

Panchatv Bharat IPO

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- The company operates its business on third party procurements and part manufacturing on leased machineries.
- It is operating in a highly competitive and fragmented segment of textiles.
- It marked steady growth in its top and bottom lines for the reported periods.
- Its outperforming data against listed peer is a big surprise.
- Based on its recent average financial data, the IPO appears greedily priced.
- There is no harm in skipping this pricey and dicey IPO.

About the Company

Panchatv Bharat Ltd. (PBL) is formed with the take over of the proprietor ship companies its promoters in March 2024. It is currently engaged in the manufacturing of denim fabrics through arrangements with third-party manufacturers and also using its leased loom machineries. In addition to its manufacturing activities, the company also procures finished denim fabric from various distributors and suppliers. It sells finished denim fabric in bulk to garment manufacturers, distributors, dealers and wholesalers, across multiple states in India.

In line with the objective of business expansion and value chain integration, the Company recently established a limited self-manufacturing set-up through taking on lease loom machineries for a duration of three years (commencing from March 01, 2025 and valid till February 28, 2028) for which commercial operations have commenced from July, 2025. This strategic step enables it to partially carry out self-production of denim fabrics while maintaining partnerships with the external manufacturers.

PBL's product offering comprises finished denim fabric only, which is distributed across key markets in Delhi, Uttar Pradesh, Gujarat and Rajasthan. The company manufactures denim fabrics under own brand name 'NJD' through manufacturing arrangements with third-parties and also using its leased loom machineries. In respect of its manufacturing arrangements with third-parties, it has partnered with manufacturing facilities located at Narol and Piplaj in Ahmedabad, which are capable of producing finished denim fabrics directly from cotton yarn using raw materials supplied by the Company.

Its partnered manufacturers, with whom it is currently engaged with for the production process, follow standard industry norms in the fabrics manufacturing process. Such manufacturers also enable it to oversee the process of manufacturing process as per its requirement, without their intervention.

PBL further inspects the fabric prior to dispatch to ensure that the fabrics are manufactured in accordance with requirements. As of July 01, 2026, it had just 9 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden IPO of 1756000 equity shares of Rs. 10 each at a fixed price of Rs. 140 per share to mobilize Rs. 24.58 cr. The minimum application to be made is for 2000 shares and in multiples of 1000 shares thereon, thereafter. The issue opens for subscription on September 10, 2026 and will close on September 15, 2026. The shares will be listed on BSE SME. The IPO constitute 30.01% of the post-IPO paid-up capital of the company. The company is spending Rs. 3.41 cr. for this IPO process, and from the net proceeds of the fresh issue, the company will utilize Rs. 6.00 cr. for capex on purchase of property and its renovation, Rs. 11.50 cr. for working capital, and Rs. 3.67 cr. for general corporate purposes.

The IPO is solely lead managed by Mark Corporate Advisors Pvt. Ltd., while Maashitla Securities Pvt. Ltd. is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd. is a market maker. The IPO is underwritten to the tune of 15.03% by Mark Corporate Advisors, and up to 84.97% by Giriraj Stock Broking.

After issuing initial equity capital at par value, the company also issued further equity shares in the price range of Rs. 110 – Rs. 200 per share between May 2024, and June 2024. It has also issued bonus shares in the ratio of 17 for 1 in May 2024. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. NA, Rs. 8.19, and Rs. 10.67 per share.

Post-IPO, company's current paid-up equity capital of Rs. 4.10 cr. (4095000 equity shares) will stand enhanced to Rs. 5.85 cr. (5851000 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 81.91 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/net profit, of Rs. 39.31 cr. / Rs. 2.02 cr. (FY24), Rs. 48.99 cr. / Rs. 2.83 cr. (FY25), Rs. 56.87 cr. / Rs. 4.03 cr. (FY26). The company posted growth in its top and bottom lines for reported periods.

Rising trade receivables year-on-year, raise alarms. Its contingent liability stood at Rs. 0.05 cr. as of March 31, 2026.

For the last three fiscals, the company has reported an average EPS of Rs. 8.56 and an average RoNW of 45.65%. The issue is priced at a P/BV of 4.54 based on its NAV of Rs. 30.83 per share as of March 31, 2026 , and at a P/BV of 2.20 based on its post-IPO NAV of Rs. 63.59 per share.

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 20.32, and based on FY25 earnings, the P/E stands at 28.99. The issue appears greedily priced based on its recent average earnings.

The company has posted PAT Margins of 5.14% (FY24), 5.77% (FY25), 7.09% (FY26) and RoCE margins of 28.74%, 26.81%, 24.01%, respectively for referred periods. Its outperformance against listed peer is a big surprise.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. 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 Anjani Synthetics, as its listed peer. It is currently trading at a P/E of 10.3 (as of September 09, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 5th mandate from Mark Corporate Advisors, in the last three fiscals (including the ongoing one). Out of the last 4 listings, 2 opened at discount, and the rest listed with a premium ranging from 4.58% to 90.0% on the listing date. The merchant banker has an average track record.

Conclusion / Investment Strategy

PBL operates its business on third party procurements and part manufacturing on leased machineries. It is operating in a highly competitive and fragmented segment of textiles. It marked steady growth in its top and bottom lines for the reported periods. Its outperforming data against listed peer is a big surprise. Based on its recent average financial data, the IPO appears greedily priced. Tiny equity capital base post IPO indicates longer gestation period for migration. There is no harm in skipping this pricey and dicey IPO.

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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