating in a two acres campus, centrally air-conditioned hospital with central water heating system with a combined bed capacity of 150 beds.

Currently, its primary focus is Neurology, Cardiology, Physchiarty and Trauma healthcare where it has an understanding of global nuances, customer culture and the mindset of medical professionals and where there is a significant need for quality and affordable healthcare services. It has also partnered

with MD India Healthcare Services (TPA) Pvt. Ltd. under the Tamil Nadu New Health Insurance Scheme ("TNNHIS"). This scheme facilitates comprehensive cashless medical treatment for employees of Tamil Nadu Government departments, PSU, statutory bodies, undertakings, PSU, statutory boards, State Universities, Noon meal workers, Anganwadi workers, State Govt organization registered under TN registration of societies, TN electricity regulatory commission, TN institute of labour studies under the control of Government of Tamilnadu. As part of this agreement, the hospital commits to provide high-quality medical and surgical care for procedures specified under the scheme. Its key commitments include maintaining robust infrastructure. This partnership highlights its role in delivering accessible and standardized healthcare under the TNNHIS, aligning with the Government's aim to enhance public health services.

Moreover, it has also entered into a Memorandum of Understanding with the MD India Healthcare Services (TPA) Pvt. Ltd. and United India Insurance Co. Ltd to participate in the Chief Minister's Comprehensive Health Insurance Scheme ("CMCHIS"). This initiative aims to provide cashless health insurance coverage to the family of poor 'eligible person'. The scheme allows for coverage of up to Rs. 5 lakhs per family per year. It encompasses a wide range of medical procedures, including diagnostic services and specialized treatments. As an empanelled facility, it will provide treatment to eligible beneficiaries identified through the Socio-Economic Caste Census (SECC) database. This includes individuals from various vulnerable groups, such as orphans and differently abled persons. Overall, this collaboration underscores our commitment to enhancing healthcare access for underserved populations in Tamil Nadu. As of November 30, 2025, it had 364 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book-building route IPO of 6000000 equity shares of Rs. 10 each to mobilize Rs. 42 cr. at the upper cap. The company has announced a price band of Rs. 67 – Rs. 70 per share. The IPO opens for subscription on January 22, 2026, and will close on January 27, 2026. The minimum application to be made is for 4000 shares and in multiple of 2000 shares thereon, thereafter. Post allotment, shares will be listed on BSE SME. The issue constitutes 26.43% of post-IPO paid-up equity capital of the company. From the net proceeds of the fresh equity issue, the company will utilize Rs. 34.98 cr. for capex on establishing Radiation Oncology Centre, and the rest for general corporate purpose.

The IPO is solely lead managed by Capital Square Advisors Pvt. Ltd., and Bigshare Services Pvt. Ltd. is the registrar to the issue. Capital group's CapitalSquare Financial Services Pvt. Ltd. is the market maker. CapitalSquare Financial Services Pvt. Ltd., and Nikun Stock Brokers Ltd. are the syndicate members.

The company has issued initial equity shares at par value, it has issued further equity capital in the price range of Rs. 130 - Rs. 205 per share between March 2020, and February 2024. It has also issued bonus equity shares in the ratio of 5 for 1 in December 2021, and 1 for 2 in October 2022. The

average cost of acquisition of shares by the promoters is Rs. 0, Rs. 6.87, and Rs. 13.06 per share.

Post-IPO, company's current paid-up equity capital of Rs. 16.70 cr. will stand enhanced to Rs. 22.70 cr. Based on the upper price band of the IPO, the company is looking for a market cap of Rs. 158.89 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 54.90 cr. / Rs. 1.01 cr. (FY23), Rs. 63.63 cr. / Rs. 4.07 cr. (FY24), Rs. 77.90 cr. / Rs. 7.21 cr. (FY25). For H1 - FY26 ended on September 30, 2025, it earned a net profit of Rs. 5.12 cr. on a total income of Rs. 42.75 cr. The company has posted growth in its top and bottom lines for the reported periods.

For the last three fiscals, the company has reported an average EPS of Rs. 3.09, and an average RoNW of 10.95%. The issue is priced at a P/BV of 2.20 based on its NAV of Rs. 31.87 as of September 30, 2025, but its post-IPO NAV data is missing from the offer documents.

If we attribute its FY26 annualized earnings on post-IPO expanded equity base, then the asking price is at a P/E of 15.52, and based on its FY25 earnings, the P/E stands at 22.01. Thus, the issue appears fully priced.

The company has posted PAT margins of 1.85% (FY23), 6.41% (FY24), 9.30% (FY25), 12.03% (H1-FY26), and RoCE Margins of 11.35 %, 13.83%, 17.03%, 10.41%, respectively for the referred periods.

Dividend Policy

The company has not declared any dividends since incorporation. It will adopt a prudent dividend policy, based on its financial performances and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Asarafi Hospital and Maitreya Medicare as its listed peers. They are currently trading at a P/E of 22.4, and 894 (as of Jan. 20, 2026). However, they are not comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

MERCHANT BANKER'S TRACK RECORDS:

This is the 1st mandate from CapitalSquare in the ongoing fiscal. Thus, it has no past track records for the last three fiscals.

Conclusion / Investment Strategy

HJHL is operating neurology related specialized chain of hospitals. It posted growth in its top and bottom lines for the reported periods. The company is planning Radiation Oncology Center with the IPO funding. Based on its recent financial data, the issue appears fully priced. Well-informed/cash surplus investors may park moderate funds for long term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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