Retail Research

SBI Securities
Investment aur Trust, Dono

IPO Note

26th October 2026

SFC Environmental Technologies Ltd



Retail Research	IPO Note
Sector: Capital Goods	Price Band (Rs): 313 - 330
26th October 2026	Recommendation: NEUTRAL

SFC Environmental Technologies Ltd.

Company Overview:

SFC Environmental Technologies Ltd. (SFC) is an environmental technology company providing end-to-end solutions (design, technology, manufacturing, operation & maintenance, supply and supervision for installation and commissioning of equipment, etc.) across its three segments ***i) Wastewater treatment (WWT):*** Offers proprietary C-Tech technology for sewage and effluent treatment which is the latest generation Sequencing Batch Reactor (SBR) process. Also offers turbo blowers, fibre disc filters, and solar sludge drying systems. SFC has an exclusive agreement with DSP Singapore Holdings Pte Ltd (DuPont) for OXYFAS and OXYFILM technologies, which enhance the efficiency and capacity of existing wastewater treatment plants. ***ii) Wastewater recycling & reuse (WRR):*** Leveraging strong presence in WWT and exclusive partnership with DuPont, SFC expanded into WRR. It offers treatment technologies, like Ultrafiltration (UF), Closed Circuit Reverse Osmosis (CCRO) and Membrane Bioreactor (MBR). ***iii) Solid waste treatment (SWT):*** Offers its proprietary Organic Extraction (OREX) technology designed to separate biodegradable and recyclable materials from municipal solid waste (MSW).

Key Highlights:

1. Market leadership in SBR-based wastewater treatment: SFC is a pioneer in India's wastewater treatment industry, introducing C-Tech SBR technology in the WWT segment. As of Jul'26, SFC had commissioned 728 installations and commanded over 80% market share in SBR technology. Its technologies facilitate the treatment of 17,511 MLD (million litres per day) of wastewater, while its flagship C-Tech platform has been deployed across several large-scale sewage treatment plants (STP), including one of India's largest STP currently under development with a treatment capacity of 424 MLD.

2. Vertical integration and manufacturing capabilities: Leveraging over two decades of wastewater treatment expertise, SFC has strengthened its vertical integration strategy through in-house manufacturing of key components for its C-Tech and OREX technologies. The company is further expanding manufacturing capabilities for critical equipment such as solar sludge dryers, diffusers, and hollow fibre membranes, while enhancing its offerings through strategic partnerships and acquisitions.

3. Strong position in SWT and emerging CBG (Compressed Biogas) opportunity: SFC is among the leading players in India's SWT market, supported by its proprietary OREX technology. It operates two integrated waste treatment facilities in Goa with an aggregate processing capacity of up to 425 TPD. Capitalizing on the growing CBG opportunity, SFC has secured projects for 125 TPD and 300 TPD CBG plants in Assam and Odisha, respectively, with 10-year O&M contracts. The company is also pursuing growth through strategic joint ventures and partnerships in the CBG and waste-to-energy (WtE) segments, including opportunities for large-scale projects of up to 1,000 TPD.

View & Valuation: At the upper price band of Rs 330, the issue is valued at a P/E ratio of 20.9x of its FY26 earnings on post issue capital, which appears reasonably discount to peers, supported by a 1.3x order book-to-sales ratio that provides healthy revenue visibility. Growth prospects remain encouraging, driven by opportunities in biogas/CBG, waste-to-energy, solar sludge drying, and the WRR segment. However, earnings growth has been relatively modest over the past two years, while significant exposure to government contracts has led to elevated receivable days (300 days as of FY26). Given the balanced risk-reward profile, we assign a NEUTRAL rating to the issue and would prefer to monitor execution, working capital efficiency, and earnings growth over the next few quarters post listing.

Issue Details	
Date of Opening	27th October 2026
Date of Closing	29th October 2026
Price Band (Rs)	313 – 330
Issue Size (Rs cr)	668 @ UB
Fresh Issue (Rs cr)	150 @ UB
Offer for Sale (Rs cr)	518 @ UB
Issue Size (No. of shares)	2,02,28,204 @ UB
Face Value (Rs)	2
Post Issue Market Cap (Rs cr)	3,233 @ upper price band
BRLMs	IIFL Capital Services Ltd, JM Financial Ltd and Nuvama Wealth Management Ltd
Registrar	MUFG Intime India Private Ltd.
Bid Lot	45 shares and in multiple thereof
QIB	50%
Retail	15%
NII	35%

Objects of Issue	
Particulars	**Estimated utilization (Rs cr)**
Prepayment of all or a portion of outstanding borrowings availed by the company and its wholly owned subsidiary (namely Vasudha Waste Treatment Pvt. Ltd)	42
Funding Working Capital Requirements	75
General corporate purposes*	-
Net proceeds from the issue	-

