

Ref: CE/NSEBSE/CR/17092026

September 17, 2026

To,

Listing Department, National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051	Department of Corporate Services – Listing, BSE Limited, P. J. Towers, Dalal Street, Mumbai – 400 001
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Re: Scrip Symbol: CENTUM/ Scrip Code: 517544

Dear Sir/ Madam,

Sub: Intimation of Credit Rating under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that CARE Ratings Limited has upgraded the credit ratings assigned to the Company's bank facilities. The details of the ratings are set out below:

Facilities/Instruments	Amount (₹ crore)	Previous Rating	Upgraded Rating
Long-term / Short-term bank facilities	184.00 (Enhanced from 173.52)	CARE BBB; Positive / CARE A3+	CARE BBB+; Stable / CARE A2
Long-term bank facilities	249.13 (Reduced from 259.61)	CARE BBB; Positive	CARE BBB+; Stable

Please refer to the enclosed letter received from CARE Ratings Limited for details.

You are requested to take the above information on your record

Yours faithfully,
For **Centum Electronics Limited**

Indu H S
Company Secretary & Compliance Officer
Encl: as above

Centum Electronics Limited

September 17, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term / Short-term bank facilities	RBI	184.00 (Enhanced from 173.52)	CARE BBB+; Stable / CARE A2	Upgraded from CARE BBB; Positive / CARE A3+
Long-term bank facilities	RBI	249.13 (Reduced from 259.61)	CARE BBB+; Stable	Upgraded from CARE BBB; Positive

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in ratings assigned to bank facilities of Centum Electronics Limited (CEL) factors in the divestment of its overseas businesses held under Centum Electronics UK Limited (Centum UK; a wholly owned subsidiary of CEL), which had been consistently incurring losses. These overseas entities are currently under liquidation and are being exited from the group structure. From CEL's perspective, the entities are effectively discontinued, with no control being exercised by the parent company, and accordingly have not been consolidated from Q1FY27 onwards. The management does not envisage further losses, funding support requirements, contingent liabilities, or other financial obligations arising from these entities, alleviating the drag on the group's consolidated financial profile. Accordingly, CARE Ratings Limited (CareEdge Ratings) changed the analytical approach from consolidated to standalone.

The rating revision also factors in CEL's growing order book, particularly in its Build to Specification (BTS), which primarily caters to the Indian defence and space sectors and constitutes a relatively higher-margin business segment. CareEdge Ratings expects these developments, and a sharper management focus following exit from overseas operations, to support a meaningful scale-up in the company's standalone business in the medium term.

Ratings continue to derive strength from the promoters' over three decades of industry experience and CEL's established relationships with a reputed and diversified customer base, resulting in a healthy proportion of repeat business. Ratings are further supported by the company's above-average financial risk profile, characterised by a sustained increase in operating income and satisfactory debt protection metrics.

However, these strengths are partially offset by the working capital intensive operations, with working capital requirements expected to remain elevated, and potentially increase further, to support the growing order book and future execution needs. Ratings also remain constrained by the profitability susceptible to foreign exchange fluctuations and intense competition, particularly in the electronic manufacturing services (EMS) segment, which contributes a significant share of the company's revenue and is characterised by relatively low entry barriers.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in revenue to beyond ₹1,500 crore while maintaining profit before depreciation, interest, and taxes (PBDIT) margin in excess of 12.5% and reducing working capital intensity.

Negative factors

- Increase in total debt to gross cash accruals (TD/GCA; including customer advances as debt) to above 4.25x or total outside liabilities to tangible net worth (TOL/TNW) of over 2x.
- Deterioration in liquidity profile of the company.

Analytical approach:

Analytical approach has been revised from consolidated to standalone as all operating subsidiaries are in process of liquidation and hence, standalone financials of CEL will remain relevant.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that the company will continue to grow its scale while also improving operating profitability following the exit of loss-making subsidiaries.

