CENTUM

Ref: CEL/NSEBSE/CR/20082025

20th August, 2025

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

Re: Scrip Symbol: CENTUM/ Scrip Code: 517544

Dear Sir/ Madam,

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to inform you that Care Ratings Limited has upgraded the credit ratings assigned to the Company as per the details given below:

Total Bank Loan Facilities Rated	Rs. 433.13 Crores
Long Term Rating	CARE BBB/Positive (Upgraded from 'CARE BBB/Stable')
Short Term Rating	CARE A3+

This disclosure is pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Yours faithfully,
For **Centum Electronics Limited**

INDU H S Digitally signed by INDU H S
Date: 2025.08.20 11:36:36
+05'30'

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

Press Release
Centum Electronics Limited
August 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	259.61 (Reduced from 267.13)	CARE BBB; Positive	Reaffirmed; Outlook revised from Stable
Long-term / Short-term bank facilities	173.52 (Enhanced from 166.00)	CARE BBB; Positive / CARE A3+	Reaffirmed; Outlook revised from Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the outlook from Stable to Positive assigned to bank facilities of Centum Electronics Limited (CEL) factors in expectation of improvement in operating profitability of the company aided by increasing orderbook especially in the Strategic Electronic Business Unit (SEBU), which primarily caters to Indian space and defence segment and is a higher margin vertical. While increase in orderbook would lead to increase in working capital requirements, the company has raised funds through qualified institutional placement (QIP) which would help the company in maintaining adequate liquidity position.
Ratings continue to derive strength from the promoters' three-decade-long industry experience and the company's established association with a reputed clientele base from which CEL has been receiving repeat orders. Ratings also derive strength from the above-average financial risk profile marked by continuing increasing income levels, satisfactory debt coverage indicators, and material improvement in capital structure at consolidated level. These rating strengths are partially offset by the working capital intensive operations and its exposure to the loss-making French subsidiary, Centum T&S (CTS).

Ratings assigned to bank facilities of factors in material improvement in capital structure of the company following QIP issue in Q4FY25. CARE Ratings Limited (CareEdge Ratings) believes that the fund raise would also help the company to scale up the operations profitably and to incur planned capex without relying on incremental debt. The share of higher margin orders in SEBU segment has increased which is likely to translate into better profit before depreciation, interest, and taxes (PBDIT) margins, going forward.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in the scale of operations while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margin over 9.5%.

Negative factors

- Interest coverage ratio (ICR) below 3x or total outside liabilities to tangible net worth (TOL/TNW) of over 3.5x.

Analytical approach: Consolidated

Consolidated financial and operational performance has been taken of CEL and its foreign subsidiaries due to strong financial and management linkages between them. The list of entities consolidated is mentioned under Annexure-6.

Outlook: Positive

Positive outlook reflects CareEdge Ratings' expectation that the rising orderbook position, especially of SEBU division, and the expected management's decision on subsidiaries to reduce the loss impact on CEL in near term will improve its operating profitability on a consolidated basis. The outlook may be revised to 'Stable' in case of lower-than-envisaged improvement in operating profitability margins.

Detailed description of key rating drivers:

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Key strengths

Growing orderbook position

The company's offerings range from customised product design and development, manufacturing services, and turnkey solutions for mission-critical applications in the defence, aerospace, space, industrial, medical and communications industries. The company broadly operates under two business segments, including SEBU and the Electronics Manufacturing Solutions Business Unit (EMS). CTS (a subsidiary of CEL) has an engineering division in France, with electronic system designing capabilities in the industrial sector.

On consolidated basis, CEL order stands at ₹1,736 crore as on March 31, 2025, against ₹1,642 crore as on March 31, 2024, which is likely to grow further considering company’s proven technical capabilities in the domains it operates.

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, executive director, and Tanya Mallavarapu, non-executive director. The company has a high level of corporate governance with six independent directors having vast experience in the field of electronics system designing and manufacturing. CareEdge Ratings believes such long-established track record would help the company in maintaining strong order book.

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. The clientele base consists of reputed companies, such as Space Application Centre, ISRO, DRDO’s, ABB, Thales, and RAFAEL among others.

Successful raise of funds through QIP

CEL has raised ₹210 crore through QIP in March 2025 for the purpose of repaying debts, capital expenditure, and general corporate purposes. This infusion has helped the company in improving its capital structure materially. TOL/TNW of the company improved to 2.57x as on March 31, 2025, from 6.99x as on March 31, 2024. Part of the QIP funds are also earmarked for incurring capex to cater to increasing orderbook and therefore TOL/TNW is likely to remain at similar levels, going forward.

