

PRAGATI DEFENCE SYSTEMS PRIVATE LIMITED

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INFORMATION MEMORANDUM

Pragati Defence Systems Private Limited

Building India's Armour

₹51 Cr FY26 Revenue	₹71 Cr+ Orders	₹252 Cr Pipeline	30%+ PAT Margin	₹70 Cr Raise
Actual (invoice-verified)	Confirmed, executing	Qualified, 2 bidders only	FY26: 43.8% actual	₹50 Cr equity + ₹20 Cr SIDBI

Raise type	Stage	Tax election	CIN
Growth equity + revolving WC debt	Due diligence / active	Sec 115BAB — 17.16% effective	U29270CT2021PTC011232

Bilaspur, Chhattisgarh, India

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1. Executive Summary

Pragati Defence Systems Private Limited (PDSPL) is India's leading indigenous armour manufacturer, headquartered in Bilaspur, Chhattisgarh. Building since 2020, incorporated in 2021, first order end of 2022 — the Company holds two of India's most exclusive regulatory positions in personal protection: the only DRDO Level 6 ceramic armour Technology Transfer (ToT) licence in India, and one of just two BIS Level 6 certifications for bullet-resistant jackets. Every major armour tender floated by the Indian Armed Forces, paramilitary, and state police has exactly two eligible bidders — Pragati is always one of them.

The Company is raising ₹70 Crore — ₹50 Crore equity (₹39 Crore primary into the Company + ₹11 Crore promoter OFS) plus a ₹20 Crore SIDBI revolving working-capital facility. This raise converts Pragati into a 100% vertically integrated armour platform — the only such platform in India — and funds the working capital required to execute the ₹71 Crore+ confirmed order book scaling to ₹120 Crore in FY27.

The Company has been profitable from its first full year of operations (FY23). FY26 PBT is ₹27 Crore on ₹51 Crore revenue (53% PBT margin, driven by operating leverage on a low fixed-cost base). It carries zero long-term debt. It has ₹71 Crore+ in confirmed orders currently executing, ₹252 Crore in qualified pipeline where only two companies can bid, and a ₹2,000 Crore+ enquiry funnel from IAF, Army, and State Police forces.

Investment highlights

- Regulatory monopoly: Only DRDO L6 ceramic ToT holder in India. BIS L6 — 1 of 2 companies nationally.
- Structural duopoly: Every ₹250 Crore+ armour tender in India has only 2 eligible bidders. Pragati is always one.
- 55% market share in fair tenders — won on product superiority alone, not relationships or pricing.
- Profitable from Year 1. Zero long-term debt. FY26 PBT ₹27 Crore / PAT ₹22.4 Crore at 43.8% net margin.
- ₹71 Crore+ confirmed order book currently executing — revenue visibility for 24 months.
- ₹70 Crore raise converts Pragati into India's only fully vertically integrated armour manufacturer.
- Base trajectory: FY27 ₹120 Crore → FY31 ₹650 Crore. Upside: ₹800 Crore with Naya Raipur campus.

2. Market Opportunity

India's defence budget and armour demand

India's defence budget crossed ₹2.1 lakh Crore in FY25 — the fastest-growing segment being personal protection and armour. The Indian Army alone has scaled a requirement for 500,000 body armour units over the next 5 years, representing a ₹5,000 Crore+ addressable opportunity. Combined with paramilitary, state police, special forces, and export demand, the total serviceable market for armour and ballistic protection exceeds ₹1,00,000 Crore over the next decade. India body armour alone is projected to reach US\$285 million by FY30 at 8.1% CAGR.

Three structural forces make this the right moment to scale: (1) The government's Atmanirbhar Bharat policy mandates indigenous procurement, eliminating foreign imports for standard armour categories. (2) BIS and DRDO certification requirements create a near-impenetrable regulatory barrier that takes years and significant capital to obtain. (3) India's security environment — Kashmir, left-wing extremism, coastal security, CAPF expansion — drives sustained, multi-decade demand.