**The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds*

Shareholding Pattern		
Pre-Issue	**No. of Shares**	**%**
Promoter & Promoter Group	4,50,11,415	48.2
Public & Others	4,83,99,855	51.8
Total	**9,34,11,270**	**100.0**

Post Issue @ upper price band	No. of Shares	%
Promoter & Promoter Group	4,03,41,415	41.2
Public & Others	5,76,15,310	58.8
Total	**9,79,56,725**	**100.0**

Source: RHP, SBICAP Securities Research

Shareholders selling through OFS

Name	Category	Number of shares
Sandeep Sudhakar Asolkar (held jointly with Priya Sandeep Asolkar)	Promoter	9,34,000
Saketchandrasingh Pratapsingh Dhandoriya	Promoter	37,36,000
Sarvesh Kumar Garg	Public	35,65,000
Sandeep Sambhaji Parab	Public	21,36,000
Rajesh Kesavan Nambisan	Public	21,36,000
Kumaraguru Madurakavi	Public	21,36,000
Veera Venkata Satyanarayana Yannamani	Public	9,33,000
Jayshree Harit Shah (held jointly with Harit Pragji Shah)	Public	70,000
Hardik Suresh Matalia	Public	36,750
Total		**1,56,82,750**

Source: RHP, SBICAP Securities Research

Key Financials

Particulars (Rs cr)	FY24	FY25	FY26	1QFY27
Revenue from operations	657	698	804	134
EBITDA	193	208	237	10
EBITDA Margin (%)	29.4%	29.8%	29.4%	7.4%
PAT	144	152	160	1
PAT Margin (%)	21.9%	21.8%	19.9%	1.1%
EPS	15.2	15.4	16.5	-
Adj. PAT	142	144	154	-
Adj. PAT Margin (%)	21.5%	20.6%	19.2%	-
Adj. EPS	15.2	15.4	16.5	-
RoE (%)	26.5%	22.2%	19.2%	-
RoCE (%)	29.7%	29.9%	22.6%	-

Note: Pre-issue P/E is based on upper price band
Source: RHP, SBICAP Securities Research

Risk Factors

- **Technology risk:** The company relies upon its technological capabilities. Any failure to upgrade existing technologies, innovate, or identify and develop new technologies could adversely affect its operations and competitiveness. Additionally, rapid technological advancements may render certain products obsolete. An inability to adapt to evolving industry trends, technological developments, or changes in the competitive landscape could negatively impact SFC's business performance and market position.

- **Revenue concentration risk:** SFC derives a significant portion of its revenue from its WWT and SWT segments, which together contributed 87.4%/84.3%/85.0% and 88.2% of total revenue in FY24/FY25/FY26 and 1QFY27, respectively. The company also has substantial exposure to government-linked projects. Revenue attributable directly or indirectly to government entities or government tenders accounted for 95.7%/92.4%/92.4% and 92.0% of WWT segment revenue in FY24/FY25/FY26 and 1QFY27, respectively, while 100% of SWT segment revenue across these periods was derived from government-related projects. Any slowdown in government spending, delays in project execution, or a reduction in order inflows could adversely impact SFC's revenue growth and profitability.

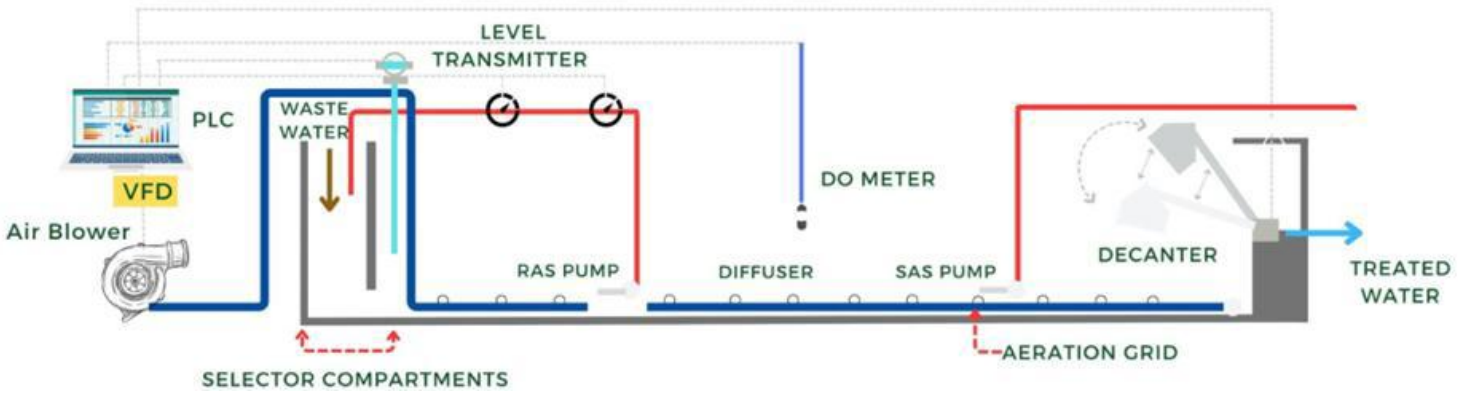
- **Customer concentration risk:** SFC generated 59.2%/61.4%/64.4% and 79.2% of its revenue from its top 10 customers in FY24/FY25/FY26 and 1QFY27, respectively. The company does not have long-term contracts with most of these customers. Consequently, the loss of any key customer, reduced order volumes, or non-renewal of contracts could materially affect SFC's business.

