



CFF Fluid Control Ltd



**SNM VALUE EDUCATOR RESEARCH
SERVICES LLP:
Tiny Titans**

RA No: INH000019789

CFF Fluid Control Ltd

Engineering India's Naval Future

CFF Fluid Control Ltd. is a leading player in India's defense manufacturing ecosystem, specializing in fluid control systems, weapon integration platforms, and naval subsystems. Backed by an order book of over ₹5,900 crore, with ~90% linked to defense PSUs and the Indian Navy, CFF enjoys multi-year revenue visibility. CFF recently launched its Follow-on Public Offer (FPO) to raise ₹80.93 Crores, primarily for working capital, positioning it to execute its growing order book effectively.

The company is transitioning from a component supplier to a systems integrator, which strengthens margins and strategic relevance. With robust financials, policy tailwinds under 'Atmanirbhar Bharat,' and rising defence allocations, CFF offers a compelling long-term growth story.

Strong Financial Growth and Order Book Visibility

CFF delivered 36.6% revenue growth and 39.6% PAT growth in FY25, maintaining a healthy EBITDA margin of 28.4%. The company's ₹5,900+ crore order book provides multi-year revenue visibility, with ~90% linked to defense PSUs and OEMs.

Transition to Systems Integration

Moving beyond component supply, CFF is now focusing on complex system-level solutions such as sonar systems, steering gear, and weapon integration platforms. This transition, though involving longer development cycles, enhances margins and strategic relevance with the Navy.

Strategic Partnerships Driving Capability

Collaborations with Atlas Elektronik (LF-VDS Sonars), Naval Group (Scorpene submarines - P75AS), and Nereides (submarine buoyant wire antennas) place CFF at the forefront of indigenous naval technology programs. These alliances help substitute imports with indigenous solutions.

Expanding Manufacturing & R&D Base

CFF has operationalized a new facility in Pune for weapon systems and sensor production. It has also strengthened its workforce with 178 new hires, including 22 design engineers, underscoring its shift toward in-house R&D and innovation.

Policy Tailwinds in Defence Sector

India's defense budget stood at US\$ 78.7 billion in 2024 (4th highest globally), with a clear push toward indigenization and export promotion. Defense exports have grown 334% over five years, and India targets US\$ 6 billion exports by 2028-29.



CMP (₹)	₹617
Market Cap (₹ Cr)	₹1295
NSE-SME	543920

Shareholding pattern	
Promoter	68.06%
FII+DII	0.53%
Others	31.42%

Financial Summary			
(₹ Cr)	FY23	FY24	FY25
Revenues	71	107	146
EBITDA (%)	26%	29%	28%
PAT	10	17	24
ROCE (%)	34%	24%	22%



Company overview

CFF Fluid Control Ltd., headquartered in Mumbai, is a defence-focused engineering company specializing in the design, development, and manufacturing of critical systems for naval and marine applications. Established in 2012 as a subsidiary of CFF Germany, the company has since evolved into a key systems integrator for the Indian defence ecosystem, with a growing emphasis on indigenization under the Government of India's 'Atmanirbhar Bharat' initiative.



The company's expertise lies in fluid control systems, weapon integration platforms, steering gear, sonar handling systems, high-pressure valves, and actuators, which are essential for the functioning of submarines, surface ships, and other naval assets. Over the years, CFF has developed strong relationships with defence PSUs such as Mazagon Dock Shipbuilders Ltd. (MDL), Garden Reach Shipbuilders & Engineers (GRSE), Hindustan Shipyard Ltd. (HSL), and Cochin Shipyard Ltd. (CSL), as well as with the Indian Navy, which remains its largest end customer.

In recent years, CFF has invested significantly in R&D and in-house design capabilities, enabling it to move beyond supplying discrete components toward delivering integrated systems. This transition not only strengthens margins but also positions the company as a long-term technology partner in complex naval programs. The company has also expanded its manufacturing footprint with a new facility in Pune dedicated to weapon systems and sensors, alongside its existing operations.

