

Pranav Constructions IPO

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- The company is one of the leading redevelopers for completed/under construction MCGM redevelopment projects.
- The company posted steady growth in its top and bottom lines for the reported periods.
- It contributed 23% redeveloped units supply in top five developers in the region.
- Based on its recent average financial data, the issue appears fully priced.
- Well-informed investors may park funds for long term.

About the Company

Pranav Constructions Ltd. (PCL) is the leading real estate company, based on the supply of units and number of completed and under construction MCGM - Redevelopment projects in the Western Suburbs, with a total of 1,864 units and 34 MCGM - Redevelopment projects (completed and under construction) whereas other developers have 4 to 11 MCGM - Redevelopment projects, each launched between CY17 - Q1 CY26 (Source: C&W Report). It is amongst the top redevelopment companies based out of Mumbai predominantly undertaking redevelopment projects in the Western Suburbs focusing on Economical, Mid and Mass, and Aspirational homes (Source: C&W Report).

PCL ranked 1st in the MCGM Region for having the highest combined supply in MCGM - Redevelopment projects launched between CY21 and Q1 CY26. (Source: C&W Report) The company ranked 2nd in the MCGM region for having the highest supply in MCGM Redevelopment projects launched between CY 17 and Q1 CY26 (Source: C&W Report). As of March 31, 2026, its portfolio included 65 Redevelopment Projects across the MCGM Region, comprising (i) 28 Completed Redevelopment Projects, with a combined Total Developable Area of 1.42 million square feet, (ii) 20 Under-construction Redevelopment Projects with combined Total Developable Area of 1.63 million square feet, and (iii) 17 Upcoming Redevelopment Projects with combined Total Developable Area of 1.96 million square feet. Accordingly, it specializes in pure-play Redevelopment with operations predominantly focused in the Western Suburbs of the MCGM Region.

The Company has a proven track record of timely completion of its Completed Redevelopment Projects, with strong execution capabilities and have become a trusted and reliable brand in the Western Suburbs, resulting in strong brand recall (Source: C&W Report). As a core aspect of its business, the company enters into Redevelopment agreements with Co-operative Housing Societies, which enables it to conduct business in a capital efficient manner. The company has adopted an integrated Redevelopment model, with capabilities and in-house resources to execute Redevelopment Projects from initiation to completion. It has developed in-house competencies for

every stage of the Redevelopment process comprising: (i) tendering stage, (ii) pre-construction stage, (iii) construction stage, and (iv) post-construction stage.

PCL started Redevelopment in 2012 and it ranked 1st in the MCGM Region for having the highest combined supply in MCGM - Redevelopment projects launched between CY21 and Q1 CY26. It ranked 2nd in the MCGM region for having the highest supply in MCGM Redevelopment projects launched between CY 17 and Q1 CY26 (Source: C&W Report). In the MCGM Region, PCL contributed to 23% of the redeveloped units supplied by the top 5 developers with 37 MCGM - Redevelopment projects as compared to developers having ~8-12 MCGM - Redevelopment projects between CY17 and Q1 CY26 (Source: C&W Report). In the Western Suburbs, it contributed to 30% of the redeveloped units supplied by the top 5 developers between CY17 and Q1 CY26 with 34 MCGM - Redevelopment projects as compared to developers having ~4-11 MCGM - Redevelopment projects in the same period (Source: C&W Report). In MCGM Region and Western suburbs, The Company consistently ranks in the top 5 positions for under construction as well as completed MCGM - Redevelopment projects (Source: C&W Report).

The company has its presence in several established micro-markets in the Western Suburbs. It has commanded market share of 11% in the micro-markets of Malad followed by Bandra West and Santacruz with ~9% each in terms of supply with MCGM - Redevelopment projects launched between CY21 and Q1 CY26 (Source: C&W Report). As of March 31, 2026, its portfolio included 28 Completed Redevelopment Projects, with a combined Total Developable Area of 1.42 million square feet, which demonstrates its presence in the Redevelopment market. Some of its recent Completed Redevelopment Projects include Malad Marudhar CHSL, Tiara CHSL and Union Bank of India Employees' Ankur CHSL in Malad and Kesar Niketan CHSL in Borivali.

