PRAGATI DEFENCE SYSTEMS PRIVATE LIMITED

NAYA RAIPUR CAMPUS

DETAILED PROJECT REPORT

Integrated Manufacturing & Testing Campus | Phased FY28–FY30

3–5 acre facility in Naya Raipur region, Chhattisgarh

Indicative project cost: ~₹22 Cr (Phase 1) | +₹12 Cr ballistic range (Phase 2)

Prepared May 2026 | CONFIDENTIAL

This DPR is SEPARATE from the ₹70 Crore FY26 raise. The campus is funded by internal accruals and future financing, not the current round.

Contents

1. Executive Summary

The Naya Raipur Campus is Pragati Defence Systems' next-phase manufacturing and testing facility, planned for FY28–FY30, located on a 3–5 acre plot in the Naya Raipur region, Chhattisgarh. The campus consolidates the Company's manufacturing footprint, doubles ballistic production capacity, and establishes an in-house ballistic test range — eliminating the multi-month dependency on external testing facilities (DRDO/BIS/NTH) that currently gates new product certification.

The campus is the physical underpinning of the Company's FY31 upside trajectory (₹800 Cr revenue) and is essential for revenue streams that cannot be served from the current Bilaspur facility: composite/aerospace materials, scaled vehicle-armour integration, and the smart-helmet line. Without the campus, the Company's growth ceiling is approximately ₹650 Cr by FY31 (the model's BASE case). With the campus operational by FY30, the path to ₹800 Cr opens up.

Critically, this project is SELF-FUNDED. It is not part of the FY26 ₹70 Crore equity-plus-debt raise. Phase 1 capex (₹20–25 Cr) will be funded from internal accruals across FY28–FY30 (cumulative free cash flow exceeds ₹150 Crore in the BASE case over that period). Phase 2 (₹12 Cr ballistic range) may be financed by additional term debt against the company-owned land as collateral.

Phased capex summary (Phase 1, ₹ Crore)

Component	Amount	Phasing
Land — 3–5 acres	~4.5	FY28 Q2 (acquisition); avg of options under review
Civil construction (shed, office, utilities)	3	FY28 Q3–FY29 Q1
Machine relocation from Bilaspur (phased)	0.30	FY29–FY30 (zero-downtime move)
New plant & machinery (capacity expansion)	8–10	FY29–FY30
Working-capital uplift (new lines)	4–6	FY30
Subtotal Phase 1	**~20–25**	
Phase 2 — In-house ballistic range (10m + 25m)	**12.15**	**FY30+ (separate DPR / debt-funded)**

2. Strategic Rationale

Why a new campus, and why now

The current Bilaspur facility is purpose-built for finished armour assembly. It is at or near capacity for jackets, helmets, and shields at FY27 throughput levels. As the Company's product portfolio expands into ceramics (Deftech), UHMWPE fabric (Solutions), vehicle armour, and next-generation systems, two structural constraints emerge:

- Bilaspur cannot physically accommodate composite/aerospace lines, scaled vehicle-armour assembly, or smart-helmet production at the volumes the order book will demand by FY29–FY30.
- External ballistic testing dependency: every new product / variant currently requires multi-month wait at DRDO TBRL, BIS-approved labs, or NTH facilities. An in-house range cuts certification cycles from 4–6 months to 4–6 weeks — a material competitive moat.

Campus components

Component	Capacity / Output	Strategic value
Ceramic plate line (expansion)	2× current Deftech capacity	Supports ₹150–200 Cr standalone Deftech business
UHMWPE expansion	Additional fabric capacity	Solutions to ₹150–200 Cr standalone
Vehicle armour integration bay	Full-system armouring	Mehler partnership, N. Command class orders
Smart helmet & next-gen line	Low-volume, high-mix	DYSL AI helmet, smart-helmet 2.0
Composite / aerospace cell	Autoclave + layup	Future aerospace structural composites
In-house ballistic range	10m and 25m, multi-calibre	Certification speed; R&D iteration

3. Land Acquisition

Target: 3–5 acres of industrial land in the Naya Raipur region, Chhattisgarh. Multiple options across private industrial plots and state-allotted parcels are under evaluation; the Company is not constrained to any single source (NRDA, private, or otherwise). Selection criteria: (i) proximity to existing Bilaspur operations for zero supply-chain disruption during phased relocation, (ii) state government industrial policy benefits in Chhattisgarh, (iii) strategic regional positioning for central and northern military commands, (iv) clean title and immediate development-readiness.

Indicative cost: ~₹4.5 Crore (average across options under review; range ₹4–5 Crore for 3–5 acres). The land will be acquired as a Company asset in the name of Pragati Defence Systems Private Limited — providing both an operational base and collateral value for any future debt financing of Phase 2 expansion. Final plot selection and cost will be confirmed during detailed engineering in FY27.

Acreage will be sized to the specific opportunities available; the campus design accommodates 3 acres minimum (compact configuration) up to 5 acres (full layout including future expansion zone).