Detailed description of key rating drivers**Key strengths****Discontinuation of operations of loss-making subsidiaries**

CEL took over Adetel in 2016 through Centum UK, which was a stressed asset, and was re-named as Centum T&S Group (CTS). At the time of acquisition, Adetel had two divisions – energy division and engineering division. The energy division was incurring losses, as finding a market was challenging, and it was sold off in FY20. CTS's had operations in Canada and France under different subsidiaries. Although CTS's operations were envisaged to be profitable, fixed price contract margins and high employee costs among others impacted the turnaround. Therefore, in Q3FY26, CEL decided to discontinue operations for its subsidiaries. As of June 30, 2026, liquidation process for both companies has been initiated. Following the exit from its subsidiaries, CareEdge Ratings expects CEL to benefit from enhanced management focus on its core operations. The absence of support requirements towards loss-incurring subsidiaries is expected to improve the company's overall operational and financial profile going forward.

Steady growth in scale of operations and satisfactory financial metrics

Scale of operations has exhibited steady growth in the last few years, supported by a healthy increase in the order book. The order book expanded from ₹1,341 crore as on March 31, 2025, to ₹1,645 crore as on March 31, 2026, and further to ₹1,797 crore as on June 30, 2026, providing strong revenue visibility. In CareEdge Ratings' view, the growing order book is expected to drive a revenue compounded annual growth rate (CAGR) of ~20%-25% in the medium term. Increasing contribution from the relatively higher-margin BTS is likely to support improvement in operating margins by 50-100 basis points in the same period.

Overall gearing deteriorated to 0.80x as on March 31, 2026, from 0.55x as on March 31, 2025 (including customer advances treated as debt), primarily due to the significant erosion of net worth following a net loss in FY26. The loss was largely attributable to one-time exceptional charges aggregating ₹203.4 crore, comprising provision for diminution in the value of subsidiaries, write-off of receivables from subsidiaries, and provision for inventory obsolescence. However, given the ongoing exit from the loss-making overseas subsidiaries and the absence of expected future support obligations towards these entities, CareEdge Ratings expects the company's capital structure to improve gradually, supported by recovery in profitability and accrual generation.

Established association with a reputed clientele base

CEL has delivered mission-critical electronics on almost all satellite programmes of ISRO, including the ambitious Chandrayaan and Mangalyaan projects and also delivered significant portions of electronic components for almost every Indian space mission. Of the total revenues for FY26, over 30% were generated from customers who have been with CEL for over 20 years and over 40% from customers who have been with CEL for over 10 years, while another 10% from customers who have been with CEL for over 5 years.

Experienced promoters and established track record of the company

Apparao V Mallavarapu Rao, Chairman and Managing Director (CMD), has over three decades of experience in managing the electronics business. CEL is engaged in designing and manufacturing high-end electronics modules, systems and subsystems, since 1994. He has ventured and successfully managed joint ventures (JVs) with several multinational companies. The CMD is supported by Nikhil Mallavarapu, Joint Managing Director, and Tanya Mallavarapu, Non-Executive Director. The company has a high level of corporate governance with five independent directors. CEL has well-established presence and certifications in aerospace, defence and space domains. CareEdge Ratings believes such long-established track record would help the company in maintaining strong order book.

Key weaknesses**Working capital intensive operations**

The company's operations remain inherently working capital intensive, particularly in the BTS segment, due to the long gestation period between order receipt and execution. In the last few years, supply chain disruptions, including semiconductor shortages and logistical bottlenecks, led to increased procurement lead times and higher input costs. To mitigate execution delays, the company places procurement orders in advance, typically backed by customer acceptance of price variations and receipt of advances.

As on June 30, 2026, inventory levels increased to support the growing order book, further exacerbated by logistics disruptions and pricing pressures arising from the ongoing West Asia geopolitical crisis. Consequently, working capital borrowings and customer advances increased in line with the widening working capital gap. Going forward, the company's ability to effectively manage its working capital requirements, which are expected to remain elevated amid the growing order backlog, while maintaining a satisfactory capital structure and debt protection metrics, will remain a key monitorable from a credit perspective.

Profitability exposed to volatility in forex movements

CEL remains exposed to foreign exchange fluctuation risk as it imports a significant portion of its raw material requirements. However, the risk is partially mitigated by export revenues, which constitute ~50%-55% of total income, providing a natural hedge.

Exposure to competitive pressures in a fragmented industry

The company's revenue profile continues to be dominated by the EMS division, which accounted for ~72% of total revenue in FY26. The EMS business is characterised by relatively lower value addition and the presence of multiple competitors, which may exert pressure on pricing and operating margins. However, this risk is partially mitigated by the gradual increase in the share of the company's higher-margin build-to-specification (BTS)/ BTS segment, which primarily caters to the Indian defence and space sectors.