As of March 31, 2026, it also had 20 Under-construction Redevelopment Projects with combined Total Developable Area of 1.63 million square feet, and 17 Upcoming Redevelopment Projects with combined Total Developable Area of 1.96 million square feet. These Redevelopment Projects are located in Kandivali, Andheri, Vile Parle, Santacruz, Khar, Chembur, Matunga, Sion and Grant Road in addition to areas where it historically had presence such as Malad, Goregaon, Kandivali and Borivali. Further, as of March 31, 2026, PCL had submitted 41 bids across various Co-operative Housing Societies in Sion, Borivali, Mahim, Bandra, Santacruz, Andheri, Malad and Kandivali. As of March 31, 2026, it had 198 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of approx. 28308482 equity shares (worth Rs. 351.03 cr.at the upper cap). The IPO consists of fresh equity shares worth Rs. 315.60 cr. (approx. 25451613 equity shares at the upper cap) and an Offer for Sale (OFS) of 2856869 equity shares (worth Rs. 35.43 cr. at the upper cap). The company has announced a price band of Rs. 118 – Rs. 124 per equity shares of Rs. 10 each. The issue opens for subscription on September 07, 2026, and will close on September 09, 2026. The minimum application to be made is

for 120 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 25.14% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 145.72 cr. for funding costs towards obtaining government and statutory approvals, purchase of additional FSI, compensation to members for hardship etc., Rs. 91.50 cr. for repayment/prepayment of certain borrowings, and the rest for funding acquisition for future redevelopment and general corporate purposes.

The company has allocated 40% for QIBs, 45% for Retail investors and 15% for HNIs.

The joint Book Running Lead Managers (BRLMs) to this issue are Centrum Broking Ltd., and PNB Investment Services Ltd., while KFin Technologies Ltd. is the registrar to the issue. Centrum Broking Ltd. is also a syndicate member.

After issuing initial equity shares at par value, the company has issued further equity shares in the price range of Rs. 250.00 – Rs. 447.50, between December 2018, and December 2024. It has also issued bonus shares in the ratio of 6 for 25 in May 2017, 8 for 1 and, 8 for 9 in May 2024, and 13 for 34 in January 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.29, Rs. 2.79, and Rs. 42.55 per share.

Post-IPO, its current paid-up equity capital of Rs. 87.17 cr. (87171170 equity shares) will stand enhanced to Rs. 112.62 cr. (112622783 equity shares). Based on the upper cap of the price band, the company is looking for a market cap of Rs. 1396.52 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 449.75 cr. / Rs. 39.62 cr. (FY24), Rs. 638.24 cr. / Rs. 62.25 cr. (FY25), and Rs. 763.93 cr. / Rs. 71.32 cr. (FY26). The company posted steady growth in its top and bottom lines for the reported periods. Its contingent liability stood at Rs. 5.86 cr. as of March 31, 2026.

For the last three fiscals, the company has posted an average EPS of Rs. 7.27 and an average RoNW of 43.44 %. The issue is priced at a P/BV of 4.38 based on its NAV of Rs. 28.30 as of March 31, 2026, and at a P/BV of 2.48 based on its post-IPO NAV of Rs. 49.93 per share at the upper cap.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 19.59. Based on FY25 earnings, the P/E stands at 22.42. The issue appears fully priced based on its recent average performance.

For the reported periods, the company has reported PAT Margins of 8.85% (FY24), 9.78% (FY25), 9.37% (FY26), and RoCE margins of 28.62%, 24.83%, 24.34%, respectively, for the referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has already adopted a dividend policy in February 2025, based on its financial performance and future

prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Keystone Realtors, Godrej Properties, Lodha Developers, Suraj Estate, Kolte-Patil Developers, Arkade Developers, Kalpataru Ltd., as its listed peers. They are currently trading at a P/E of 40.7, 36.6, 29.2, 9.91, 31.5, 12.3, and 46.2 (as of September 02, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash. This comparison appears to be an eyewash.

Merchant Banker's Track Record

The two BRLMs associated with this issue has handled 7 IPOs in the last three fiscals and out of which 3 IPOs closed below the issue price on listing date.

Conclusion / Investment Strategy

PCL is one of the leading redevelopers for completed/under construction MCGM redevelopment projects. The company posted steady growth in its top and bottom lines for the reported periods. It contributed 23% redeveloped units supply in top five developers in the region. Based on its recent average financial data, the issue appears fully priced. Well-informed investors may park 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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