Business Segments

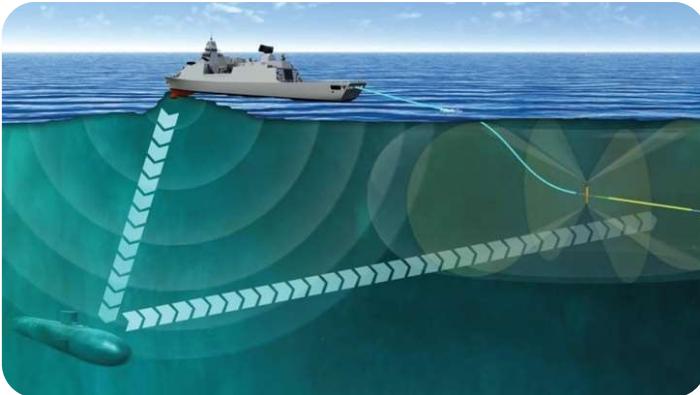
1. Fluid Control Systems



This is CFF's legacy business and continues to be a core revenue contributor. The company designs and manufactures high-pressure valves, regulators, and actuators used in submarines, surface ships, and other naval vessels. These systems are critical for ensuring the safe and efficient flow of fluids in demanding undersea conditions. With growing emphasis on indigenous sourcing, CFF's expertise in this niche positions it as a key supplier to Indian shipyards.



2. Naval Weapon & Sonar Handling Systems

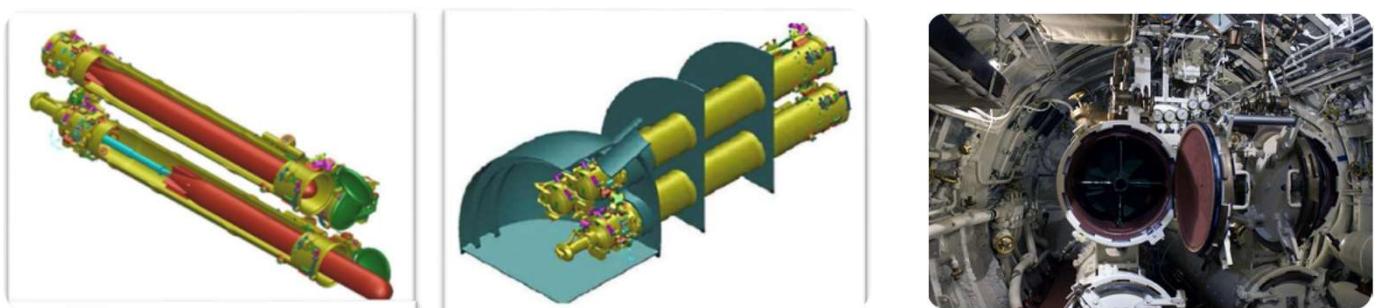


CFF has expanded into complex system-level solutions such as weapon integration platforms, sonar handling systems, and steering gear. These are critical for enabling combat readiness and navigation in naval operations. The company has partnered with Atlas Elektronik to deliver Low Frequency Variable Depth Sonar (LF-VDS) systems and with Naval Group (France) to support integration for Scorpene submarines under Project 75 (P-75AS). Such alliances enable technology transfer and strengthen CFF's ability to replace imported systems with indigenous alternatives.

3. Actuators and Motion Control Solutions

Another important business vertical is the design and supply of actuators and motion control systems. These are used in both surface and sub-surface platforms to automate movement and ensure precise control. The increasing complexity of modern naval vessels has driven demand for reliable and high-precision actuator systems, an area where CFF has built strong design and engineering capabilities.

4. Weapon Integration Platforms & Steering Gear



CFF plays a significant role in developing steering gear and weapon integration platforms, both of which are vital to ship maneuverability and defence capability. Weapon integration platforms cover systems that enable the deployment of torpedoes, missiles, decoys, and mines from submarines and surface ships. These platforms require advanced hydraulics, actuators, and control systems to ensure safe and precise operations.

CFF's expertise in fluid control and motion systems makes it a natural fit for such high-stakes applications. Its collaboration with Naval Group for the Scorpene-class submarines (Project 75) underscores its involvement in torpedo launch and handling systems, a critical element of modern undersea warfare. With India expanding its fleet of destroyers, frigates, and submarines, recurring demand for such integrated weapon systems provides CFF with strong long-term visibility.



5. R&D and Design Services

Beyond physical products, CFF also provides design and engineering services that support defence PSUs and shipyards in developing indigenous naval systems. The company has hired over 178 new employees in FY25, including 22 design engineers, strengthening its technical capabilities. This R&D focus is central to its transition from a component supplier to a systems integrator.

Client Profile

CFF's client base is heavily defence-focused, with the Indian Navy accounting for the majority of end demand. The company supplies indirectly through PSUs such as MDL, GRSE, HSL, CSL, and Bharat Electronics Ltd. (BEL), all of which act as prime contractors for naval shipbuilding and modernization projects. By aligning closely with these shipyards and integrators, CFF ensures participation in most of India's strategic naval programs.