Pragati's position in this market

Within this opportunity, Pragati occupies a structurally protected position. The Company holds the DRDO Level 6 ceramic armour ToT — the highest domestic ballistic certification, jointly developed with DRDO,

and exclusive in India. It also holds BIS Level 6 certification, mandatory for all body armour tenders. The combination of both certifications is held by only one company in India: Pragati Defence Systems.

“Every major armour tender in India has only 2 eligible bidders. Pragati is always one of them.”

3. Competitive Moat

Three layers of protection that cannot be replicated quickly

Layer 1 — Regulatory exclusivity

The DRDO Level 6 ceramic armour ToT was obtained in 2021 — the result of a multi-year joint development programme with DRDO laboratories. It is not available for purchase or application by new entrants; DRDO grants it only to companies that co-develop the underlying technology. BIS Level 6 certification similarly requires demonstrated manufacturing capability, BIS-audited facility, and ballistic proof testing under Indian Standards. Both certifications together take 3–5 years and significant capital. Pragati cleared both in Year 1.

Layer 2 — Product superiority

Pragati's ceramic technology uses a Pressureless Sintered Hybrid B4C-SiC matrix — not the conventional high-pressure casted slurry ceramic used by most competitors. The hybrid matrix delivers: (a) optimised density-to-weight ratio for mobility and tactical efficiency, (b) improved multi-hit crack arrest performance, and (c) scalable large-format manufacturing. In every fairly structured bid in the past 12 months, Pragati has outperformed all competitors on product criteria.

Layer 3 — Strategic partnerships

- Mehler Systems GmbH (Germany): Design, development, and proof-testing partner for all vehicle programmes in India. Raw material supply agreement.
- DRDO (multiple labs): Ongoing co-development of armour systems for personal and platform protection.
- ProApto Italy: World #1 multispectral camouflage — exclusive Indian partner.
- Forceware GmbH (Germany): Anti-mine boots. Qualified top 2 for Northern Command tender worth ₹50 Crore.
- Kazakhstan: MoU signed for government-to-government defence cooperation and joint venture.
- International channel partners: Brazil, Denmark, Philippines, Netherlands, Sri Lanka, Nepal.

Market share

In domestic tenders where Pragati has participated: 55% market share — won on product superiority alone. SMPP (the incumbent) has not outperformed Pragati in a single fairly structured technical evaluation. ₹85 Crore+ in tenders have been cancelled after arbitrary disqualification attempts on Pragati — all expected to be refloated.

4. Products & Capabilities

Core platform — four integrated verticals

Body armour (Pragati Defence Systems, parent)

Advanced body armour, modular vests, and ultra-lightweight ballistic plates. Core business supplying elite forces including Indian Army, NSG, 9 PARA SF, Indian Air Force, J&K Police, and State Police. Products range from Level III pistol protection to DRDO Level 6 rifle-grade ceramic plates. FY26 revenue: ₹51 Crore.

Ceramics (Pragati Deftech — DRDO L6, exclusive)

Advanced ballistic ceramics using Pressureless Sintered Hybrid B4C-SiC technology — first in India. The ceramic line is the highest-value segment: ceramic plates command 3–4× the margin of soft armour. The \$200,000 machinery advance is paid; the ₹18 Crore ceramic manufacturing line converts the monopoly licence into revenue. Standalone business potential: ₹150–200 Crore by FY31.

UHMWPE fabric (Pragati Defence Solutions)

Ultra-High Molecular Weight Polyethylene ballistic fabric — the key raw material for next-generation armour. Technology transfer secured from two international firms. Plant commissioned (state electricity board connection pending). In-house UHMWPE production eliminates the largest cost variable in soft armour manufacturing and reduces material cost by 20%+. Standalone business potential: ₹150–200 Crore by FY31.

