Pranav Constructions Limited

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IPO Note **04th September 2026**

Company Overview

Incorporated in 2003 under the leadership of promoters Pranav Kiran Ashar and Ravi Ramalingam, Pranav Constructions Limited (PCPL) is an established Mumbai-based pure-play real estate developer specializing predominantly in the residential redevelopment space across the Municipal Corporation of Greater Mumbai (MCGM) region. The company's operations are heavily concentrated in Mumbai's high-demand Western Suburbs including micromarkets such as Santacruz, Bandra, Andheri, Goregaon, Malad, and Borivali which accounted for 99.7% of its revenue from operations in Fiscal 2026. PCPL's integrated redevelopment model encompasses the end-to-end lifecycle of housing society rehabilitation, covering the demolition of ageing structures, re-housing and displacement compensation for existing society members, and the development and monetization of newly created saleable residential units. The firm strategically targets buyers in the Economical (up to Rs. 15 million), Mid and Mass (Rs. 15 million to Rs. 30 million), and Aspirational (Rs. 30 million to Rs. 70 million) price brackets. As of March 31, 2026, PCPL’s portfolio comprised 28 Completed Redevelopment Projects, 20 Under-construction Projects encompassing 1.6 million square feet of Total Developable Area, and 17 Upcoming Projects spanning 1.9 million square feet. Backed by structured project management, the company maintains an efficient execution cycle averaging just 26 months from the issuance of the first commencement certificate to the receipt of the full occupation certificate, enabling rapid asset turns with zero unsold completed inventory as of FY26.

Objects of the issue

The Offer comprises a fresh issue of Rs. 351 crores and an offer for sale of Rs. 35 crores. The company proposes to utilize the net proceeds from the fresh issue towards:

- ⇒ Funding of redevelopment-related expenses, including costs associated with obtaining government and statutory approvals, purchasing additional FSI as permitted under applicable laws, and providing compensation to society members towards alternate accommodation and hardship compensation for certain under-construction and upcoming redevelopment projects.
- ⇒ Repayment and/or pre-payment of borrowings, either fully or partially, availed by the company.
- ⇒ Funding of future redevelopment projects and meeting the company’s general corporate requirements.

Investment Rationale

Established Leadership and Moat in Western Suburbs Redevelopment

PCPL has cemented a dominant market position as a specialized, pure-play redeveloper across Mumbai’s high-value Western Suburbs. According to Cushman & Wakefield, PCPL ranks as the leading developer in this geography by both unit supply and project volume, commanding 34 MCGM-approved redevelopment projects (completed and under construction) representing 1,864 units launched between CY17 and Q1 CY26. This creates a substantial competitive moat compared to industry peers, whose project footprints typically range between only 4 and 11 projects within the same period. Because prime micro-markets such as Bandra, Santacruz, Andheri, and Borivali face an acute scarcity of vacant land, residential supply in Mumbai is structurally transitioning toward society redevelopment under DCPR 2034 guidelines. PCPL’s institutionalized due diligence framework, positive consumer brand recall, and proven track record of winning 7 to 8 society tenders annually enable continuous pipeline replenishment. With 41 active society bids submitted as of March 31, 2026, an existing pipeline of 17 upcoming projects spanning 1.96 million square feet of Total Developable Area, and 20 under-construction projects totaling 1.63 million square feet, the company maintains long-term revenue visibility and a high barrier to entry against non-specialized general developers.

Fast Project Turnaround and Asset-Light Capital Efficiency

PCPL operates a capital-efficient redevelopment framework that sharply reduces the high balance-sheet stress and capital lock-up associated with outright land purchases. A cornerstone of this operational efficiency is the company's rapid execution timeline: from the grant of the first commencement certificate to the receipt of the full occupation certificate, PCPL averages an execution cycle of just 26 months across its completed projects, avoiding prolonged displacement compensation burdens and construction delay penalties. This rapid development velocity is tightly paired with strong pre-sales absorption targeted at economical, mid-and-mass, and aspirational price bands. On average, 48.60%

Issue Details	
Offer Period	07th Sept 2026 – 09th Sept. 2026
Price Band	Rs. 118 to Rs. 124
Bid Lot	120
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	2.8
Issue Size (Rs. in Cr.)	351
Face Value (Rs.)	10

Issue Structure	
QIB	40%
NIB	15%
Retail	45%

BRLM	Centrum Broking Limited, PNB Investment Services Limited
Registrar	Kfin Technologies Limited

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	63.3%	49.0%
Public	36.7%	51.0%
Total	**100.0%**	**100.0%**

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

of saleable inventory is absorbed within six months of project launch and 68.27% within twelve months, allowing construction milestones to be heavily funded via milestone-linked customer advances. Furthermore, approximately 8.77% of sales units are purchased directly as additional area by existing society members, establishing early price discovery and immediate upfront cash flow. Demonstrating lean inventory discipline, PCPL held zero unsold units across its completed projects and only 75 unsold units (12.28%) across 20 under-construction projects as of March 31, 2026.

