

Centum Electronics (CTE)

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Investor Meeting
 12 September 2026

Strong BTS momentum; Defence & Space to drive growth

- Centum Electronics Ltd hosted a call with the stakeholders, with the company being represented by Mr. Nikhil Mallavarapu, Joint MD and Mr. Sundararajan Parthasarathy, Chief Financial Officer (CFO).
- The company operates across two verticals, EMS and BTS, which contribute 72% and 28% to revenue, respectively. Defence, Space and Aerospace form the largest end-market, contributing 45% to revenue, followed by Healthcare (14%), Transportation (12%), Industry & Energy (12%), and Semiconductor Equipment (17%).
- Q1FY27 revenue came in at Rs2.1bn, up by 11% YoY with EBITDA/ PAT Margin at 11%/9%. Centum is seeing strong momentum across both BTS and EMS, with the standalone order book at ~Rs18bn as of Q1FY27, up 31% YoY, providing strong medium term revenue visibility. Q1FY27 order inflow stood at ~Rs3.6bn, up ~70% YoY, with BTS order inflow growing ~150% YoY to ~Rs1.2bn.
- The order book as of June'26 stood at Rs18bn, of which EMS contributed Rs8.7bn (49%) while BTS order book stood at Rs9.3bn (51%). BTS continues to be the key growth catalyst and margin-accretive segment, with the order book increasing from ~Rs4.3bn in FY24 to ~Rs9.3bn in FY26. Management expects BTS EBITDA margin to gradually improve from ~20% currently to 24–25% over the medium term, supported by a richer product mix and increasing scale.
- Semiconductor Equipment has emerged as a significant EMS growth driver, with revenue exceeding Rs1bn in FY26 vs negligible contribution in FY25. Management expects this business to scale to Rs2.5–3bn by FY27; however, as it remains predominantly EMS in nature, margin is expected at ~10–11%, making it primarily a volume growth driver for the EMS business.
- The company has substantially completed its exit from the French and Canadian subsidiaries as part of its restructuring process, removing the drag from these operations and providing a cleaner margin profile going forward.

Management Outlook:

- Management is targeting 25–30% revenue growth in FY27, with EBITDA margin expected to improve towards ~13–15%. Order inflows are cumulatively expected to reach ~Rs25bn over the next 2–3 years, supported by increasing conversion of the opportunity pipeline and greater participation in large competitive bids.
- **Capex:** Centum is undertaking a ~Rs5bn investment programme in Karnataka over the next four years, including a new Aerospace and Defence Electronics facility at the Hi-Tech Defence & Aerospace Park, Devanahalli. The facility is expected to strengthen its current capabilities in advanced defence electronics and support its transition towards higher value BTS and System Integration opportunities.
- **AIE View:** We believe Centum is looking to move up the value chain across Defence, Space and Aerospace by developing system-level integration capabilities, enabling it to participate in larger, higher value opportunities beyond individual electronic modules. We align with management's expectation that EBITDA margin will improve marginally towards ~13-15% as BTS execution picks up pace.

Stock Information

Reuters	CENT.BO
Market Cap (Rsbn / US\$m)	61.9 / 654.9
Free Float (%)	53.18
52 Wk H / L (Rs)	4,450 / 2,044
O/S Shares (mn)	14.76
3M Daily Avg Volume ('000)	248.2

Shareholding	3QFY26	4QFY26	1QFY27
Promoters	46.9	46.9	46.8
DII's	19.8	21.4	19.67
FII's	2.4	2.4	3.3
Others	30.9	29.4	30.2

Financial and Valuation Summary

Particulars (Rsmn)	FY24	FY25	FY26
Net Sales	6,328	7,761	9,731
Growth YoY%	26.4	22.6	25.4
Gross margin %	35.2	34.7	31.8
EBITDA	787	941	1,209
EBITDA margin %	12.4	12.1	12.4
Adj PAT	363	456	863
Growth YoY%	86.9	25.9	89.0
Adj EPS	28.1	31.0	58.5
RoCE (%)	10.0	9.8	19.2
RoE (%)	12.2	10.5	17.4
RoIC (%)	10.7	11.2	23.9
P/E (x)	150.7	136.6	72.4
EV/EBITDA (x)	71.1	66.0	51.7
P/BV (x)	17.5	11.2	14.5

