

Company Overview

SFC Environmental Technologies Ltd. is a company that provides efficient and comprehensive engineering solutions in the fields of wastewater treatment (WWT), wastewater recycling and reuse (WRR), and solid waste treatment (SWT). Incorporated in 2005, the company provides B2B services in India and international markets with India being core revenue driver. Its core operations including the design, technology, manufacturing, supply, and supervision of the installation and commissioning of wastewater treatment equipment. The company uses its proprietary C-Tech technology for wastewater management, an advanced technology for treating sewage and effluents. With more than 700 installations under the WWT segment, the company currently holds over 80% of the market share, indicating its strong position in sequencing batch reactor (SBR) technology, a key wastewater treatment method in India, along with with top 10 customers contributing approx. 59%-65% of the total revenue. With a total treatment capacity of approximately 17,000 million litres per day (MLD), the company is currently developing one of the largest sewage treatment plants (STPs) in India, with a capacity of 424 MLD, which is expected to significantly increase its treatment capacity and improve operational efficiency. The company also provides high-efficiency turbo blowers for aeration in wastewater treatment, fibre disc filters for the efficient removal of suspended solids from wastewater, and solar sludge drying systems that use solar energy to dry sludge generated from wastewater and solid waste treatment. The company expanded into wastewater recycling and reuse (WRR) in FY26, following the receipt of its first WRR order in July 2025, with an order value of Rs.561 crores. In the solid waste treatment (SWT) segment, the company currently leads the market, giving it a distinct competitive advantage. Its principal technology in this segment is Organic Extraction (OREX) technology. The company is among the few players that have leveraged global technology in the municipal solid waste sector and adapted it to meet Indian requirements. It has designed two integrated SWT facilities in Goa for the Goa Waste Management Corporation, with a combined treatment capacity of 350 tonnes of solid waste per day. Expanding beyond domestic markets, the company entered into an exclusive supply agreement with DSP Singapore Holdings Pte Ltd. ("DuPont") in August 2024, followed by an amendment agreement in June 2025, for membrane aerated biofilm reactor technology (OXYFAS and OXYFILM). These technologies are used to improve the efficiency and capacity of existing wastewater treatment plants, particularly overloaded or outdated facilities. The company has also entered into a joint venture with Indian City Gas Distribution to explore opportunities for setting up compressed biogas and waste-to-energy plants.

Objects of the issue

The IPO comprises a fresh issue of Rs. 150 crores as well as offer for sale (OFS) of Rs. 518 crores aggregating up to Rs. 668 crores

- ⇒ Prepayment of all or a portion of certain outstanding borrowings availed by our Company and our wholly owned Subsidiary, namely Vasudha Waste Treatment Private Limited.
- ⇒ Funding our working capital requirements.
- ⇒ General corporate purposes.

Investment Rationale

Vertical integration through constant innovation and use of technology

The company is highly focused on research and development of new technologies and products, with the aim of enhancing its C-Tech and OREX technologies, increasing manufacturing capabilities, and reducing costs. This is supported by the proposed establishment of a new manufacturing unit for producing solar sludge dryer systems, diffusers, hollow fibre membranes, and various equipment required for wastewater and solid waste treatment. These initiatives are expected to reduce the company's dependency on third-party companies and strengthen its in-house manufacturing capabilities. With over 20 years of experience in wastewater treatment (WWT) technology, the company has expanded its product portfolio by developing in-house manufacturing capabilities, entering into exclusive strategic tie-ups, and undertaking strategic acquisitions, including the acquisition of a controlling stake in Chavare Engineering Private Limited in 2011, a company engaged in electrical and automa-

Issue Details

Offer Period	27th Oct 2026-29th Oct 2026
Price Band	Rs. 313 to Rs. 330
Bid Lot	45
Listing	BSE & NSE
Issue Size (no. of shares in Cr.)	2.02
Issue Size (Rs. in Cr.)	668
Face Value (Rs.)	2

Issue Structure

QIB	50%
NIB	15%
Retail	35%
BRLM	IIFL Capital Services Ltd., JM Financial Ltd., Nuvama Wealth Management Ltd .

