Rating Rationale

August 25, 2026 | Mumbai

CFF Fluid Control Limited

Ratings reaffirmed at 'Crisil BBB+ / Stable / Crisil A2 '

Rating Action

Total Bank Loan Facilities Rated	Rs.45 Crore	Regulator Of Instrument
Long Term Rating	Crisil BBB+/Stable (Reaffirmed)	RBI
Short Term Rating	Crisil A2 (Reaffirmed)	RBI

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed rationale
Crisil Ratings has reaffirmed its 'Crisil BBB+/Stable/Crisil A2' ratings on the bank facilities of CFF Fluid Control Limited (CFF).

The ratings continue to reflect the extensive experience and technical capabilities of the promoters in the defence equipment industry, the benefits derived by the company from its empanelment and global tie-ups with reputed partners, its healthy order book from established clients, and comfortable financial risk profile. These strengths are partially offset by its modest scale of operations with susceptibility of revenue and profitability to risks inherent in the tender-based business, and large working capital requirement.

Analytical approach
Crisil Ratings has considered the standalone business and financial risk profiles of CFF.

Key rating drivers - Strengths
Extensive industry experience and technical capabilities of the promoters, and benefits of the company's empanelment and global tie-ups: Experience of more than three decades in the defence equipment industry has given the promoters an understanding of the market dynamics and enabled them to establish relationships with suppliers and customers. CFF has developed strong engineering and design capabilities, which have helped it meet the changing demands of its customers.

CFF manufactures critical systems for the Indian Navy across fluid and platform control, sonar, weapons handling, submarine communications, providing support throughout equipment lifecycle from factory acceptance, trials to refit. The company holds Authorised Equipment Manufacturer (AEM) status with DPSU shipyards and Navy Dockyards, and is qualified across all three Indian submarine classes and multiple surface combatant programmes. Its capabilities are further supported by technology partnerships with Naval Group (France), Atlas Elektronik (Germany), and Nereides (France), enabling indigenous production of key naval systems. Given the long lifecycle of naval platforms, the company benefits from recurring revenue through spares, maintenance, upgrades, and refit support, in addition to new-build supplies.

These tie-ups along with the strong execution capabilities of CFF has enabled the company's revenue to grow at a compound annual growth rate of 43% over the three years through fiscal 2026, to Rs 208.7 crore.

Healthy order book with established clientele: CFF's strong market presence has enabled it to maintain healthy order book of ~Rs 551 crore as of July 3, 2026. This provides healthy revenue visibility over the medium term. Furthermore, the company has a wide product portfolio. including fluid and platform control, sonar, weapons handling, submarine communications, etc. CFF has a diversified customer base which ranges from government arms and organisations involved in the defence and shipbuilding.

Comfortable financial risk profile: CFF's adjusted networth has been healthy and increased to Rs 256.7 crore as on March 31, 2026, from Rs 138.9 crore a year earlier, backed by a follow-on public offer (FPO) in July 2025 along with steady accretion to reserve. CFF's capital structure has been healthy due to low reliance on external funds, as indicated by gearing of 0.1 time and total outside liabilities to adjusted networth (TOLANW) ratio of 0.2 time as on March 31, 2026 (around 0.2

time and 0.4 time, respectively, a year ago). The debt protection metrics have also been healthy due to low leverage and healthy profitability. The interest coverage and net cash accrual to total debt (NCATD) ratios were above 43.2 times and 2.2 time, respectively, for fiscal 2026. The financial risk profile is expected to remain comfortable driven by steady accretion to reserve, low leverage and healthy profitability over the medium term.

Key rating drivers - Weaknesses

Modest scale of operations and susceptibility of revenue and profitability to risks inherent in tender-based business: CFF's scale of operations has been modest as reflected in revenue of Rs 106.8–208.7 crore in the three years through fiscal 2026. The modest scale constrains scalability, pricing, and bargaining power with customers and suppliers. While CFF has a diversified product profile with different products providing varied profitability, its business performance depends entirely on tenders from customers. As a result, both, revenue and profitability are expected to remain volatile.

Large working capital requirement: The company had gross current assets (GCAs) of 400 days as on March 31, 2026, driven by inventory and receivables of ~131 and 189 days, respectively. The large working capital requirement arises from sizeable inventory due to the nature of business and higher receivables during the year end. The lead time is high as the company manufactures critical components required in manufacturing ships and submarines by the India Navy, leading to high inventory requirements. The receivables have remained high due to higher year-end sales. The stretched GCAs are also because of the increase in current assets, which include retention money and advances to suppliers. The working capital requirement is expected to remain large over the medium term.