Source: Company, Bloomberg, Ashika Institutional Research

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Key takeaways from the call

- Centum is seeing strong momentum across both BTS and EMS, with the standalone order book coming in at ~Rs18bn as of Q1FY27, up 31% YoY, providing strong medium term revenue visibility. Q1FY27 order inflow stood at ~Rs3.6bn, up ~70% YoY, with BTS order inflow growing ~150% YoY to ~Rs1.2bn.
- BTS remains the key growth and margin-accretive segment, with the order book at ~Rs9.25bn, up ~40% YoY. The BTS order book is typically executable over ~25–30 months, providing strong visibility, although revenue recognition remains lumpy due to project execution schedules.
- Management expects strong BTS order intake through FY27, particularly across space, radar, electronic warfare and air navigation programs, supported by a healthy pipeline of opportunities.
- It expects cumulative order intake of ~Rs25bn over the next three years, supported by increasing conversion of the opportunity pipeline and greater participation in competitive bids, including large direct end-user opportunities.
- BTS EBITDA margin remain at ~20% and management is targeting ~24–25% over the medium term. The increasing contribution of BTS, alongside operating leverage and a richer product mix, should support improvement in consolidated profitability.
- Management is targeting ~25% revenue growth in FY27 and EBITDA margin above 13%, with a medium term aspiration to reach ~13–15% as BTS execution accelerates and operating leverage improves.
- Q1FY27 EBITDA margin was lower at ~11.3% on a standalone basis, primarily due to lower BTS contribution and project execution phasing. Management expects BTS execution to accelerate over the coming quarters, making margin recovery a key monitorable.
- Defence & Aerospace remains the largest end-market, contributing ~50–55% to revenue, with exposure spanning both BTS programs and EMS manufacturing for global OEMs.
- Within Defence Electronics, Centum has capabilities across radar, signal processing, control & guidance and missile electronics, with ongoing opportunities across radar, electronic warfare, air navigation and missile-related programs.
- Space is emerging as a key growth vertical, with increasing traction from ISRO and other space programs. Several opportunities are based on already-qualified products, providing a pathway from development/qualification to larger production orders.
- Centum is moving further up the space electronics value chain, with plans to develop satellite Assembly, Integration and Test (AIT) capabilities, allowing it to participate in larger system-level opportunities rather than remaining focused only on individual electronic modules.
- EMS remains an important revenue and volume stabiliser, with Q1FY27 EMS revenue growing ~20% YoY and the EMS order book increasing ~23% YoY. Growth is being driven by semiconductor equipment, industrial automation, electrification and grid-automation opportunities.
- Semiconductor Equipment has emerged as a significant EMS growth driver, with revenue exceeding Rs1bn in FY26 vs. negligible contribution in FY25. Management expects this business to scale to Rs2.5-3bn by the end of FY27.
- The Semiconductor Equipment business remains predominantly EMS in nature, implying ~10–11% EBITDA margin rather than BTS-like margin. However, its rapid growth provides an important volume driver for the EMS business.
- Centum is increasingly integrating its engineering and manufacturing capabilities to offer design-led manufacturing (DLM) solutions, enabling customers to move from product design through validation and into high-reliability manufacturing. Management expects the first DLM program wins in the coming quarters.