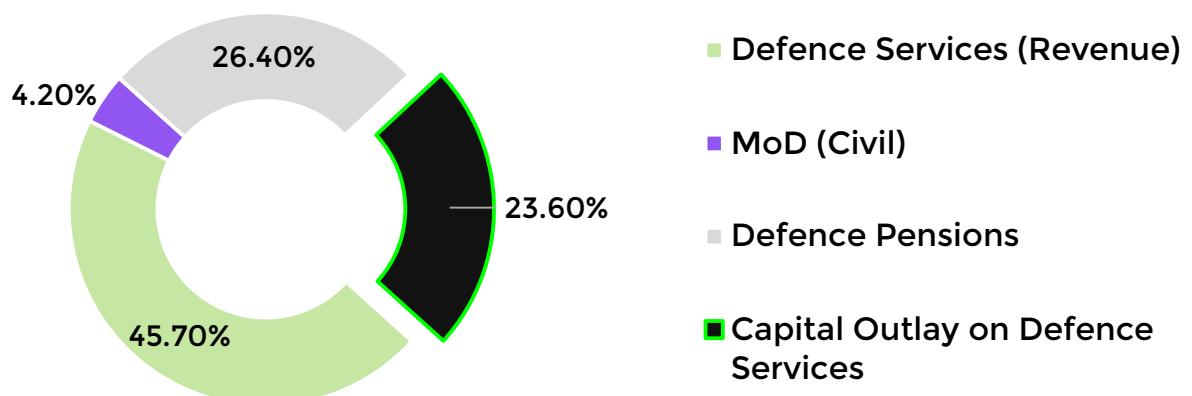


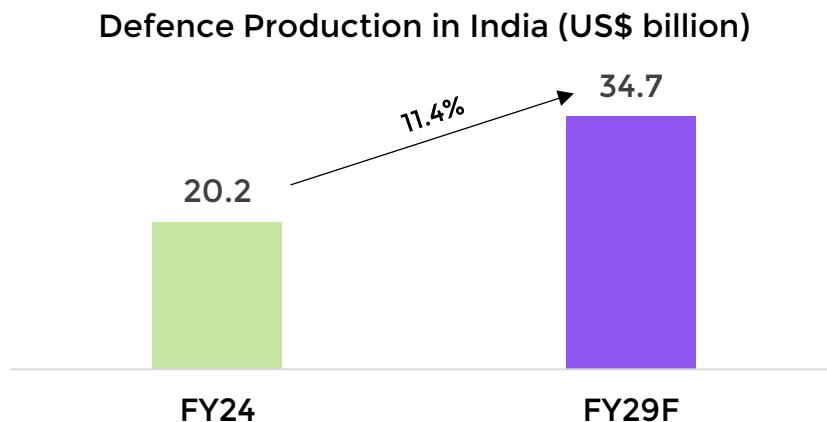
In addition, the company is building capabilities to expand into export markets, particularly in collaboration with global partners like Atlas Elektronik and Naval Group. With India aiming to grow defense exports to US\$ 6 billion (₹50,000 crore) by 2028-29, CFF is well placed to leverage its partnerships and R&D base to capture a share of this opportunity.

Industry Outlook

India's defence sector is entering a long-term growth phase, underpinned by rising government allocations, strategic indigenization, and an expanding naval modernization program. The Union Budget FY25 allocated ₹6.2 lakh crore to defense, making India the fourth-largest defense spender globally. Of this, ₹1.7 lakh crore was earmarked for capital expenditure directed toward shipbuilding, Aircrafts, submarines, and advanced weapon systems.

Fund allocation in Defence Industry (Interim Budget 2025-26)



