

Pranav Constructions Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
7 September 2026	9 September 2026	₹118-124	Subscribe

Investment Summary

Pranav Constructions Limited is a Mumbai-focused real estate developer primarily engaged in the redevelopment of residential properties, with a focus on transforming ageing housing societies into modern residential projects. The company operates through a redevelopment-led business model, which enables it to leverage opportunities in land-constrained urban markets while catering to the continued demand for residential housing. Its project portfolio comprises under-construction and upcoming redevelopment projects, with growth dependent on successful project execution and the acquisition of new redevelopment opportunities. The company has demonstrated **consistent financial growth**, with FY26 revenue from operations of **₹761.60 Cr**, EBITDA of **₹130.83 Cr** and PAT of **₹71.32 Cr**, while EBITDA margin improved to **17.18%** from **13.35% in FY24**. FY26 revenue and PAT grew **19.70% and 14.57% YoY**, respectively. The IPO comprises a **fresh issue**, with estimated net proceeds of **₹237.22 Cr** proposed to be utilised towards **funding redevelopment expenses, repayment/prepayment of certain borrowings and funding future redevelopment projects and general corporate purposes**. At the upper price band of **₹124**, the company is valued at a **P/E of ~19.59x**, based on a **post-issue EPS of ₹6.33**, implying a **post-issue market capitalisation of approximately ₹1,396 Cr**. The valuation compares favourably with several larger listed real estate peers, although differences in scale, geography, business models and project portfolios limit direct comparability. The company offers exposure to the Mumbai redevelopment opportunity, supported by the need to modernise ageing residential buildings and continued urban housing demand. However, project execution delays, regulatory approvals, dependence on securing new redevelopment projects, construction cost inflation and real estate market conditions remain key monitorable.

Company Overview

Pranav Constructions Limited is a Mumbai-focused real estate developer primarily engaged in the redevelopment of residential properties, with its business centred on undertaking redevelopment projects in established residential micro-markets. The company operates in a highly land-constrained market, where redevelopment of ageing buildings and housing societies presents significant opportunities for organized real estate developers. The company follows an integrated business model, with involvement across multiple stages of the project lifecycle, including project identification, society engagement, planning and design, obtaining regulatory approvals, construction, marketing and sales. Its redevelopment model involves working closely with existing occupants and housing societies while simultaneously developing additional residential units for sale. Pranav's operations are focused on leveraging opportunities arising from Mumbai's ageing residential infrastructure and the continued requirement for modern housing. Redevelopment projects can provide access to strategically located land parcels in established neighbourhoods, where acquiring large greenfield land parcels may be challenging. The company seeks to expand its presence by undertaking additional redevelopment projects and progressing its existing development portfolio. The company operates in the Mumbai real estate market, which benefits from strong underlying demand but is also characterised by high competition, regulatory requirements and extended project development cycles. Its growth trajectory is therefore dependent on its ability to identify viable redevelopment opportunities, secure the necessary approvals, execute projects within planned timelines and successfully market the completed residential inventory. Going forward, the redevelopment opportunity in Mumbai remains a key structural growth driver for the company. However, investors should closely monitor factors including project execution, regulatory and approval timelines, construction cost inflation, funding requirements, real estate demand and the timely completion and monetisation of projects.

Business Model

Pranav Constructions Limited operates a redevelopment-focused residential real estate business model, primarily centred on the redevelopment of existing housing societies and ageing residential properties in Mumbai. The company identifies suitable redevelopment opportunities, enters into agreements with housing societies and undertakes the development and construction of new residential projects. The company follows an integrated project development model, managing

multiple stages of the project lifecycle, including project identification, society engagement, planning and design, obtaining regulatory approvals, construction and marketing and sale of residential units. Under the redevelopment model, the company is required to rehabilitate and provide residential premises to existing occupants while developing and selling additional units generated through the project. Revenue is generated primarily through the sale of residential apartments and other developed units. The redevelopment model allows the company to access projects in established and densely

populated locations where acquiring large greenfield land parcels can be challenging. Its business is therefore dependent on the successful execution and timely monetisation of its redevelopment projects. Going forward, Pranav intends to expand its redevelopment portfolio and strengthen its presence across the Mumbai real estate market, capitalising on the opportunity presented by ageing residential infrastructure and the continued need for redevelopment. However, the business remains exposed to regulatory and approval timelines, construction execution, cost escalation, funding requirements and fluctuations in residential real estate demand.

Investment Rationale

Leadership in Mumbai Redevelopment: Pranav Constructions is a leading redevelopment-focused real estate company in Mumbai, with a strong presence in the Western Suburbs of the MCGM Region. According to the C&W Report, the company ranked 1st in the MCGM Region by combined supply in redevelopment projects launched between CY21 and Q1 CY26, reflecting its established position in the segment.

Large and Visible Project Portfolio: As of March 31, 2026, the company had a portfolio of 65 redevelopment projects, comprising 28 completed, 20 under-construction and 17 upcoming projects. The under-construction and upcoming portfolio provides visibility for continued project execution and future monetisation.