- **Regulatory and compliance risk:** SFC is subject to various trade restrictions, economic sanctions, export control regulations, and anti-bribery and anti-corruption laws. Any failure to comply with these regulatory frameworks, including those imposed by government authorities or international organizations such as multilateral development banks, could restrict the company's ability to participate in projects, expose it to penalties, and adversely affect its reputation, business prospects, and financial performance.

Growth Strategies

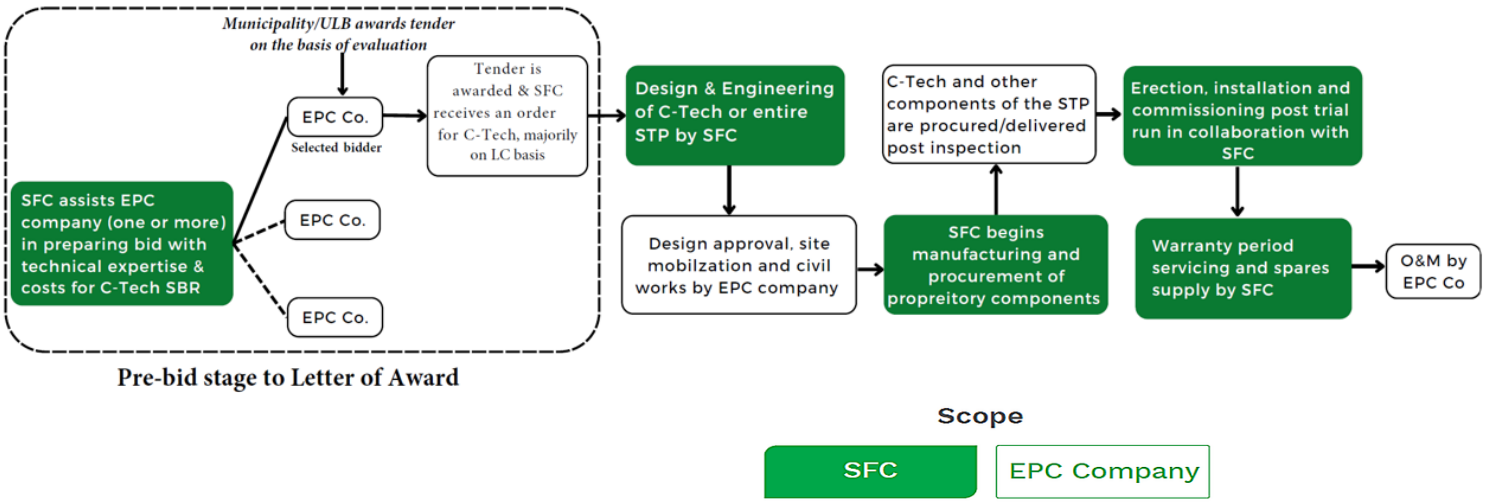
- To expand the SWT business through large-scale project execution and entry into agro-waste treatment solutions.
- Forward integration into advanced wastewater recycling and reuse technologies to enhance value-added offerings.
- To strengthen the core wastewater treatment business through capacity expansion, execution excellence, and market penetration.
- To pursue acquisitions and expand into new domestic and international markets while deepening presence in existing geographies.
- To enhance R&D capabilities to increase commercialization of innovative technologies and broaden solution offerings.