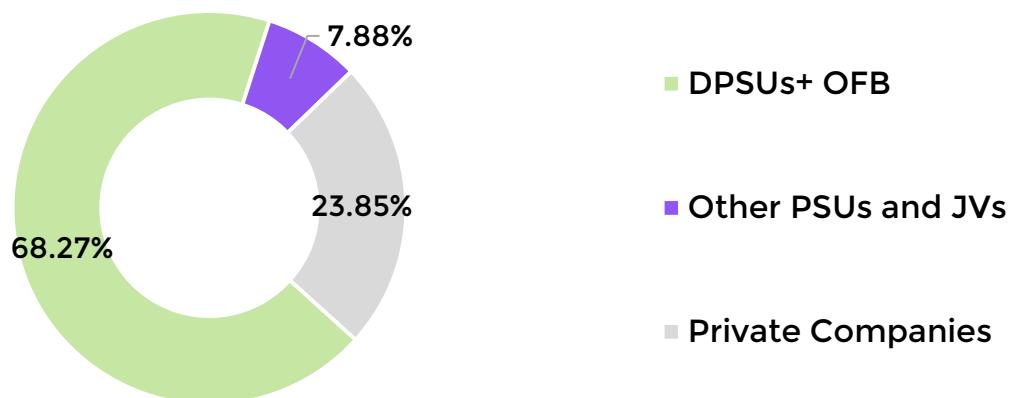


The Indian Navy is set to be a key beneficiary of this spending push. With a projected fleet expansion to over 175 ships and 24 submarines by 2035, the demand for indigenous systems such as sonar handling gear, torpedo launchers, actuators, and fluid control systems is expected to rise steadily. Programs such as Project 75 (Scorpene submarines), Project 75 Alpha (nuclear-powered attack submarines), and Next Generation Destroyers and Frigates provide a multi-decade pipeline of opportunities for players like CFF.

The government's Atmanirbhar Bharat initiative has created strong policy tailwinds, including import restrictions on 500+ defense items and mandatory indigenous sourcing for naval shipyards. This policy environment favors companies with proven domestic manufacturing and R&D capabilities. India's defense exports have already grown 3.3x in the last five years, and the government targets ₹50,000 crore (US\$6 billion) of defense exports by FY29. CFF, with its partnerships with Naval Group and Atlas Elektronik, is well positioned to participate in both domestic and export-linked opportunities.

In addition, the defense ecosystem is witnessing increasing private sector participation, supported by long-term programs like iDEX (Innovation for Defence Excellence), Make in India, and the Defence Production and Export Promotion Policy (DPEPP 2020). With its strong order book and transition into systems integration, CFF is structurally aligned with these trends.

Defence Production in India by Sector (US\$ billion) in FY25





Recent Order wins

CFF Fluid Control Limited has recently secured significant orders from the Material Organisation, Indian Navy, for the procurement of various equipment under the P75 Project. On October 1, 2025, the company received a Letter of Intent (LOI) for equipment procurement with a total value of approximately Rs. 27.74 crores, including tax, with scheduled delivery by March 2026. In addition, on September 30, 2025, the company was awarded another LOI for a similar procurement for the P75 Project worth Rs. 11.69 crores, also to be completed by March 2026. Both orders are domestic contracts, and there is no related party involvement in the awarding entities.

Key Risks

1. Execution and Delivery Risks

Defense contracts are complex, long-cycle projects with stringent quality and timeline requirements. Delays in execution, technology integration, or approvals could impact revenue recognition and margins.

2. Client Concentration

The company's revenues are highly dependent on the **Indian Navy and defense PSUs** such as MDL, GRSE, and CSL. Any slowdown or deferment in naval procurement could materially affect growth.

3. Working Capital Intensity

Defense projects often involve high upfront investment and elongated receivable cycles. Despite its FPO proceeds, CFF may continue to face elevated working capital requirements, especially as order volumes scale.

4. Technology Dependence on Partners

While partnerships with Naval Group and Atlas Elektronik provide access to advanced systems, over-reliance on foreign collaborations could be a risk if geopolitical or contractual issues arise. Building independent R&D capabilities remains critical.

5. Regulatory and Policy Risks

The defense sector is highly regulated, and shifts in government priorities, procurement policies, or export regulations could impact CFF's business pipeline.

6. Competitive Intensity

As India opens defense manufacturing to the private sector, new entrants and larger conglomerates (e.g., L&T, Mazagon Dock, BEL) could intensify competition in naval systems integration, pressuring margins.