Registrar	MUFG Intime India Private Ltd.
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Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	48.18%	41.18%
Public	51.82%	58.82%
Total	100.0%	100.0%

(Assuming issue subscribed at higher band)

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tion solutions. The company has also developed an innovative, ready-to-use oxidation system for drinking water and wastewater treatment under the name "PlasmaConnect™", based on its innovative C-ION™ technology. To strengthen its margins, the company entered into a joint venture with TurboMax CO., Ltd. in 2022 to manufacture turbo blowers, with operations commencing in FY24. The company also entered into a licensing agreement with IST-Anlagenbau GmbH to manufacture solar sludge drying systems in-house, aiming to localise manufacturing and reduce costs. On July 30, 2025, the company acquired an 80% equity stake in IST-Anlagenbau GmbH, making it a subsidiary.

High proportion of repeat business with a strong order book, a track record of consistent performance, and a strong financial profile

The company has maintained long-standing relationships with its customers, as evidenced by recurring business engagements, with repeat customers contributing an average of 85%–90% of its revenue. Notably, the company has maintained continuous business relationships and consistently provided services to prominent industry players, including Enviro Control Private Limited, Vishvaraj Environment Limited, Khilari Infrastructure Private Limited, and SMC Infrastructures Private Limited, indicating stable customer relationships and the delivery of high-quality, reliable, and comprehensive engineering solutions. With over 20 years of industry presence and a diversified geographical footprint, the company has established a strong brand reputation. Focusing on ongoing projects, the WWT segment had an outstanding order book of Rs. 561.2 crores as of June 30, 2026, while the SWT segment had an order book of Rs. 459 crores, indicating a strong pipeline of future projects and growth opportunities. The company's newest segment, wastewater recycling and reuse (WRR), recorded an order book of Rs. 549.7 crores as of June 30, 2026. Sustained demand for its products and services, along with a strategic project pipeline, is expected to support future growth and create value for stakeholders.

Valuation

The company provides efficient technology and comprehensive engineering solutions in wastewater treatment, wastewater recycling and reuse, and solid waste treatment through advanced technologies and innovation. The company has a presence in both domestic and international markets, including Germany, Poland, Austria, China, Russia, Australia, Vietnam, and Malaysia. The company plans to expand its Solid Waste Treatment (SWT) segment by leveraging the growing market opportunity driven by population growth and rapid urbanisation, which have significantly increased the need for solid waste treatment. The company is also planning to partner with city gas distribution companies to leverage their existing gas pipeline networks as it expands into the compressed biogas segment, potentially supporting faster growth. Another strategic approach to expanding its customer base is to enter international markets and reduce geographical concentration. To support this expansion, the company acquired an 80% stake in IST-Anlagenbau GmbH, a Germany-based company in the solar sludge dryer market, marking its first subsidiary and helping it enter the sludge dryer market. The company is also looking to expand its presence in the Middle East, Africa, and South Asian markets. The global water and wastewater treatment market stood at USD 880 billion in CY24 and expanded to USD 934 billion in CY25. The market is projected to reach USD 1,240 billion by CY30E, reflecting a CAGR of about 5.8% between CY25 and CY30E. This growth is supported by increasing population, rapid urbanisation, and stricter government environmental regulations. The global sewage water treatment market is projected to grow from USD 361 billion in CY25 to USD 507 billion by CY30E, reflecting a CAGR of approximately 7.1% over the period, supported by increasing concerns among municipal corporations regarding solid waste management and stricter regulations. The company has maintained a stable EBITDA margin of around 29% over the past three financial years, reflecting consistent operational performance, while its PAT margin has remained within the range of 19.9%–21.9% during the same period. **At the upper price band of Rs. 330, the issue is valued at a P/E multiple of 19.9x, marginally higher than the industry average of 18.2x. Considering the company's established presence in the water and wastewater treatment industry, stable profitability, and growth opportunities across solid waste treatment, compressed biogas and international markets, we recommend a "SUBSCRIBE" rating for the issue.**

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Key Risks:

- ⇒ The company's revenues are highly dependent on technology; a failure of these technologies or failure to upgrade or innovate these technologies could have an adverse effect on the results of the operations. Their products may be displaced by newer technologies and any inability or failure to adapt the technological development, the evolving competitive landscape or industry trends could harm our business and competitiveness.
- ⇒ The company derives a significant portion of its revenue from a limited number of customers, while most of these customers are not covered by long-term contracts. In FY2026, the top 10 customers contributed 64.44% of revenue from operations. Any loss of major customers, reduction in orders or termination of existing contracts could adversely affect the company's revenue visibility, business growth and financial performance.
- ⇒ The company's wastewater treatment and solid waste treatment businesses require significant working capital to fund raw material purchases, project execution and trade receivables. Delays in receiving payments from customers could put pressure on liquidity and cash flows, potentially increasing its dependence on external financing. Higher borrowing costs or difficulties in arranging additional funds may further affect profitability and the company's ability to execute future projects.