C - Tech process



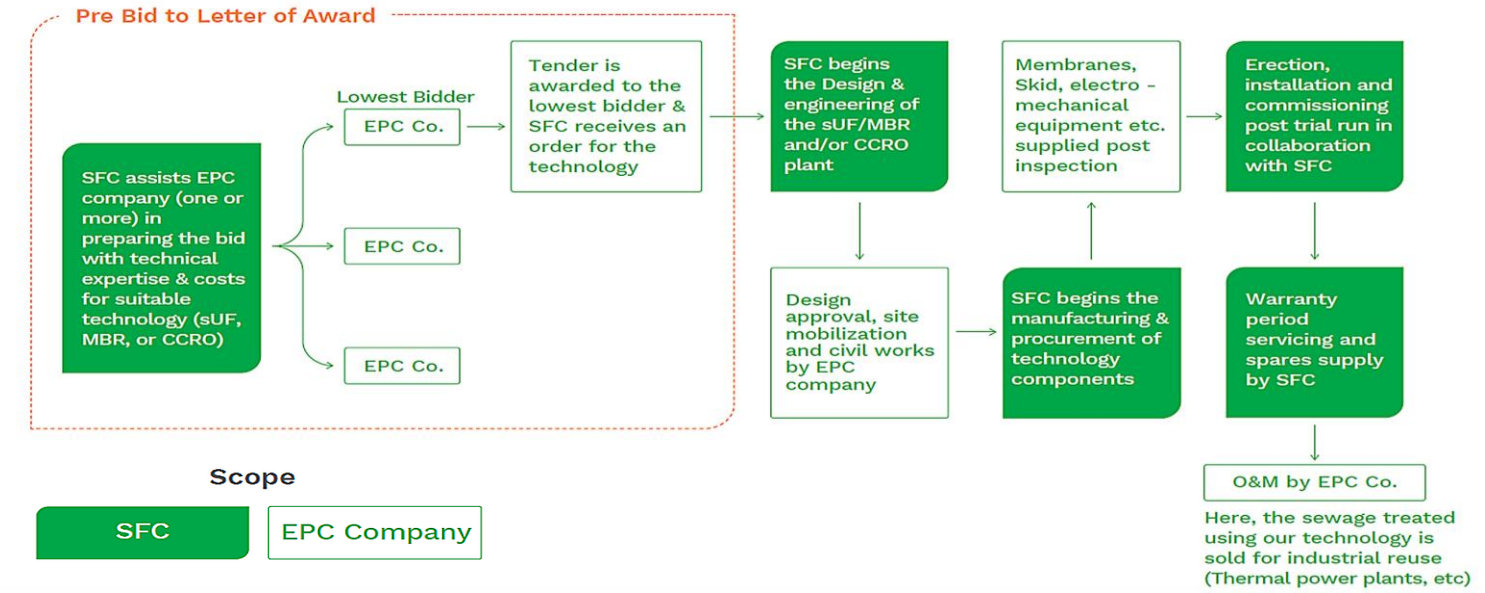
Source: RHP, SBICAP Securities Research

SFC's role in the life cycle of a Sewage Treatment Plant (Technology driven)