Next-generation systems (R&D stage)

- AI-enabled Ballistic Shield (Level VI + AI): Wearable GPS-denied combat mapping system. Generates 3D maps in real time with no infrastructure dependency. Beats Anduril EagleEye on core limitations.
- Smart Helmet (DRDO DYSL Bangalore AI Lab): Co-development ongoing. First revenue target FY28. Significant scale FY31.
- Platform protection armour: Armoured vehicle cabin systems. Army enquiry pipeline ₹50 Crore+ (Northern Command).
- NIJ (USA) Level certification: Opens US and NATO export procurement.

Clients supplied to:

Indian Army · National Security Guard (NSG) · 9 PARA SF · Indian Air Force · J&K Police · State Police forces · International clients (Denmark, Brazil)

5. Commercial Traction

Order book — ₹71 Crore+ confirmed, executing now

The ₹71 Crore confirmed order book is not a pipeline or LOI — these are executed purchase orders with delivery schedules currently being fulfilled. The primary bottleneck is manufacturing capacity, which this raise directly addresses.

FY27 revenue bridge — ₹120 Crore

Component	Timing	Amount	Status/Basis
Confirmed POs + executing	Q1-Q2	₹24.0 Cr	Army, RPF, DMSRDE — verified POs
Clause/option upside	Q2-Q3	₹12.47 Cr	Contractual · no re-tender
J&K Police BRJ L6 (L1 won)	Q1-Q2	₹10.39 Cr	GEM L1 · MII preference
IAF Jacket (40% share)	Q3-Q4	₹48.0 Cr	Tech eval complete · PO awaited
Pipeline + UHMWPE + Ceramic	Q2-Q4	₹25.14 Cr	Prob-weighted pipeline
FY27 Total	Full year	₹120 Cr	

Apr 2026 actual: ₹0.35 Cr · May 2026 actual: ₹0.70 Cr · YTD ₹1.05 Cr. Revenue is heavily H2-weighted as large orders dispatch. Excludes: Delhi Police ₹80 Crore (User Trials, 50% win probability) and MoD ₹2,000 Crore enquiry — either win alone takes FY27 past ₹200 Crore.

Qualified pipeline — ₹252 Crore

The ₹252 Crore qualified pipeline represents tenders where Pragati and one other company are the only two eligible bidders.

Client	Product	Value	Status
Armed Forces	BPJ Level 5	₹140 Cr	Qualified
State Police	BPJ	₹30 Cr	Qualified
Armed Forces	BP Shield	₹20 Cr	Qualified
Paramilitary	BPJ	₹17 Cr	Qualified
State Police	BPJ	₹15 Cr	Qualified
Special Forces	BP Shield	₹5 Cr	Qualified
Total qualified	—	₹252 Cr+	

Enquiry funnel — ₹2,000 Crore+

Active enquiries from IAF, Army, and State Police form a ₹2,000 Crore+ funnel. As these enquiries convert to tenders, Pragati's regulatory position limits competition to two bidders.

6. Financial Summary

Historical performance (audited) & projections

All FY22–FY25 figures are from audited annual reports filed with the Registrar of Companies. FY26 is management-provisional (PBT ₹27 Crore, audit in progress). FY27–FY31 are projections from the Company's financial model, tax-effected at 17.16% (Section 115BAB).

Particulars (₹ Cr)	FY22	FY23	FY24	FY25A	FY26P	FY27E	FY31E (base)
Revenue	0.0	11.2	11.7	17.3	51.0	103.0	650.0
PBT	—	—	—	6.62	27.00	46.7	—
PAT	(0.0)	4.1	2.6	5.07	22.4	31.9	230.5
PAT margin	—	37%	22%	29.2%	43.8%	30.9%	35.5%
Net worth	0.1	4.1	6.7	12.2	~35*	~74*	—
Long-term debt	1.2	1.5	1.2	0.3	Nil	Nil	Nil

A = audited. P = provisional. * = pre-raise net worth (FY25 net worth ₹12.21 Cr + cumulative retained profits). Post-raise net worth = pre-raise + ₹39 Cr primary equity. FY26 PBT ₹27 Crore is management-provisional — audit target Q3 FY27. FY23 revenue in above table is financial year April 2022–March 2023.