- The broader strategy is to “move up the value chain” from conventional EMS towards DLM, BTS and eventually system-level integration, which should increase technology content and expand the company's total addressable market (TAM).
- Centum is undertaking a ~Rs5bn investment programme in Karnataka over the next four years, with a new Aerospace and Defence Electronics manufacturing facility planned at the Hi-Tech Defence & Aerospace Park near Devanahalli, Bengaluru. Construction is scheduled to begin this month, with the facility expected to focus on advanced defence electronics, including radar and electronic warfare technologies, besides creating ~1,500 jobs.
- The Karnataka expansion should strengthen Centum's capacity in higher value Aerospace and Defence Electronics and support its long term transition towards System Integration and technology intensive BTS programs.
- The company has substantially completed the exit from its overseas subsidiaries. The French operating businesses were transferred to successful bidders and deconsolidated from June 2026, with management indicating that it does not expect further liabilities from these subsidiaries.
- Working capital remains a key monitorable as BTS scales up given its longer execution cycle and the requirement to procure inventory ahead of certain developmental orders. Customer advances provide an important offset while the company is also evaluating additional bank facilities and vendor financing arrangements.
- Overall, Centum is transitioning from a conventional EMS player towards a higher value, technology-led ESDM and Systems platform, with BTS, Defence, Space & Aerospace, , Semiconductor Equipment and Industrial Electronics providing multiple structural growth avenues.
- Key catalysts over the medium term include sustained BTS order inflows, conversion of the ~Rs18bn order book into revenue, acceleration in BTS execution, Semiconductor Equipment ramp-up, follow-on space production orders, DLM wins and development of the new Bengaluru Aerospace & Defence facility.
- Key monitorables remain BTS execution and revenue phasing, recovery of EBITDA margin towards 13–15%, working capital intensity, conversion of the broader opportunity pipeline into firm orders and execution of the planned Karnataka capex.

Financial Statements

Exhibit 1: Income statement

Y/E March (Rs mn)	FY22	FY23	FY24	FY25	FY26
Net Sales	3,480	5,006	6,328	7,761	9,731
Growth YoY %	(18.0)	43.8	26.4	22.6	25.4
Gross profit	1,393	1,789	2,228	2,696	3,096
Gross margin %	40.0	35.7	35.2	34.7	31.8
Staff costs	682	818	960	1,249	1,317
% of sales	19.6	16.3	15.2	16.1	13.5
Other expenses	286	434	481	506	570
% of sales	8.2	8.7	7.6	6.5	5.9
EBITDA	425	537	787	941	1,209
Growth YoY %	(32.0)	26.3	46.7	19.5	28.4
EBITDA margin %	12.2	10.7	12.4	12.1	12.4
Depreciation	165	162	184	195	195
EBIT	260	374	603	746	1,014
Interest	146	157	180	195	168
Other income	58	47	67	66	158
PBT (bei)	172	264	490	617	1,004
PBT	154	264	490	617	(1,029)
ETR	23%	26%	26%	26%	-14%
PAT	118	194	363	456	(1,171)
Adj PAT	136	194	363	456	863
Growth YoY %	(43.3)	42.6	86.9	25.9	89.0

Source: Company, Ashika Institutional Equities Research

Exhibit 2: Balance sheet

Y/E March (Rs mn)	FY22	FY23	FY24	FY25	FY26
Share capital	129	129	129	147	147
Reserves	2,516	2,698	2,995	5,438	4,168
Net worth	2,645	2,826	3,124	5,585	4,315
Long term debt	105	199	685	92	44
Short term debt	977	1,054	1,014	810	1,134
Total debt	1,083	1,254	1,699	901	1,178
Net debt	840	1,047	1,335	(227)	(22)
Other non-current liabilities	105	199	582	14	22
Total Equity & Liabilities	5,460	7,054	8,228	11,205	11,059
Gross block	1,903	2,008	2,213	2,410	2,872
Accumulated depreciation	762	914	1,083	1,294	1,474
Net Block	1,141	1,093	1,130	1,116	1,399
CWIP	0	54	3	76	-
Intangible and others	-	-	-	-	-
Other non-current assets	980	1,071	1,347	2,022	402
Investments	-	-	-	-	-
Trade receivables	898	2,095	2,203	3,171	3,073
Inventories	1,987	2,316	2,874	3,274	4,568
Cash & Cash Equivalents	243	207	364	1,129	1,200
Other current assets	3,340	4,835	5,748	417	418
Total current assets	3,340	4,835	5,748	7,990	9,258
Trade payables	726	1,525	1,494	1,701	2,549
Other current liabilities	949	1,390	1,861	2,978	2,992
Total current liabilities	2,653	3,969	4,369	5,489	6,675
Total Assets	5,460	7,054	8,228	11,205	11,059