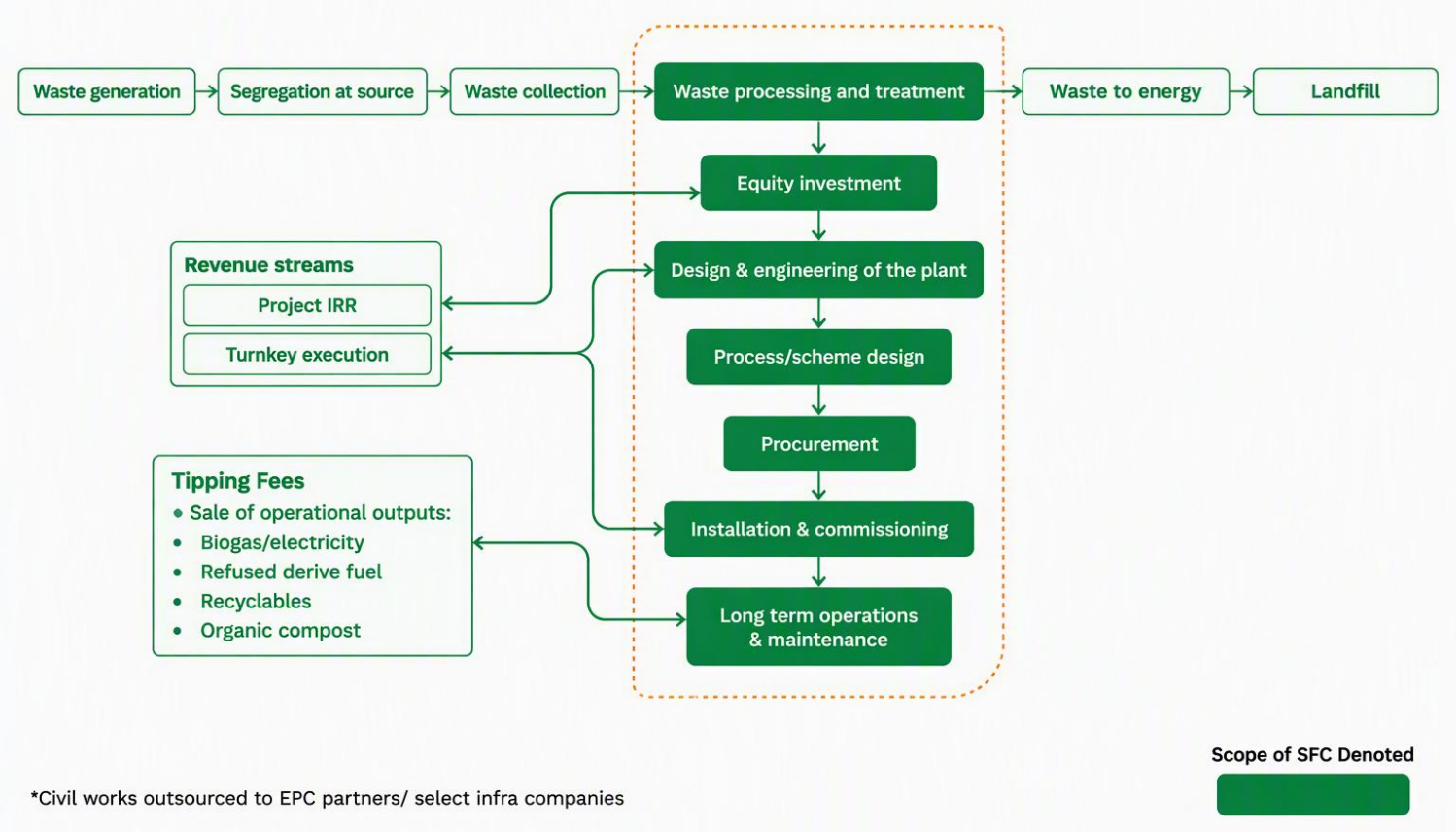
Source: RHP, SBICAP Securities Research

SFC's role in Wastewater Reuse & Recycle Plant



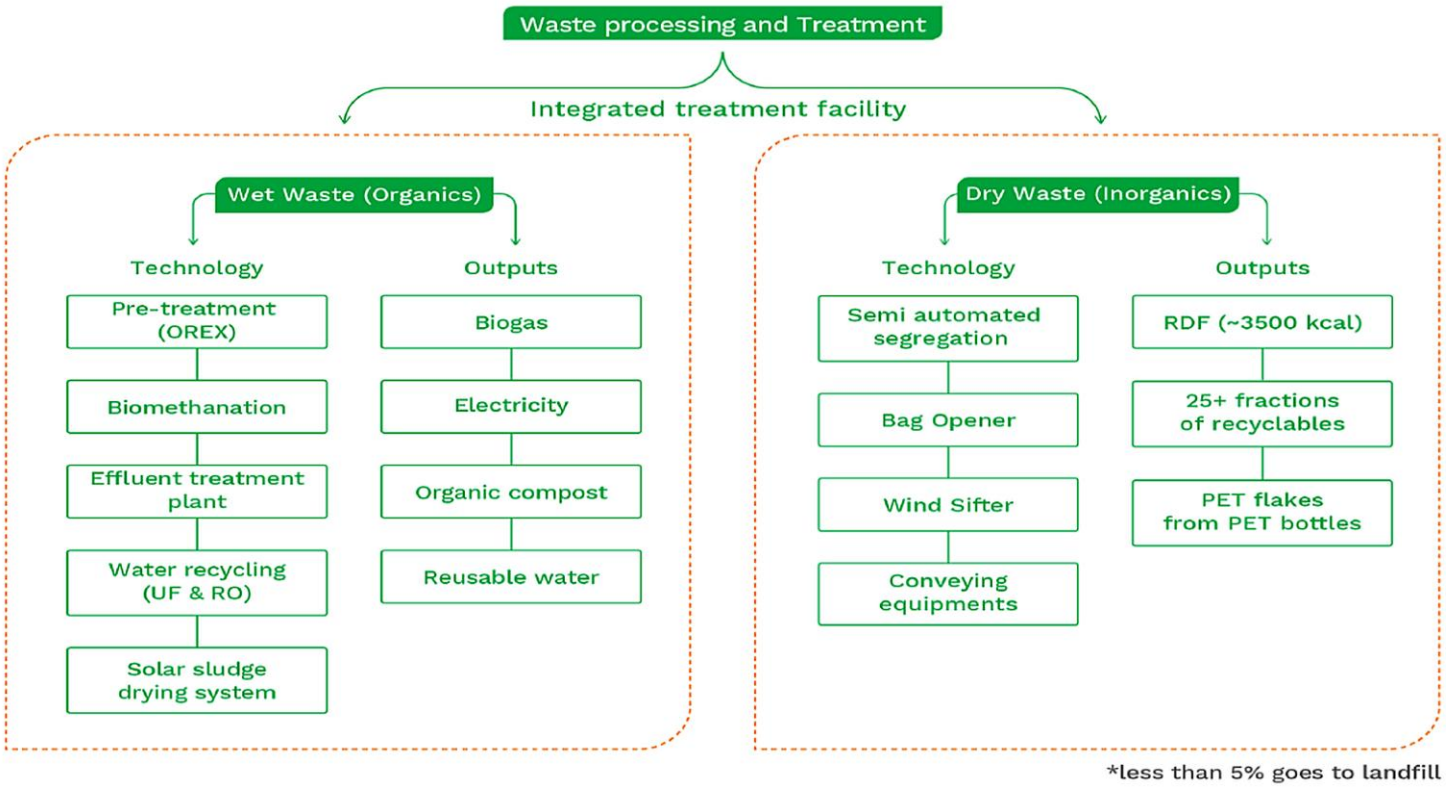
Source: RHP, SBICAP Securities Research

SFC's role in MSW



Source: RHP, SBICAP Securities Research

Process design, technology and outputs of SFC's MSW facility



Source: RHP, SBICAP Securities Research

Revenue Mix – Vertical Wise

Particulars	FY24		FY25		FY26		1QFY27	
	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue
Wastewater treatment	524	79.8%	469	67.2%	543	67.5%	65	48.5%
Wastewater Recycling & Reuse	-	-	-	-	14	1.8%	-	-
Solid waste treatment	50	7.6%	119	17.1%	140	17.4%	53	39.8%
Other operating revenues	83	12.6%	109	15.7%	106	13.3%	16	11.8%
Total	**657**	**100.0%**	**698**	**100.0%**	**804**	**100.0%**	**134**	**100.0%**

Source: RHP, SBICAP Securities Research

Revenue Mix – Geography Wise

Particulars	FY24		FY25		FY26		1QFY27	
	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue	Rs cr	% of Revenue
India	638	97.0%	679	97.4%	766	95.3%	129	96.2%
Outside India	20	3.0%	18	2.6%	37	4.7%	5	3.8%
Total	**657**	**100.0%**	**698**	**100.0%**	**804**	**100.0%**	**134**	**100.0%**

Source: RHP, SBICAP Securities Research

Revenue Mix – Based on type of customer

Particulars	FY24	FY25	FY26	1QFY27
Revenue from repeat customers (Rs cr)	469	404	514	63
Revenue from repeat customers as a % of revenue from operations	90.0%	85.2%	92.0%	97.4%
Revenue from new customers as a % of revenue from operations	10.0%	14.8%	8.0%	2.6%

Source: RHP, SBICAP Securities Research
Note: Revenue from repeat refer to the revenue generated from customers from whom the company has derived revenues over the preceding three fiscal years. (on standalone basis).

