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IPO Note
26th October 2026

SFC Environmental Technologies Ltd

NEUTRAL

Rating: Neutral

Issue Offer

Total issue size: Fresh Issue - INR 1,500.00 Mn and OFS - Up to 1,56,82,750 Equity Shares (INR 5,175.00 Mn) by the Selling Shareholders

Issue Summary	
Price Band (INR)	313-330
Face Value (INR)	2
Implied Market Cap (INR Mn)	32,325.7
Market Lot	45
Issue Opens on	27 October, 2026
Issue Close on	29 October, 2026
Pre-issue shares	9,34,11,270
Post-issue shares	9,79,56,724
Listing	NSE and BSE

Issue Break-up (%)	
QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Book Running Lead Managers
IIFL Capital Services Limited
JM Financial Limited
Nuvama Wealth Management Limited

Registrar
MUFG Intime India Private Limited

Shareholding Pattern	Pre-Issue	Post-Issue
Promoters	48.19%	29.94%
Public & Others	51.81%	70.06%

Objects of the Offer	Exp. Amt (INR Mn.)
Prepayment of certain outstanding borrowings	422.28
Funding working capital requirements	749.17
General corporate purposes	≤ 25% of gross proceeds

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SFC Environmental Technologies Limited is a Navi Mumbai-based environmental technology company offering technologies and engineering solutions across wastewater treatment (WWT), wastewater recycling and reuse (WRR) and solid waste treatment (SWT). Incorporated in 2005, its proprietary C-Tech sequencing batch reactor technology treats sewage and effluents, and its technologies facilitated treatment of 17,511.11 MLD of wastewater as of July 31, 2026. It entered tertiary treatment through an exclusive India supply agreement with DuPont for ultrafiltration, CCRO and MBR membranes, and in solid waste runs two integrated facilities in Goa on its proprietary OREX technology. It employed 264 people including 149 engineers as of August 31, 2026 and is promoted by Sandeep Sudhakar Asolkar, Priya Sandeep Asolkar, Prachiti Sandeep Asolkar and Saketchandrasingh Pratapsingh Dhandoriya.

Investment Rationale:

Market leadership in wastewater treatment: SFC holds over 80% market share in India's sequencing batch reactor (SBR) technology segment, supported by its proprietary C-Tech technology and an established execution track record. As of July 31, 2026, the company had commissioned 728 wastewater treatment installations, facilitating treatment of 17,511.11 MLD of wastewater. Its energy-efficient technology, lower land requirement and established EPC relationships provide a competitive advantage in municipal wastewater projects.

Solid waste treatment and CBG provide growth optionality: The company is expanding its presence in municipal solid waste treatment and compressed biogas (CBG). Its OREX technology enables the separation of biodegradable material from mixed municipal waste, while its Goa facilities have an aggregate treatment capacity of up to 425 TPD, including additional handling capacity. The company has secured CBG plant orders worth INR 5,017 Mn, with further opportunities through industry partnerships. Successful execution could strengthen its presence in waste-to-energy solutions.

Strong order book supports revenue visibility: SFC's total order book stood at INR 16,566.43 Mn as of August 31, 2026, equivalent to approximately 2.1x FY26 revenue. Wastewater treatment, WRR and solid waste treatment contributed INR 6,410.31 Mn, INR 5,610.72 Mn and INR 4,545.41 Mn, respectively. Repeat customers accounted for 91.98% of FY26 revenue, reflecting established customer relationships. Timely execution and collections will be key to converting this order book into revenue and cash flows.

Technology partnerships and backward integration strengthen capabilities: The company is expanding in-house manufacturing of critical components, including decanters, diffusers and turbo blowers, while technology partnerships broaden its treatment solutions. The acquisition of an 80% stake in Germany-based IST-Anlagenbau GmbH has strengthened its solar sludge drying capabilities. These initiatives could improve supply-chain control, support product development and create cross-selling opportunities across wastewater and solid waste treatment projects.

Valuation & Outlook: SFC Environmental Technologies is positioned to benefit from rising investment in wastewater treatment, water recycling and municipal solid waste management. Its established leadership in SBR technology provides a strong base, while the WRR and CBG businesses offer additional growth opportunities. The INR 16,566.43 Mn order book as of August 31, 2026, provides revenue visibility, with the newer WRR segment already contributing a meaningful share of the pipeline. Going forward, growth will depend on timely order execution, conversion of new opportunities into firm contracts and the ability to scale newer businesses profitably. While healthy annual margins and modest leverage support expansion, the elevated cash conversion cycle, customer concentration and quarterly margin volatility warrant close monitoring. **We value the company at 4.02x post-issue P/BV at the upper end of the price band, based on a post-issue book value of INR 82.09 per share. Considering the implied valuation, we recommend a "NEUTRAL" rating on the IPO.**

Particulars (INR Mn)	FY24	FY25	FY26
Revenue	6,574.95	6,978.58	8,036.29
Growth (%) YoY	-	*6.14%*	*15.16%*
Op. EBITDA	1,932.54	2,074.80	2,358.12
Margins (%)	*29.39%*	*29.73%*	*29.34%*
PAT/(Loss)	1,441.73	1,520.08	1,602.13
Margins (%)	*21.93%*	*21.78%*	*19.94%*

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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