Entry barriers in these segments are significantly higher, given the stringent product qualification requirements, vendor approval processes, regulatory compliances, quality certifications, and proven execution track record required for customer selection. Consequently, the increasing contribution from the BTS/BTS segment is expected to support margin stability and enhance the overall business profile, while partially offsetting the competitive pressures inherent in the EMS business.

Liquidity: Adequate

The company's liquidity profile remains adequate, supported by healthy expected cash accruals and limited scheduled debt repayment obligations in the medium term. Gross cash accruals, adjusted for the non-cash exceptional expenses recorded in FY26, are expected to improve further, aided by the healthy order book and anticipated growth in operating scale. Cessation of funding support requirements towards the erstwhile overseas subsidiaries is expected to provide additional liquidity cushion.

The company's liquidity is further supported by comfortable utilisation of its working capital limits, with average utilisation of fund-based working capital facilities moderating to 67% for 12 months ended July 2026 from 77% for 12 months ended June 2025, indicating adequate drawing power and financial flexibility. Given the inherently working capital intensive operations and the expected increase in working capital requirements to support the execution of the growing order book, the company's ability to efficiently manage its working capital cycle while maintaining adequate liquidity will remain a key monitorable.

Environment, social, and governance (ESG) risks

The company remains committed to environmental, social, and governance (ESG) principles. It continues to focus on improving energy efficiency, reducing greenhouse gas emissions, enhancing water conservation and circular use and sustainable waste management practices. The company received "committed" badge from Ecovaadis in December 2025. On the social front, CEL continues to partner with organisations supporting causes ranging from healthcare and inclusion to community welfare. Navigating evolving regulatory frameworks and stakeholder expectations remains key priorities.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial manufacturing	Industrial products

CEL was founded in 1994 in Bengaluru by Apparao V Mallavarapu, a first-generation entrepreneur. The company is in designing and manufacturing electronic systems and manufactures high-end electronic modules, subsystems and systems used in aerospace, defence, and industrial electronics sectors.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	June 30, 2026 (UA)
Total operating income	776.09	973.06	204.78
PBILDT*	94.11	120.87	23.07
Profit after tax (PAT)	45.63	-117.05	13.53
Overall gearing, including customer advances (x)	0.55	0.80	NA
Interest coverage (x)	5.19	7.55	5.27

A: Audited; UA: Unaudited; Note: these are latest available financial results

PBILDT: Profit before Interest Lease Depreciation and Tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	30-08-2028	8.13	CARE BBB+; Stable
Fund-based - LT/ ST-CC/PC/Bill Discounting	RBI	Simple	-	-	-	-	184.00	CARE BBB+; Stable / CARE A2
Non-fund-based - LT-Bank Guarantee	RBI	Simple	-	-	-	-	241.00	CARE BBB+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned	Date(s) and Rating(s) assigned	Date(s) and Rating(s) assigned	Date(s) and Rating(s) assigned

					in 2026-2027	in 2025-2026	in 2024-2025	in 2023-2024
1	Fund-based - LT/ST-CC/PC/Bill Discounting	LT/ST	184.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB; Positive / CARE A3+ (19-Aug-25) 2)CARE BBB; Stable / CARE A3+ (03-Jan-25)	1)CARE BBB; Stable / CARE A3+ (16-Jan-25) 2)CARE BBB; Stable / CARE A3+ (03-Jan-25)	1)CARE BBB; Stable / CARE A3+ (19-Dec-23)
2	Non-fund-based - LT-Bank Guarantee	LT	241.00	CARE BBB+; Stable	-	1)CARE BBB; Positive (19-Aug-25)	1)CARE BBB; Stable (16-Jan-25) 2)CARE BBB; Stable (03-Jan-25)	1)CARE BBB; Stable (19-Dec-23)
3	Fund-based - LT-Term Loan	LT	8.13	CARE BBB+; Stable	-	1)CARE BBB; Positive (19-Aug-25)	1)CARE BBB; Stable (16-Jan-25) 2)CARE BBB; Stable (03-Jan-25)	1)CARE BBB; Stable (19-Dec-23)

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable.

Annexure-4: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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