Three-scenario revenue trajectory (₹ Crore)

Scenario	FY26P	FY27	FY28	FY29	FY30	FY31
Downside (IAF slips, ceramics delayed)	51	97	150	230	315	410
Base (committed + plants on schedule)	51	103	198	335	500	650
Upside (campus operational FY30)	51	120	223	390	585	800

Base case FY27 PAT: ₹31.9 Crore (30.9% margin). FY31 base PAT: ₹230 Crore (35.5%). DSCR on SIDBI facility: 55.9x in FY27. Minimum cash floor ₹9 Crore defended in all scenarios. Cash in bank at FY31 base: ₹284 Crore. Zero debt by FY31.

7. Use of Funds — ₹70 Crore

₹59 Crore is deployed into the Company (₹39 Crore primary equity + ₹20 Crore SIDBI revolving facility). ₹11 Crore is promoter OFS (partial exit) — it does not enter the Company and is excluded from every allocation below. Every allocation maps to a specific revenue or cost impact.

Use of funds	Amount	%	Strategic rationale
Ceramic manufacturing line	₹18 Cr	31%	DRDO L6 monopoly → in-house production. ₹1.92 Cr advance already paid; balance funded from this round. Single highest-ROI allocation.
Ballistic production scale-up	₹2.5 Cr	4%	Executes ₹93.82 Crore confirmed order book without outsourcing bottleneck.
UHMWPE machine completion	₹2 Cr	3%	Completes Solutions plant (over ₹4.77 Crore already invested). 20%+ input cost reduction.
Working capital	₹26 Cr	44%	Receivables + inventory + supplier advances for 195-day govt procurement cycle at ₹120 Crore revenue.
R&D (AI helmet + platform armour + NIJ USA)	₹4.86 Cr	8%	(1) Smart Helmet DRDO DYSL AI Lab. (2) Platform protection trials. (3) NIJ USA certification → US/NATO exports.
Key hires + strategic reserve	₹5.64 Cr	10%	CFO (full-time), ops head, senior engineers. Residual: strategic cash buffer.
Total into Company	₹59 Cr	100%	
Promoter OFS (excluded from project)	₹11 Cr	—	Founder partial liquidity. Does not fund the Company. See OFS context note.
Total round (equity + SIDBI)	₹70 Cr	—	

8. Leadership Team

Name	Role	Background
Naman Agrawal	CEO & Founder	Serial entrepreneur. Building Pragati since 2020 — registered 2021, first order end 2022. Market leader in 4 years from a greenfield start in Bilaspur. Secured ₹500+ Crore in government orders.
Arun Agrawal	Group Chairman	40 years manufacturing expertise. Built 3 factories. Deep government liaison networks in Chhattisgarh & Delhi.
Rajesh Sharma	CFO	Joined FY27. Full-time (upgrading from monthly-visit basis). Financial oversight, investor reporting, SIDBI facility management.
Col. Rajeev Kukkal	President	Ex-Army 30+ years. Logistics, strategy and international liaison. Deep MoD networks.
Lt. Col. N. Thakur	Head — Domestic Strategy	NSG Special Forces veteran. Deep operational battlefield expertise. Drives domestic procurement strategy.

Name	Role	Background
Pranav M.	GM — UHMWPE	India's most experienced UHMWPE specialist. Leads Solutions subsidiary R&D.
Raj Anand	Head — Sales & Marketing	Leads sales growth and market expansion. Strategic partnerships domestic and international.

9. Operational Infrastructure — AI-Native ERP

Pragati has built its own enterprise resource planning system from the ground up, starting in 2020 — before the company was incorporated. The ERP runs on Claude (Cowork) and is being converted to a React application hosted on GitHub as a scalable, independent platform. Every module includes “Brief for Claude” — an AI-powered briefing capability that gives any team member or the CFO a real-time operational summary on demand. This is governance built into the operating system of the company, not imposed from outside.