Liquidity Adequate

Fund-based bank limit utilisation was moderate at 55% on average for the 12 months through July 2026. Annual cash accrual is expected at Rs 55–65 crore against yearly term debt obligation of around Rs 2 crore over the medium term, and the surplus will cushion liquidity. The current ratio was healthy at 5.7 times as on March 31, 2026. CFF had cash and bank balance of Rs 43.5 crore as of March 2026. Low gearing and moderate networth support financial flexibility and will provide financial cushion during adverse conditions or downturns in the business.

Outlook Stable

Crisil Ratings believes CFF will continue to benefit from the extensive experience of its promoters and established relationships with clients.

Rating sensitivity factors

Upward factors
- Steady revenue growth and sustenance of the operating margin, leading to cash accrual maintained above Rs 45 crore
- Sustenance of the financial risk profile

Downward factors
- Decline in net cash accrual below Rs 30 crore on account of fall in revenue or operating profit
- Large, debt-funded capital expenditure weakening the capital structure
- Steep increase in the working capital requirement weakening the liquidity and the financial risk profile

About the company

CFF (previously known as Flash Forge Fluid Control Pvt Ltd) was incorporated in February 2012. The company manufactures and services shipboard machinery, critical component systems and test facilities for submarines and surface ships for the defence sector.

CFF operates operates two manufacturing facilities in Maharashtra with a combined covered area of approximately 7,950 square metres, both certified to ISO 9001:2015. The facility at Khopoli, Raigad, is the primary facility for platform and fluid systems, steering gear, high-pressure air systems (tested to 300 bar), hydraulic power packs, atmosphere management and HVAC systems, and infra-red suppression systems, with full Factory Acceptance Trial (FAT) capability on site.

The facility at Chakan, Pune, commissioned in fiscal 2025, is purpose-built for electronic manufacture and assembly, including sonar systems, signal processing, special-sensor production and Buoyant Wire Antenna assembly.

CFF is listed on the SME (small and medium enterprises) platform of the Bombay Stock Exchange. The company is managed by Sunil Menon (Managing Director) and Gautam Makkar (Director).

Key financial indicators

As on/for the period ended March 31		2026	2025
Operating income	Rs crore	208.7	145.6
Reported profit after tax (PAT)	Rs crore	39.2	23.9
PAT margin	%	18.8	16.4
Adjusted debt/Adjusted networth	Times	0.08	0.15
Interest coverage	Times	43.2	18.1

Any other information: Not applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Please note:
More details including a list of activities or instruments, along with the names of respective financial sector regulators (FSRs) whose purview they fall under, is available in 'Annexure – List of Instruments and Names of Regulators' below.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook	Regulator Of Instrument
NA	Bank Guarantee	NA	NA	NA	20.00	NA	Crisil A2	RBI
NA	Cash Credit	NA	NA	NA	15.00	NA	Crisil BBB+/Stable	RBI
NA	Term Loan	NA	NA	31-Mar-27	7.00	NA	Crisil BBB+/Stable	RBI
NA	Working Capital Term Loan	NA	NA	31-Mar-27	3.00	NA	Crisil BBB+/Stable	RBI

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure - Rating History for last 3 Years

	Current			2026 (History)		2025		2024		2023		Start of 2023
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	25.0	Crisil BBB+/Stable		--	15-09-25	Crisil BBB+/Stable	30-11-24	Crisil BBB/Positive		--	--
Non-Fund Based Facilities	ST	20.0	Crisil A2		--	15-09-25	Crisil A2	30-11-24	Crisil A3+		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities - Regulator for the Instrument is RBI

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	**20**	**Axis Bank Limited**	**Crisil A2**
Cash Credit	**15**	**Axis Bank Limited**	**Crisil BBB+/Stable**
Term Loan	**7**	**Axis Bank Limited**	**Crisil BBB+/Stable**
Working Capital Term Loan	**3**	**Axis Bank Limited**	**Crisil BBB+/Stable**

Annexure: List of instruments and names of regulators of the instruments
As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A. Rating activities

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI

2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)*$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFC's, HFCs, Fis	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	+
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.
~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Crisil Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.
^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
# There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.
@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.
$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.
+ To be finalized following a discussion with the regulatory authorities.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)

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