Financials

Profit & Loss Statement

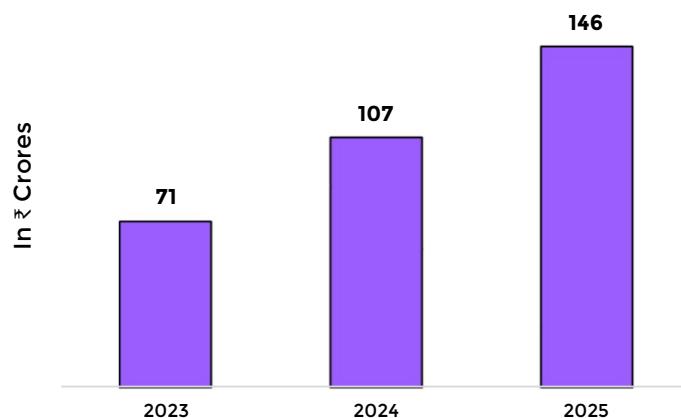
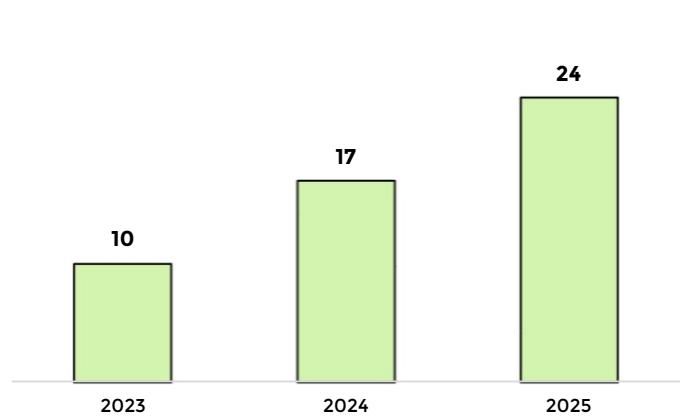
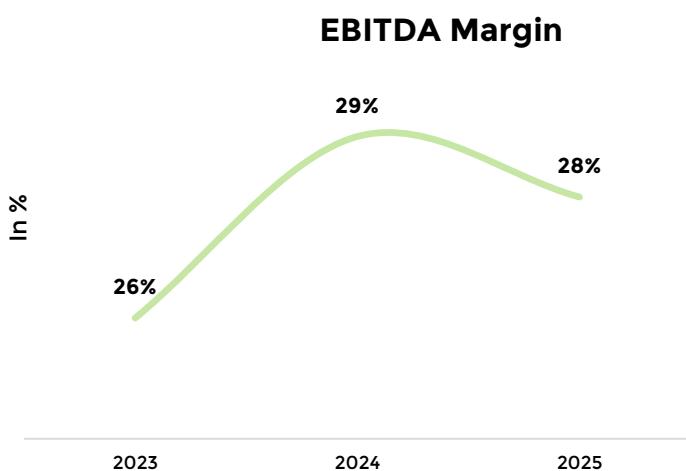
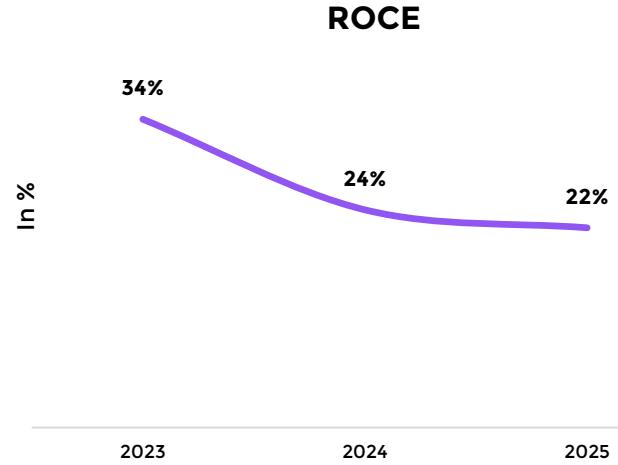
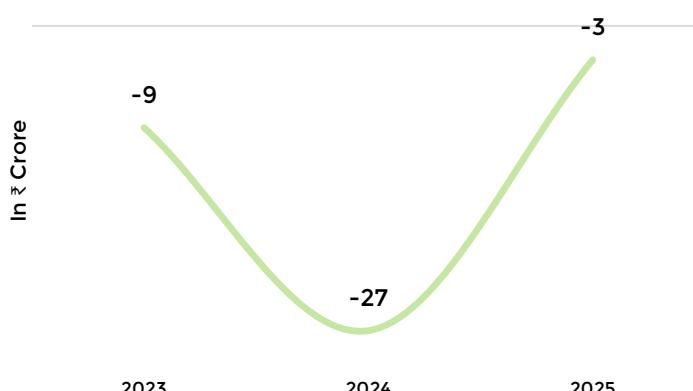
	2023	2024	2025
Sales	71	107	146
Expenses	52	76	105
Operating Profit	18	31	41
OPM %	26%	29%	28%
Other Income	0	0	1
Interest	3	2	2
Depreciation	1	4	6
Profit before tax	14	24	33
Tax %	30%	29%	28%
Net Profit	10	17	24
EPS in Rs	7.10	8.78	12.25

Balance Sheet

	2023	2024	2025
Equity Capital	14	19	19
Reserves	11	106	128
Borrowings	46	23	21
Other Liabilities	18	12	30
Total Liabilities	89	161	199
Fixed Assets	26	30	36
CWIP	0	8	2
Investments	0	0	0
Other Assets	62	122	161
Total Assets	89	161	199



Financials

Revenues**Net Income****EBITDA Margin****ROCE****CFO**



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| 14th October 2025

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