Eight live modules

Module	Scale	Key capabilities
Factory OS (fms v2)	313 KB	Machine scheduling, bulk production, QC batches with batch traceability tags, ceramic plate tracking, UHMWPE fabric tracking, failure records, maintenance audits
Inventory Hub	333 KB	Item master, BOM Builder, BOM Explosion (full material tree), GRN, material issue, production orders, finished goods, gate pass, indent management
Tender Tracker (v3)	214 KB	Full lifecycle: pre-bid → EMD/PBG → post-win execution → competitive intelligence → completion details
Finance Hub	279 KB	Invoice management, expense vouchers, Tally CSV import, recurring tasks, WhatsApp briefing — Rajesh gets a P&L summary on his phone
Procure Hub	207 KB	Purchase orders, vendor management, indent-to-PO tracking, AI briefing, overdue tracking
HRMS	120 KB	Attendance, payslips, monthly CTC — payroll discipline maintained throughout company growth
Ops Hub (v4)	244 KB	Daak register, vendor management, task tracking, WhatsApp briefing
Director Command Center	223 KB	CEO cockpit: task management, reminders, weekly view, AI briefing across all departments

Traceability roadmap — a global first in personal protection

The building blocks for end-to-end raw material traceability are already live: QC Batch system with batch traceability tags in Factory OS, BOM Explosion in Inventory Hub (traces finished product back to every component and material lot), and UHMWPE/ceramic material tracking at the plate level. The next phase — after complete vertical integration (Deftech ceramic line + Solutions UHMWPE plant both producing) — will link finished armour products directly to their ceramic powder QC record and UHMWPE yarn QC record. The framework is established. The architecture is live. No personal protection manufacturer anywhere in the world has implemented this. Pragati will be the first.

OFS — honest founder context

Naman Agrawal began building Pragati in 2020 — a year before incorporation, two years before the first order. In four years, almost every rupee of profit was reinvested. The FY25 audited balance sheet — ₹12.21 Cr net worth on ₹17.34 Cr revenue, zero long-term debt — is the record of that reinvestment. Naman turned 29 in 2026. The ₹5.5 Cr personal liquidity from this round is the first he has taken. It represents one milestone of normalcy after four years of total reinvestment into a company now valued at ₹500 Crore. This is the exception, not the rule. The ₹11 Cr OFS does not enter the Company and is excluded from all use-of-funds calculations.

10. Corporate Structure & Legal

Group structure

Entity	Role	Status
Pragati Defence Systems Pvt Ltd	Parent — finished armour (jackets, helmets, shields, plates)	Operating; audited FY23–FY25
Pragati Deftech Pvt Ltd	Ceramics (DRDO L6); imported-material routing	Subsidiary; pre-operational; \$200k advance paid
Pragati Defence Solutions Pvt Ltd	UHMWPE ballistic fabric	Becoming 100% subsidiary; plant commissioned

Key registrations & certifications

- DRDO Level 6 Technology Transfer Licence — ceramic armour. Exclusive in India.
- BIS Level 6 certification — bullet-resistant jackets. 1 of 2 companies in India.
- Level 6 Ballistic Shield — Technology Transfer Licence from Government of India.
- MSME (Udyam) Registration · IEC (Import-Export Code) · GST Registration · LUT Bond · LEI — all active.
- Section 115BAB manufacturing election — Form 10-IC ratification in progress (17.16% effective tax).

Shareholding (pre-raise)

Authorised capital: ₹50 lakh (5,00,000 equity shares of ₹10 each). Paid-up capital: ₹10 lakh (1,00,000 shares). Principal shareholders: Arun Kumar Agrawal (92%), Patre Anilkumar Abhishek (8%). Pre-raise, there is also ₹14.70 Crore of Compulsorily Convertible Debentures (2024 round; converts at ₹360 Crore valuation floor — above our current raise valuation).