Valuation

Pranav Constructions Limited (PCPL) is a Mumbai-based pure-play real estate developer specializing in the redevelopment of residential properties across the Municipal Corporation of Greater Mumbai (MCGM) region, with a primary concentration in Mumbai's Western Suburbs. The company manages the complete project lifecycle demolishing aging structures, rehabilitating existing housing society members, and monetizing newly created inventory across economical, mid-market, and aspirational price segments. India's real estate sector is expanding rapidly, driven by urbanization, nuclear families, and rising incomes, with the sector expected to reach USD 1 trillion by 2030. In MMR, land scarcity has shifted the market toward redevelopment under DCPR 2034, making it the key source of new residential supply and creating sustained opportunities for institutionalized developers with strong execution and regulatory capabilities. Financially, Pranav Constructions has delivered a strong performance, with revenue from operations, EBITDA and PAT registering CAGRs of 30.5%, 49.6% and 34.2%, respectively, during FY24-FY26. At the CMP of Rs. 124, the stock is valued at a P/E multiple of 15.2x based on FY26 diluted EPS of Rs. 8.2. **Considering the company's pure-play focus on Mumbai redevelopment, strong financial performance, improving margins, favourable demand-supply dynamics and long-term growth prospects, we believe the valuation is reasonable. Accordingly, we assign a 'SUBSCRIBE' rating to the issue.**

Key Risks

⇒ The company’s redevelopment activities are highly concentrated in the MCGM Region, which contributed 99.70%, 99.69% and 99.50% of revenue from operations in FY26, FY25 and FY24, respectively. Such concentration exposes the company to region-specific economic, market, regulatory and environmental risks, including natural disasters or adverse changes in real estate regulations. Any disruption or deterioration in market conditions within the MCGM Region could materially impact the company’s business, operations, cash flows and financial condition.

⇒ The company’s inability to complete its under-construction and upcoming redevelopment projects within the expected timelines, or at all, could lead to project delays, cost overruns and reputational damage. Such delays or non-completion may adversely impact customer confidence, revenue recognition and overall business performance, thereby materially affecting the company’s results of operations and financial condition.

Pranav Constructions Limited

Income Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Sales	447	636	762
Total revenue from operations	**447**	**636**	**762**
Expenses			
Cost of material consumed	435	492	635
Changes in inventories of finished goods and work-in-progress	-76	3	-50
Employee benefits	18	24	29
Other expenses	13	21	19
Total operating expenses	**390**	**540**	**633**
EBITDA	**57**	**97**	**129**
Depreciation & amortization	3	3	4
EBIT	**55**	**93**	**124**
Finance costs	18	23	33
Other Income	2	2	2
PBT	**39**	**72**	**94**
Total tax	-1	10	23
Net Profit	**40**	**62**	**71**
Diluted EPS	**4.7**	**7.2**	**8.2**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY24	FY25	FY26
Cash Flow from operating activities	5	-93	-41
Cash flow from/(used in) investing activities	20	-1	-5
Net cash flows (used in) / from financing activities	1	94	25
Net increase/(decrease) in cash and cash equivalents	**26**	**1**	**-22**
Cash and cash equivalents at the beginning of the period	**13**	**39**	**40**
Cash and cash equivalents at the end of the period	**39**	**40**	**18**

Source: RHP, BP Equities Research

Pranav Constructions Limited

Balance Sheet (Rs. in crores)

Particulars	FY24	FY25	FY26
Assets			
Non-Current Assets			
Property, plant & equipment	2	4	5
Right-of-use assets	5	5	7
Other intangible assets	0	0	0
Financial assets			
(i) Investments	0	0	0
(ii) Other financial assets	1	4	4
Deferred tax assets (net)	0	1	1
Non-current tax assets (net)	2	0	0
Other non-current assets	0	1	0
Total Non-Current Assets	**11**	**15**	**18**
Current Assets			
Inventories	97	93	144
Financial assets			
(i) Investments	5	1	3
(ii) Trade receivables	75	61	62
(iii) Cash & Cash equivalents	39	40	18
(iv) Other bank balances	0	0	0
(v) Loans	0	0	0
(vi) Other financial assets	9	11	13
Other current assets	730	1,024	1,541
Total Current Assets	**956**	**1,231**	**1,781**
Total Assets	**967**	**1,246**	**1,799**
Equity and Liabilities			
Equity share capital	4	87	87
Other equity	85	88	160
Equity attributable to owners	**88**	**176**	**247**
Non-controlling interests	0	0	0
Total Equity	**88**	**176**	**247**
Liabilities			
Non-Current Liabilities			
Financial liabilities			
(i) Borrowings	1	2	5
(ii) Lease Liabilities	4	4	5
Provisions	0	0	0
Total Non-Current Liabilities	**5**	**6**	**11**
Current Liabilities			
Financial Liabilities			
(i) Borrowings	98	195	253
(ii) Lease liabilities	1	2	2
(iii) Trade payables	136	167	337
(iv) Other current financial liabilities	7	7	6
Other current labilities	631	687	923
Provisions	0	0	1
Current tax liabilities (net)	0	8	19
Total Current Liabilities	**873**	**1,065**	**1,542**
Total Liabilities	**878**	**1,071**	**1,552**
Total Equity and Liabilities	**967**	**1,246**	**1,799**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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