Above-average financial profile, marked by satisfactory coverage indicators

On a consolidated basis, PBILDT margins have improved from 8.06% in FY24 to 8.43% in FY25. CareEdge Ratings expects that it is estimated to further improve in near-to-medium term with decisions being taken on loss-making subsidiary and sizeable order book in hand.

Key weaknesses

Working capital intensive operations

The company’s business operations are working capital intensive considering long gestation period from winning to execution of order. Amid container and semiconductor supply constraints, lead time, and procurement cost increased. The procurement orders are placed based on the client’s acceptance to absorb the price difference and pay advances to reduce the lead time. While CEL has been able to collect advances for executing certain orders, growing orderbook position especially in SEBU division, had led to near full utilisation of working capital before improving due to utilisation of QIP funds to reduce the borrowings.

Loss-making subsidiary

CEL took over Adetel in 2016, which was a stressed asset, and is currently named 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. Although CTS’ operations were envisaged to be profitable, fixed price contract margins and high employee costs among others impacted the turnaround. The subsidiary continued to make losses in FY25 as well. CEL has infused ₹33 crore in CTS in FY24, of which ₹14 crore was towards existing put option liability and ₹19 crore as support to subsidiary and further invested ₹45 crore in FY25. The management expects that no further support would be required. The positive effects envisaged on financial position on consolidated basis, post decision on subsidiary company are yet to be seen.

Liquidity: Adequate

The liquidity of the company is adequate with expected improvement in cash accruals aided by strong demand in business and expansion plans of the company. While the capital cycle is estimated to increase in line with increase in order book, company’s recent fund raise through QIP is likely to maintain the working capital utilisation at manageable levels. Average WC utilisation of the company stands at 72% for the past 12 months ending June 2025.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

The company remains committed to environmental, social, and governance (ESG) principles. It is focused on reducing environmental footprint by improving energy efficiency, minimising waste, and adopting sustainable sourcing practices. On the social front, fostering diversity, inclusion, and employee well-being remains a central priority for CEL. Navigating evolving regulatory frameworks and stakeholder expectations remains key priorities. In this financial year, CEL has received the Sustainability Award from Society of Environmental and Energy Managers (SEEM).

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 the aerospace, defence, and industrial electronics sectors.

Brief Financials (Consolidated) (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total operating income	1,091.64	1,156.21	276.34
PBILDT	87.99	97.50	25.67
PAT	-2.76	-1.93	4.47
Overall gearing (times)	1.81	0.56	NA
Interest coverage (times)	2.64	3.09	3.68

A: Audited, UA: Unaudited, NA: Not Available; Note: these are latest available financial results

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

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook

Fund-based - LT-Term Loan	-	-	-	August 2028	27.91	CARE BBB; Positive
Fund-based - LT/ ST-CC/PC/Bill Discounting	-	-	-	-	173.52	CARE BBB; Positive / CARE A3+
Non-fund-based - LT-Bank Guarantee	-	-	-	-	231.70	CARE BBB; Positive

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 in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT/ ST-CC/PC/Bill Discounting	LT/ST	173.52	CARE BBB; Positive / CARE A3+	-	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)	1)CARE BBB; Stable / CARE A3+ (08-Nov-22) 2)CARE BBB; Stable / CARE A3+ (01-Apr-22)
2	Non-fund-based - LT-Bank Guarantee	LT	231.70	CARE BBB; Positive	-	1)CARE BBB; Stable (16-Jan-25) 2)CARE BBB; Stable (03-Jan-25)	1)CARE BBB; Stable (19-Dec-23)	1)CARE BBB; Stable (08-Nov-22) 2)CARE BBB; Stable (01-Apr-22)
3	Fund-based - LT-Term Loan	LT	27.91	CARE BBB; Positive	-	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: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-CC/PC/Bill Discounting	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Centum T&S Private Limited	Full	Wholly Owned Subsidiary
2	Centum Electronics UK Limited	Full	Wholly Owned Subsidiary
3	Centum T&S Group Société Anonyme (S.A.), France	Full	Step down subsidiary
4	Centum T&S (Centum Technologies ET Solutions), France	Full	Step down subsidiary
5	Centum R&D (Centum Recherche Et Développement)	Full	Step down subsidiary
6	Centum Adetel Transportation System	Full	Step down subsidiary
7	Centum T&S (Centum Technologies ET Solutions)	Full	Step down subsidiary
8	Centum E&S (Centum Équipements ET Systèmes)	Full	Step down subsidiary
9	Centum Technologies ET Solutions - Société à responsabilité limite (SRL)	Full	Step down subsidiary
10	Ausar Energy SAS	Moderate	Associate

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.

Contact us

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India.

With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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