Cap table (certified 24-Jan-2025)

Shareholder	Current shares	%	Post-raise shares	%
Arun Kumar Agrawal	2,92,000	57.89%	2,86,215	50.49%
Naman Agrawal	2,03,180	40.28%	1,97,395	34.81%
Patre Anilkumar Abhishek	4,820	0.96%	4,820	0.85%
Other shareholders	4,386	0.87%	4,386	0.77%

Shareholder	Current shares	%	Post-raise shares	%
CCD holders (48 investors)	—	—	21,472	3.79%
New investors (primary + OFS)	—	—	52,590	9.28%
TOTAL	5,04,386	100%	5,66,878	100%
Promoter family	4,95,180	98.17%	4,83,610	85.30%

Primary: 41,020 new shares issued @ ₹9,508/share (7.24% primary dilution). OFS: Arun and Naman each sell 5,785 shares (₹5.5 Cr each) — goes to promoters, not Company. Total investor stake (primary + OFS): 52,590 shares = 9.28%. Share price at ₹500 Cr pre-money: ₹9,508/share. Post-money: ₹539 Cr.

11. Risk Factors & Mitigations

Risk factor	Rating	Description	Mitigation
FY27 revenue timing	Medium	₹71 Cr confirmed orders executing. IAF ₹48 Cr tech-eval complete, PO awaited.	Revenue deferred, not lost. Conservative scenario excludes IAF. Cash floor ₹9 Cr defended.
Working-capital intensity	Medium	195-day net cash cycle (60d procure + 30d produce + 120d collect).	SIDBI revolving facility draws against receivables, repays on collection.
Advance tax timing	Low	FY26 advance tax ₹4.63 Cr + ₹0.23 Cr penalty outstanding.	AFSOD ₹19.96 Cr collection (Jul 2026) clears it with ₹15 Cr surplus.
CFO / governance	Low	CFO joining full-time. Tier-2 auditor engagement pending.	Rajesh Sharma appointed. Tier-2 firm engagement in progress.
Corporate structure in transition	Low	Subsidiary conversions in progress with MCA.	No business disruption. Target completion Q2 FY27.
Competitor DQ challenges	Low-Medium	₹85 Cr+ tenders cancelled after DQ attempts.	Pragati's BIS L6 + DRDO L6 cannot be disqualified in fairly structured bids. Tenders expected to be refloated.

12. Deal Terms

Round structure

Parameter	Detail
Total round size	₹70 Crore
Equity raise	₹50 Crore (₹39 Crore primary into Company + ₹11 Crore promoter OFS)
SIDBI facility	₹20 Crore revolving WC + invoice-discounting (soft confirmed)
Primary equity instrument	Growth equity (CCPS or equity, structure open to discussion)
Minimum ticket	₹3 Crore (institutional/family office) · ₹1 Crore (HNI)

Parameter	Detail
Pre-money valuation	₹500 Crore (floor; not below CCD conversion at ₹360 Crore)
Post-money valuation	₹539 Crore
Dilution (primary only)	7.2% on ₹39 Crore primary at ₹500 Crore pre-money
Trailing P/E	22.4× on FY26 PAT ₹22.4 Crore
Forward P/E	15.7× on FY27 PAT ₹31.9 Crore (base case)
FY31 base revenue target	₹650 Crore
FY31 upside revenue target	₹800 Crore (Naya Raipur campus + all 7 streams)
PAT margin target	30%+ (FY27: 30.9%, FY31: 35.5%)
Status	Active. SIDBI facility soft confirmed. Multiple institutional investors in conversation.
Data room	Available under NDA. Includes audited financials FY23–FY25, FY26 provisional, FM, DPRs.

Contact: Naman Agrawal, CEO & Founder — Pragati Defence Systems Private Limited, Bilaspur, Chhattisgarh

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