4. Capex Breakdown

All Phase 1 figures are management estimates pending final vendor quotations and detailed engineering. They are honest “good-enough-for-decision” numbers, not bid-tested. Final DPR for execution will be issued post-detailed engineering (target: end of FY27).

Item	₹ Cr	Basis
Land (3–5 acres)	~4.5	Naya Raipur region; avg across options
Site development	0.50	Levelling, boundary, access
Main production shed (~30,000 sq ft)	2.00	₹650–750/sq ft
Office & utilities block	0.50	
Power infrastructure (HT connection,	0.30	

Item	₹ Cr	Basis
transformer)		
Effluent / waste management (defence-mfg compliance)	0.20	
Plant & machinery (ceramic + UHMWPE expansion)	6.00	Vendor indicatives
Plant & machinery (vehicle, smart helmet, composite)	3–4	Phased equipment
Machine relocation from Bilaspur	0.30	Phased, zero-downtime per existing arrangement
Project management, contingency (5%)	1.00	
Subtotal Phase 1 capex	**~17–20**	
Working-capital uplift for new lines	4–6	Incremental WC on new product flows
TOTAL Phase 1	**~20–25**	

5. Means of Finance

Phase 1 (~₹20–25 Cr) is funded entirely from internal accruals across FY28–FY30. Free cash flow in the BASE case across that period is approximately ₹150 Crore (post-WC, post-tax), of which the campus consumes a small fraction. Phase 2 (₹12 Cr ballistic range) is candidate for term-debt financing against the company-owned land as collateral, at a later date.

Source	Amount (₹ Cr)	Notes
Internal accruals (FY28–FY30 operating cash)	20–25	Self-funded Phase 1
Future debt (against land collateral)	12	Phase 2 ballistic range only
FY26 ₹70 Cr raise	**0**	**NOT used for campus — ringfenced**

This is a critical investor commitment: the FY26 raise capital is ringfenced for working capital and ceramic/UHMWPE capacity at Bilaspur. The campus does not draw on it.

6. Phasing & Schedule

FY	Milestone	Notes
FY27	Detailed engineering, vendor selection	Out of operating accruals
FY28	Land acquisition + civil construction starts	~₹6–7 Cr deployed
FY29	Shed handover; ceramic + UHMWPE expansion installed	~₹8–10 Cr deployed; phased machine moves begin
FY30	Campus fully	Smart helmet, composite, vehicle integration lines

FY	Milestone	Notes
	operational; ballistic range Phase 2 starts	commission
FY31	Steady-state production; certification speed gains realised	Supports ₹800 Cr upside trajectory

7. Strategic Impact on Revenue & Margin

The campus enables three step-change effects, all of which underpin the BASE-to-UPSIDE delta in the FY27 model (₹650 Cr → ₹800 Cr by FY31):

- Capacity unlock: ceramic and UHMWPE production scale to standalone ₹150–200 Cr businesses by FY31 (vs. ₹100/80 Cr capped in BASE without expansion).
- Certification speed: in-house ballistic range cuts product launch cycle from 4–6 months to 4–6 weeks. Material edge in winning fast-procurement tenders (Emergency Procurement, MoD acceleration windows).
- New revenue streams: composite/aerospace, scaled vehicle armour, smart helmet — none viable from Bilaspur — contribute ~₹100 Cr to upside FY31.

In the base case (no campus completion delay), incremental revenue from campus-enabled streams adds ₹50–60 Cr at FY31 over a campus-less counterfactual. In the upside case it adds ~₹150 Cr.

8. Risk Factors

Risk	Description	Mitigation
Land acquisition delay	NRDA allotment timelines	Multiple plot options identified; early DD started
Phased relocation	Production disruption during move	Bilaspur kept operational throughout; phased machine-by-machine relocation (₹0.30 Cr budgeted); zero-downtime architecture
Cost overrun	Construction and equipment inflation	5% contingency; phased capex (can pause if needed)
Funding from accruals	Operating cash slows / WC tightens	Phase 1 modest (~₹20–25 Cr) vs FY28–FY30 free cash flow ~₹150 Cr; ample headroom
Permits & licences	Defence manufacturing licences, environmental clearances	CG state IDC, Make-in-India alignment; existing Pragati MSME, IEC, DRDO licences extend

9. Conclusion

The Naya Raipur Campus is the physical infrastructure that converts Pragati from a focused armour manufacturer into a vertically-integrated defence-tech platform. Phase 1 is modest in capital terms (~₹20–25 Cr), comfortably self-funded from FY28–FY30 operating cash flow, and ringfenced from the FY26 raise. Phase 2 (ballistic range) is a future option.

This DPR is provided for investor and lender information. It is not a request for current-round financing. It demonstrates the Company's longer-term roadmap and confirms that growth beyond ₹650 Cr requires — and has — a clear, costed, time-bound infrastructure plan.

— End of Naya Raipur Campus DPR —