Order book

Order Book (Rs cr)	FY24	FY25	FY26	1QFY27
WWT	656	460	571	561
WRR	-	-	-	-
SWT	129	101	503	459
Total	**785**	**560**	**1,074**	**1,020**

Source: RHP, SBICAP Securities Research
Note: *Order book building for the Wastewater recycling and reuse segment has started from FY26. The current order book of WRR segment stood at Rs 561 cr as on August 31, 2026

Manufacturing Capabilities – Capacity & Utilization

Manufacturing Capacity	Product	Unit of measurement	FY24	FY25	FY26	1QFY27
Decanter – Unit I						
Installed Capacity	Moving arm Decanter	Meters/month	90	-	-	-
Utilization			69.2%[1]	-	-	-
Decanter – Unit II						
Installed Capacity	Moving arm Decanter	Meters/month	210	210	210	210
Utilization			97.6%[2]	88.7%	117.0%	82.2%
Bhamboli Unit						
Installed Capacity	Manufacturing of STTC Machines (includes fabrication of various assemblies on need basis)	Numbers/ year	-	-	32	32
Utilization			-	-	99.9%	-*
Diffuser Manufacturing Unit						
Installed Capacity	Diffuser assembly and aeration piping	Numbers/ month	10,000	10,000	10,000	10,000
Utilization			45.8%	64.6%	81.3%	44.7%
Blower Manufacturing Unit						
Installed Capacity	Turbo blower assembly	Numbers/ year	30	30	30	30
Utilization			20.0%	10.0%	70.0%	53.3%
PLC (Programmable Logic Controller) manufacturing unit						
Installed Capacity	Electronic panels, Boards	Numbers/ year	5,500	5,500	5,500	5,500
Utilization			74.1%	62.8%	66.5%	54.0%
C-MEM Hollow Fibre Manufacturing Unit						
Installed Capacity	C-MEM Hollow Fibre	Pieces/ year	6,000	6,000	6,000	6,000
Utilization			45.5%	12.5%	69.3%	80.0%

Source: RHP, SBICAP Securities Research
Notes:

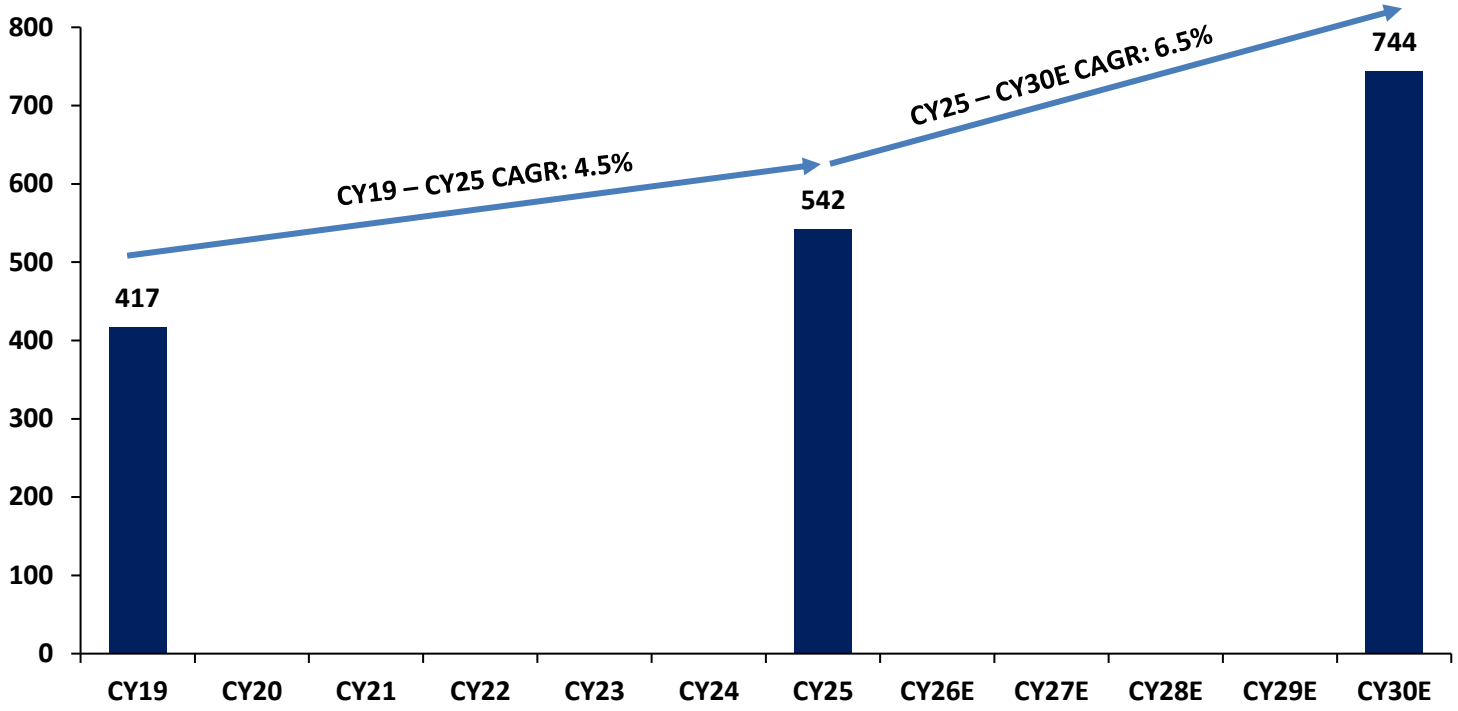
[1] Calculated for the period from April 1, 2023 to December 15, 2023, post which decanter manufacturing was shifted to Decanter Unit II.

[2] Calculated for the period from December 16, 2023 (when decanter manufacturing was shifted to Decanter Unit - II)

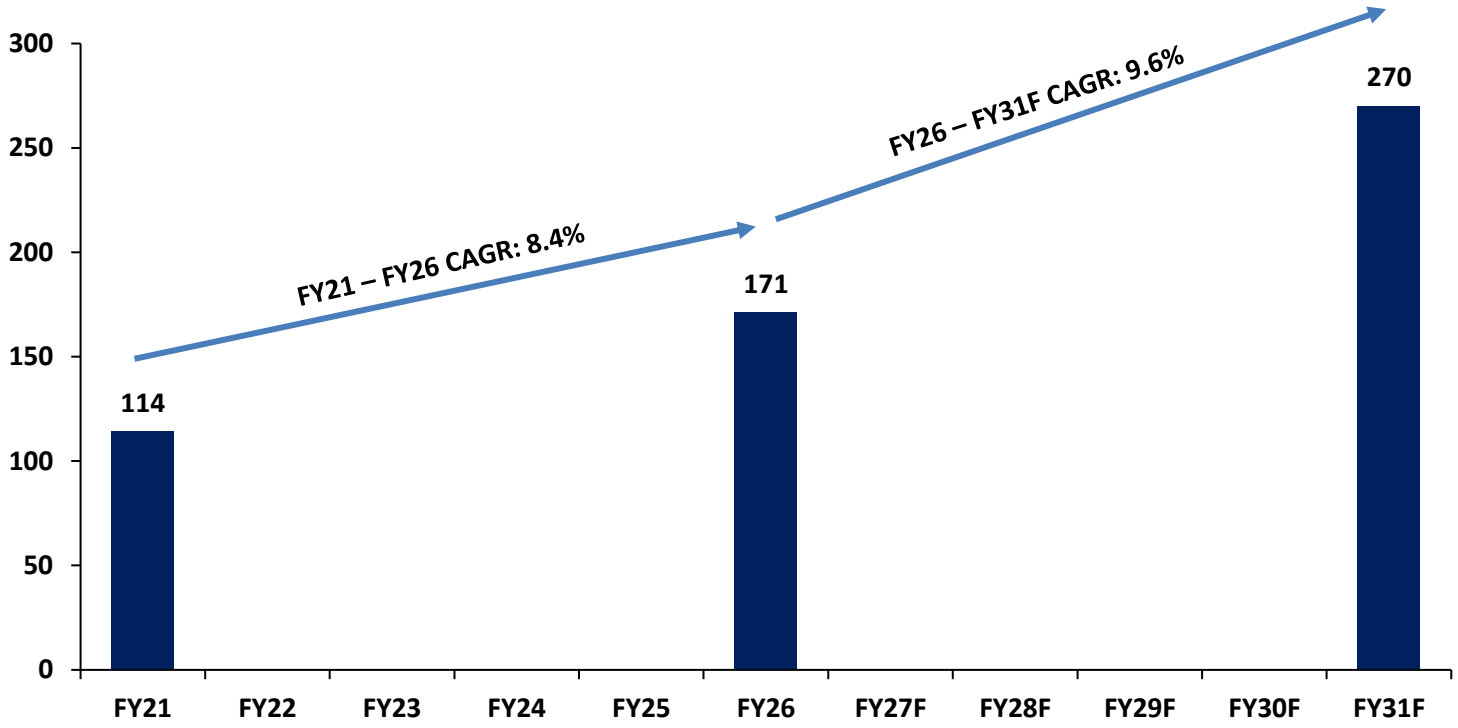
**** During this period, the manufacturing of STTC machines were in progress.***

