IPO REVIEW

ABH Healthcare IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 22 August 2026

- The company is engaged in the business of providing healthcare services in Tier-3 cities in the northern region.
- It has a capacity of 150 beds and empaneled with private and public health insurance companies.
- The company posted growth in its top and bottom lines, with affordable health related services.
- It is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed/cash surplus/risk seekers may park moderate funds for long term.

About the Company

ABH Healthcare Ltd. (AHL) is engaged in the business of healthcare services. Its focus is on providing specialized tertiary medical care in Tier 3 cities, within the state of Punjab while seeking to strike a balance between providing quality healthcare services and affordability. Welt operates hospital under the “Anil Baghi Hospital” brand and has a capacity of 150 beds. Acquired by the Company in 2022, the hospital was established in 1985 with 30 (thirty) beds and is driven by a vision to provide affordable, accessible, and quality healthcare services, delivered with compassion. Since its acquisition, it has consistently invested in the hospital, expanding bed capacity, increasing workforce, and introducing additional services and clinical specialties. As of the date of this Red Herring Prospectus, AHL had 150 (one hundred fifty) beds and offer 25 (twenty five) medical specialties in its hospital such as, cardiac sciences, neurology, minimally invasive spine and brain surgeries, gastroenterology, laparoscopic and bariatric surgery, urology, pulmonology, nephrology, ENT, maxillofacial surgeries, obstetrics and gynecology, adult and neonatal critical care, orthopedics and joint replacement, neuro-psychiatry and drug de-addiction, general & laparoscopic surgery, dentistry, physiotherapy, dermatology and lab investigations and radiology.

Its extensive 35+ years of experience in the healthcare industry in the region where it operates has helped the company to develop a strong understanding of the region’s market dynamics. It has an extensive network of empanelment which includes, over 30 (thirty) private and public health insurance companies and third-party administrators. In addition to private health insurance, it is also empaneled with all major government insurance schemes available in this region, including Ex-Servicemen Contributory Health Scheme (ECHS), Railways, Food Corporation of India (FCI), Bharat Sanchar Nigam Limited (BSNL), and Ayushman Bharat - Sarbat Sehat Bima Yojana (ABSSBY).

AHL’s hospital has also received various accreditations including, the accreditations from the National Accreditation Board for Hospitals and Healthcare Providers (“NABH”) in 2021. Further, in the Fiscal 2025 it has also been accredited with NABH Digital Standards, highlighting its adoption of cutting-edge digital technologies in healthcare. The company has adopted comprehensive information technology ecosystem aimed at transforming both the patient and clinical experience, as well as boosting the business and operational efficiency. Central to its strategy is the adoption of cutting-edge technologies, including digitalizing its patient experience through patient portal, website and widely-used messaging platforms.

The company has also implemented a state-of-the-art Computerized Physician Order Entry (CPOE) system and Electronic Health Record (EHR) platform, licensed from a third-party service provider. It has installed an inhouse Dell PowerEdge R660xs T40 Server for storage of data along with other data safety measures. Further, it has employed a professional to look after any kind of issues related to IT system. As of June 30, 2026, it had a team of over 309 staff (including professionals), including 37 doctors, 101 nurses and 171 other personnel. Its doctors are engaged on a payroll basis, on a full-time or parttime consultancy basis. The company also had up to 18 medical officers as at June 30, 2026.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 3429600 equity shares of Rs. 10 each to mobilize Rs 34.98 cr. at the upper cap. The company has announced a price band of Rs. 96 - Rs. 102 per share. The minimum application to be made is for 2400 shares and in multiples of 1200 shares thereon, thereafter. The IPO opens for subscription on August 24, 2026, and will close on August 27, 2026. The IPO constitute 30.01% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds of the fresh equity issue, it will utilize Rs. 5.00 cr. for working capital, Rs. 17.00 cr. for repayment/prepayment of certain borrowings, and the rest for general corporate purposes.

The IPO is solely lead managed by Fedex Securities Pvt. Ltd., while Bigshare Services Pvt. Ltd., is the registrar to the issue. Rikhav Securities Ltd., is the market and also a syndicate member.

After issuing initial equity capital at par value, the company issued further equity shares at a fixed price of Rs. 20 per share in November 2022. It also issued bonus shares in the ratio of 3 for 1 in August 2025. The average cost of acquisition of shares by the promoters is Rs. 0.07, Rs. 2.50, and Rs. 10.22 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 8.00 cr. (8000000 equity shares) will stand enhanced to Rs. 11.43 cr. (11429600 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 116.58 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has reported a total income/net profit of Rs. 41.39 cr. / Rs. 1.66 cr. (FY24), Rs. 49.32 cr. / Rs. 5.35 cr. (FY25), and Rs. 52.59 cr. / Rs. 5.64 cr. (FY26). It marked growth in its top and bottom lines for the reported periods. However, the PAT margins from FY25 onwards raise eyebrows and concern over its sustainability going forward as it is operating in a highly competitive and fragmented segment. Its debt-equity ratio of 3.20 as of March 31, 2026 raise alarm.

For the last three fiscals, the company has reported an average EPS of Rs. 6.10, and an average RoNW of 44.51%. The issue is priced at a P/BV of 4.73 based on its NAV of Rs. 21.58 per share as of March 31, 2026, but its post-IPO NAV data is missing from the offer documents.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 20.69, and based on FY25 earnings, the P/E stands at 21.79. The issue appears fully priced, based on its average earnings.

For the reported periods, the company has posted PAT margins of 4.00% (FY24), 10.85% (FY25), 10.74% (FY26), and RoCE margins of 14.96%, 22.70%, 19.09%, respectively, for referred periods.

Dividend Policy

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

Comparison with Listed Peers

As per the offer document, the company has shown Sangani Hospitals, Maitreya Medicare, and Asarfi Hospital as its listed peers. They are currently trading at a P/E of 24.1, NA, and 24 (as of August 21, 2026). However, they are not truly comparable on an apple-to-apple basis.

Merchant Banker's Track Record

This is 27 th mandate from Fedex Securities in the last four fiscals (including the ongoing one). Out of last 10 listings, 2 listed at discount 1 at par, and the rest with premium ranging from 6.11% to 90% on the listing date.

Conclusion / Investment Strategy

AHL is engaged in the business of providing healthcare services in Tier-3 cities in the northern region. It has a capacity of 150 beds and empaneled with private and public health insurance companies. The company posted growth in its top and bottom lines, with affordable health related services. It is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears fully priced. Well-informed/cash surplus/risk seekers 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.

SEBI Registered Research Analyst – Mumbai · Registration No.: INH000003127 (Perpetual)

Disclaimer: The information provided herein is solely for educational and informational purposes and does not constitute an offer, solicitation, or recommendation to buy or sell any securities. Readers are advised to consult a qualified financial advisor before making any investment decisions. Investments in the securities market are subject to market risks. The author does not intend to invest in the securities discussed.