Company Name: Centum Electronics Ltd.

Quarter under review: Q1-FY27

Centum Electronics Ltd: Q1-FY27 Concall Highlights:

Centum Electronics Ltd (Consolidated)					
INR In Mn	Q1-FY27	Q1-FY26	Y-o-Y	Q4-FY26	Q-o-Q
Operational Income	2,041	1,785	14.3%	3,404	-40.0%
EBITDA	236	281	-16.0%	487	-51.5%
EBITDA M (%)	11.56%	15.74%	-418 bps	14.31%	-275 bps
PAT	112	178	-37.1%	350	-68.0%
PAT M (%)	5.49%	9.97%	-448 bps	10.28%	-479 bps
Diluted EPS	7.61	12.06	-36.9%	23.69	-67.9%

Operational Highlights:

- BTS order book grew ~40% YoY, supported by strong demand across space, radar, electronic warfare and air-navigation programs.
- EMS business continued to scale, with semiconductor equipment demand remaining strong and new part numbers being added with the global customer.
- Semiconductor equipment business is now in serial production, with products fully qualified and recurring demand visibility for the next 2–3 years.
- New opportunities emerging in industrial automation, electrification and grid automation, with several NPI programs initiated for global customers localizing supply chains in India.
- Design-led manufacturing capabilities are being strengthened by integrating engineering services with EMS, enabling customers to move from product design to high-reliability manufacturing.
- Space capabilities continue to move up the value chain, from components and modules to complete payloads, with satellite integration being the next area of focus.
- Space-based surveillance program is gaining traction, with strong order intake expected during the year and additional electronic-warfare payload programs under execution.
- Key defence development programs are progressing, including Virupaksha, UHM and TACAN, with first prototypes targeted over the coming periods.
- Direct engagement with armed forces is expanding, with discussions and RFIs underway for system-level opportunities beyond traditional PSU/DRDO/ISRO engagements.
- Global BTS opportunity pipeline is developing, particularly in electronic warfare, with export system-level programs offering potential for higher-value engagements.
- Aerospace facility (KIADB, Bengaluru) progressing - Design is complete and construction is set to begin shortly. No capex is required this year (land held by a group company); capex outflow is expected to start toward the end of next fiscal, with a high-level estimate of INR 50–70 crore.
- Engineering capability is being expanded, with additional talent being added across skill sets to support system integration and execution of new programs.
- Order book stood at ~INR 1,800 crore, up 31% YoY, providing strong execution visibility, with order inflows of ~INR 360 crore during the quarter, led by a 150% YoY increase in BTS orders.

Key Questions & Answers discussed during the Concall:

- **Given the BTS order book has grown significantly since FY24, can we expect accelerated revenue recognition going forward?** Yes, we expect healthy growth in BTS revenue this year and in the coming years. The business has some quarterly variation because of the lumpy nature of project execution, but on a full-year basis, the increased order book should translate into strong growth.

- **Can you give more details on the semiconductor equipment business and the type of products you manufacture?** This is part of our EMS business, where we manufacture box builds and PCBAs that go into semiconductor manufacturing equipment. These are used in critical processes such as photolithography and etching. We have added a major global OEM as a customer and are continuously adding new part numbers and products.

- **How large can the semiconductor equipment business become over the next few years?** Revenue from this business was practically zero in FY25 and exceeded INR 100 crore in FY26. We expect it to reach around USD 25–30 million over the next one to two years, giving us strong visibility for growth.

- **How sustainable is the semiconductor equipment opportunity, given the qualification process?** The products already in production have completed their full qualification process and are now in serial production. The business is highly recurring, with qualified products having long product life cycles. New part numbers continue to be added and go through their respective qualification processes before entering production.

- **Is there meaningful competition in India for your semiconductor equipment EMS business?** We are currently the first major supplier in India for this type of PCBA and box-build manufacturing. Our main competition is from Southeast Asia, particularly Malaysia. We are also seeing the broader shift in semiconductor supply chains toward increased sourcing from India.

- **Can you supply similar semiconductor products to competing customers?** The design and IP belong to the customer, so we cannot sell the same product to their competitors. However, we are already in preliminary discussions with other customers who are looking at India as part of their global sourcing strategy.

- **What is the opportunity for Centum in India's growing space industry?** We have been present in the space sector for nearly 25 years and have moved from niche components to modules, subsystems and now complete payloads. Our next objective is to move further into satellite integration. The broader ecosystem is also developing rapidly, with increasing innovation and demand across defence, scientific and communication applications.