Capital-Efficient Redevelopment Business Model: Pranav enters into redevelopment agreements with co-operative housing societies rather than relying primarily on land acquisition. This reduces the upfront capital requirement associated with acquiring land and enables the company to undertake multiple projects simultaneously, supporting a relatively capital-efficient business model.

Established Execution Track Record and In-House Capabilities: The company follows an integrated redevelopment model with in-house capabilities across various stages of project execution. Its average construction cycle, from the first commencement certificate to the occupation certificate for completed projects, was 26 months as of March 31, 2026, supporting its execution credentials and ability to secure redevelopment opportunities.

Favourable Mumbai Redevelopment Opportunity: Land scarcity and urbanisation in Mumbai, particularly in the Island City and Western Suburbs, continue to create redevelopment opportunities. The company's focus on redevelopment positions it to benefit from the replacement and redevelopment of ageing residential properties in established micro-markets.

Key Risk Factors

Geographical Concentration in Mumbai: Pranav Constructions' business is primarily focused on the Mumbai real estate market, particularly the redevelopment segment in the MCGM Region. Any slowdown in residential demand, adverse changes in property prices or local market conditions could materially impact project sales and business performance.

Redevelopment and Project Execution Risk: The company's business model involves the redevelopment of existing housing societies, which requires coordination with society members, regulatory authorities and multiple stakeholders. Delays in approvals, obtaining consents, construction or project completion could impact project timelines, costs and profitability.

Regulatory and Approval Risk: Real estate development is subject to extensive regulatory requirements and approvals. Delays or changes in development permissions, environmental clearances, RERA requirements and other regulations could adversely affect the commencement and execution of projects.

Dependence on Successful Project Sales and Cash Flows: The company's financial performance is dependent on its ability to successfully launch, market and sell residential units. A slowdown in demand, increased competition or adverse changes in customer preferences could affect sales velocity, collections and operating cash flows.

Cost Inflation and Margin Pressure: Construction projects are exposed to fluctuations in the cost of raw materials, labour and other development expenses. Any significant increase in project costs that cannot be passed on to customers may adversely affect project margins and profitability.

Customer, Society and Stakeholder Dependency: Redevelopment projects involve agreements and ongoing coordination with co-operative housing societies and existing occupants. Disputes, delays in obtaining necessary approvals or disagreements with stakeholders could result in project delays and additional costs.

Competition in the Mumbai Redevelopment Market: The company operates in a competitive real estate market, facing competition from established as well as emerging developers. Its ability to identify attractive redevelopment opportunities, secure projects and successfully execute them will remain a key monitorable going forward.

Financial Snapshot

Metric	In Cr		
	FY24	FY25	FY26
Revenue from Operations	447.48	636.27	761.60
EBITDA	59.73	98.54	130.83
EBITDA Margin	13.35%	15.49%	17.18%
Profit After Tax (PAT)	39.62	62.25	71.32
PAT Margin	8.85%	9.78%	9.37%
Basic EPS (₹)	4.54	7.13	8.17

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Pranav Constructions Limited
IPO Issue Size	2,83,08,481 shares (agg. up to ₹351 Cr) Fresh Issue 2,54,51,612 shares (agg. up to ₹316 Cr) Offer For Sale 28,56,869 shares of ₹10 (agg. up to ₹35 Cr)
Price Band	₹118 – ₹124 per share
Face Value	₹10 per share
IPO Opening Date	7 September 2026
IPO Closing Date	9 September 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: ~63.35% → Post-IPO: ~48.54%
Book Running Lead Managers	Centrum Broking Limited; PNB Investment Services Limited.
Use of Proceeds	• ₹145.72 Cr towards funding costs for obtaining government and statutory approvals, purchase of additional FSI and compensation towards alternate accommodation and hardship compensation, in relation to certain under-construction and upcoming redevelopment projects (Funding Redevelopment Expenses) • ₹91.50 Cr towards repayment and/or pre-payment, in full or part, of certain borrowings availed by the company • Funding acquisition of future redevelopment projects and general corporate purposes.

Valuation and Outlook

At the upper price band of **₹124**, Pranav Constructions Limited is valued at a **P/E of ~19.59x**, based on its **post-issue EPS of ₹6.33**, implying a **post-issue market capitalisation of approximately ₹1,396 Cr**. Compared with the listed peer group, the valuation is lower than several established real estate developers such as Keystone Realtors (64.86x), Godrej Properties (33.25x), Lodha Developers (33.48x) and Kalpataru (56.64x), while trading at a premium to Suraj Estate Developers (9.94x). Given the variation in business scale, project mix and profitability across the peer group, direct P/E comparison should be viewed with caution. At **~19.59x**, the issue appears reasonably valued relative to the selected listed peer set. Considering the company's redevelopment-focused business model, growth opportunities and relatively moderate valuation, **we recommend a Subscribe rating for investors**, while keeping execution risks and dependence on successful project acquisitions under close watch.

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Registration and Contact Details: Name of Research Analyst - Mangal Keshav Financial Services LLP, Research Analyst
Registration No.: INH000018319.

LLPIN: AAM-3358

Registered Office: 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.
Correspondence/Administrative Office Address - 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

TEL: 022 61907900