Source: Company, Ashika Institutional Equities Research

Exhibit 3: Cash flow

Y/E March (Rs mn)	FY22	FY23	FY24	FY25	FY26
PBT	154	264	490	617	(1,029)
Depreciation	165	162	184	195	195
Interest	112	131	180	195	152
Other adjustments	(27)	109	(24)	104	1,934
Change in Working capital	392	(449)	310	(968)	(797)
Tax paid	(98)	3	(228)	(201)	(200)
Operating cash flow	680	214	837	(157)	284
Capex	(96)	(99)	(226)	(151)	(395)
Free cash flow	584	115	611	(308)	(111)
Other investing activities	37	(34)	(430)	(872)	(29)
Investing cash flow	(58)	(133)	(655)	(1,023)	(424)
Issuance of share capital	-	-	-	2,100	0
Movement of Debt	(419)	(66)	197	(219)	243
Dividend paid (incl DDT)	(26)	(32)	(91)	(39)	(88)
Other financing activities	(133)	(135)	(175)	(289)	(154)
Financing cash flow	(577)	(234)	(69)	1,553	1
Net change in cash flow	44	(153)	113	373	(139)
Opening C&CE	105	149	(3)	113	487
Closing C&CE	243	207	364	1,129	1,200

Source: Company, Ashika Institutional Equities Research

Exhibit 4: Key ratios

Y/E March	FY22	FY23	FY24	FY25	FY26
Per share (Rs)					
Adj EPS	10.6	15.1	28.1	31.0	58.5
Book value	205.3	219.4	242.4	379.7	292.7
DPS	2.3	6.0	16.9	18.6	-39.7
Valuation (x)					
P/Sales	15.7	10.9	8.6	8.0	6.4
EV/EBITDA	130.5	103.7	71.1	66.0	51.7
P/E	401.6	281.6	150.7	136.6	72.4
P/BV	20.7	19.3	17.5	11.2	14.5
Return ratios (%)					
RoCE	5.3	7.1	10.0	9.8	19.2
RoCE (pre-tax)	6.9	9.6	13.5	13.2	16.9
RoE	5.2	7.1	12.2	10.5	17.4
RoIC9	5.7	7.5	10.7	11.2	23.9
Profitability ratios (%)					
Gross margin	40.0	35.7	35.2	34.7	31.8
EBITDA margin	12.2	10.7	12.4	12.1	12.4
PAT margin	3.9	3.9	5.7	5.9	8.9
Liquidity ratios (%)					
Current ratio	1.3	1.2	1.3	1.5	1.4
Quick ratio	0.5	0.6	0.7	0.9	0.7
Solvency ratio (%)					
Net Debt to Equity ratio	0.3	0.4	0.4	(0.0)	(0.0)
Turnover ratios					
Fixed asset turnover(x)	1.9	2.6	3.0	3.4	3.7
Debtor days	99	109	124	126	160
Inventory days	196	157	150	145	250
Creditor days	69	82	87	75	120
Net Working capital days	226	184	187	196	290

Source: Company, Ashika Institutional Equities Research

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8	Ashika Global Finance Pvt Ltd	U01132WB1994PTC066087	RBI registered NBFC Registration No - B-05.5583
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10	Ashika Wealth Management Pvt Ltd	U65999WB2018PTC227019	NA
11	Ashika Investment Managers Pvt Ltd	U65929MH2017PTC297291	Investment Manger to Ashika Alternative Investments, a Category III AIF bearing Registration No - IN/AIF3/20-21/0811
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15	Ashika Minerals India LLP	AAR-7627	NA
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