- **What is the outlook for the space-based surveillance program?** We have already started receiving orders from the program and expect strong order intake during this year. Apart from this, we are executing a major electronic-warfare payload program that is closely aligned with the surveillance opportunity and could generate repeat requirements in the coming years.

- **Do you expect the BTS mix to move materially above the current 70:30 ratio?** Both businesses are expected to grow strongly. In the short term, over the next one to two years, BTS could have a somewhat higher contribution, but we do not expect a drastic change from the current mix.

- **Can you maintain the 25%+ revenue growth target for the current year?** Yes, we remain confident of reaching the 25% growth level. Based on the current order book and project execution visibility, we do not see a reason to significantly change this expectation.

- **What is the opportunity from the complex test systems business?** This is part of our value-added engineering offering to an export EMS customer. We received an order of approximately INR 55 crore for this program. It's still early days for us, with various levels of discussion happening with other customers as well, so it's a little early to quantify the full opportunity — but we see clear demand and expect it to make a meaningful contribution to revenue and margin as we close more of these opportunities.

- **hat What is the expected export contribution going forward?** We expect exports to remain around 50–55% or potentially higher, broadly in line with the current mix. Growth in EMS should also continue to support the export component.

- **What is the progress on the Virupaksha ,UHM and TACAN programs?** Both programs are progressing well. UHM has completed the first phase of critical design reviews and work is underway on the first prototypes, which are expected next year. Virupaksha is currently in the product design stage, with development orders expected around Q4 or Q1. TACAN is progressing through a technology partnership involving localization and design-engineering work. We expect the first deliveries around the beginning of next year and are closely monitoring further orders over the next one to two quarters.

- **Are you seeing greater direct engagement with the armed forces?** Yes. While some system-level programs are being pursued through customers such as HAL and GRSE, our engagement with end users has increased. We are also responding to RFIs and participating in discussions for full-system opportunities directly with the Armed Forces.

- **How large could the global BTS opportunity become, particularly in electronic warfare?** The current opportunity is specifically around electronic warfare for an export customer and is still at an early stage. We see clear demand, and once these opportunities are secured, they can make a meaningful contribution to both revenue and margins.

- **Could export BTS generate higher margins than domestic BTS?** We are targeting a 20%+ margin profile for such export BTS opportunities. One key advantage is that these engagements are relationship-driven rather than purely tender-based, allowing for a more reasonable pricing structure. System-level export opportunities could potentially offer even higher margins.

- **What is the status of the new aerospace facility at the KIADB Aerospace Park in Bengaluru?** The design stage is complete and construction is expected to begin shortly. Since the land belongs to another group company, Centum does not need to invest during the current year. Once the shell is ready, we will build out the factory infrastructure, including MEP/HVAC systems, clean rooms, dry rooms and plant and machinery — with capex expected to start towards the end of next fiscal, at a high-level estimate of INR 50–70 crore.

- **How do you view your competitive positioning across BTS and EMS?** The competitive landscape differs across the two businesses. In space, we believe we are ahead in terms of capability and domain experience, while in radar and EW we are making strong progress and are broadly comparable with established competitors. In EMS, our understanding of complex manufacturing and supply chains remains a key differentiator.

- **How are the direct engagements with the Armed Forces progressing?** Engagement with the end users has increased alongside our system-level programs with customers such as HAL and GRSE. We are also responding to RFIs and participating in discussions for full-system opportunities directly with the Armed Forces.

- **What is the opportunity from the space-based surveillance program?** We have already started booking orders from the program and expect strong order intake during the current year. We are also executing a major electronic-warfare payload program closely aligned with the surveillance opportunity, which could lead to repeat requirements in the coming years.

- **How are you building capabilities to execute the increasing number of BTS opportunities?** We are significantly expanding the engineering team across different skill sets and adding new talent focused on system integration. This is aimed at strengthening our ability to execute new programs and address additional opportunities while maintaining the required customer delivery standards.

- **How should we think about the global BTS opportunity in electronic warfare?** This is an early-stage opportunity with an export customer, and discussions are progressing at various levels. We see clear demand, and once these opportunities convert, they can make a meaningful contribution to revenue and margins. Export BTS programs are particularly attractive because they are relationship-driven rather than purely tender-based.

Key Participants:

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