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Income Statement (Rs. in Crores)

Particulars	FY24	FY25	FY26	Q1 FY27
Revenue				
Revenue from operations	657	698	804	134
Total revenue	657	698	804	134
Expenses				
Purchases of Stock-in-trade	206	127	190	32
Cost of Material Consumed	122	177	156	28
Project Cost	26	29	76	32
Changes in inventories	-16	9	-20	-10
Employee benefits expense	60	73	84	22
Other expenses	67	74	81	19
Total operating expenses	464	490	567	124
EBITDA	193	208	237	10
Depreciation & amortization expenses	12	18	28	6
EBIT	181	190	209	3
Finance costs	9	13	15	5
Other Income	19	29	18	4
Impairment gain/(loss) on financial asset	0	-1	-1	0
PBT	191	205	211	2
Tax expense				
Current tax	51	53	57	2
Deferred tax	-1	1	-2	-1
MAT Credit	0	-1	-3	0
Total tax	49	53	51	1
Net Profit	142	152	159	1
Diluted EPS	15.2	15.4	16.5	0.2

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in Crores)

Particulars	FY24	FY25	FY26	Q1 FY27
Cash Flow from operating activities	-12	66	-26	-21
Cash flow from investing activities	-77	71	-66	0
Cash flow from financing activities	72	-107	92	1
Net increase/(decrease) in cash and cash equivalents	(17)	30	0	(20)
Cash and cash equivalents at the beginning of the period	24	8	40	41
Cash and cash equivalents at the end of the period	8	38	41	20

Source: RHP, BP Equities Research

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Balance Sheet (Rs. in Crores)

Particulars	FY24	FY25	FY26	Q1FY27
Assets				
Non-current assets				
(a) Property, Plant and Equipment	61	68	66	63
(b) Right-of-use assets	13	56	49	66
(c) Capital work-in-progress	7	5	7	8
(d) Investment property	14	7	6	6
(e) Other Intangible assets	13	7	2	0
(f) Goodwill	3	3	30	30
(g) Financial Assets				
(i) Investments	5	9	22	22
(ii) Loans	8	10	11	11
(iii) Trade Receivables	53	52	51	50
(iv) Other Financial Assets	16	21	23	22
(h) Deferred Tax Assets (net)	9	9	12	13
(i) Income tax assets (net)	3	7	8	13
(j) Other Non-Current assets	6	16	26	28
Total Non Current Asset	211	268	312	332
Current Assets				
(a) Inventories	108	98	125	142
(b) Financial Assets				
loans	20	18	19	19
Trade receivables	341	435	609	461
Cash and cash equivalents	8	38	41	20
Other balances with banks	181	99	116	120
Other Financial Assets	14	18	28	29
(c) Other Current Assets	21	26	74	101
Total Current Assets	694	731	1,011	892
Total Assets	905	999	1,323	1,225
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	6	19	19	19
(b) Other Equity	528	630	785	787
Equity attributable to owners of the Company	534	649	804	805
(c) Non-controlling interest	27	14	20	20
Total Equity	561	663	824	825
Liabilities				
Non Current Liabilities				
(a) Financial liabilities				
Borrowings	46	49	39	36
Lease Liabilities	10	48	42	57
(b) Provisions	6	6	6	6
(c) Deferred Tax Liabilities (net)	8	9	8	8
Total Non Current Liabilities	71	112	96	108
Current liabilities				
(a) Financial liabilities				
Borrowings	93	34	157	168
Lease Liabilities	3	6	7	8
- Trade Payables:-	111	93	170	75
- Other financial liabilities	23	28	16	9
(b) Other current liabilities	33	58	51	27
(c) Provisions	0	0	1	1
(d) Current tax liabilities (net)	10	6	3	2
Total Current Liabilities	273	225	404	291
Total Liabilities	344	337	500	399
total Equity and liabilities	905	999	1,323	1,225

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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