Industry Overview

Global: Wastewater treatment market size (USD bn)

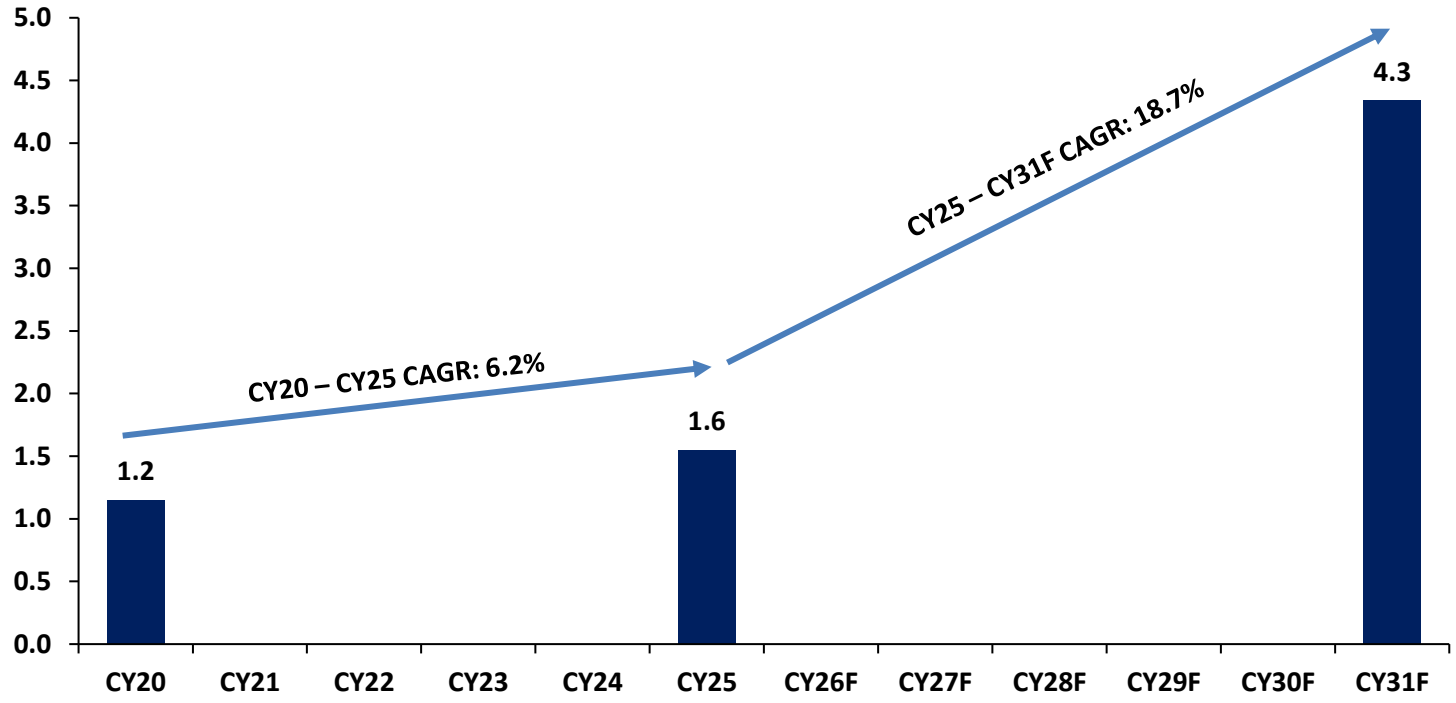


India: Wastewater treatment market size (Rs bn)

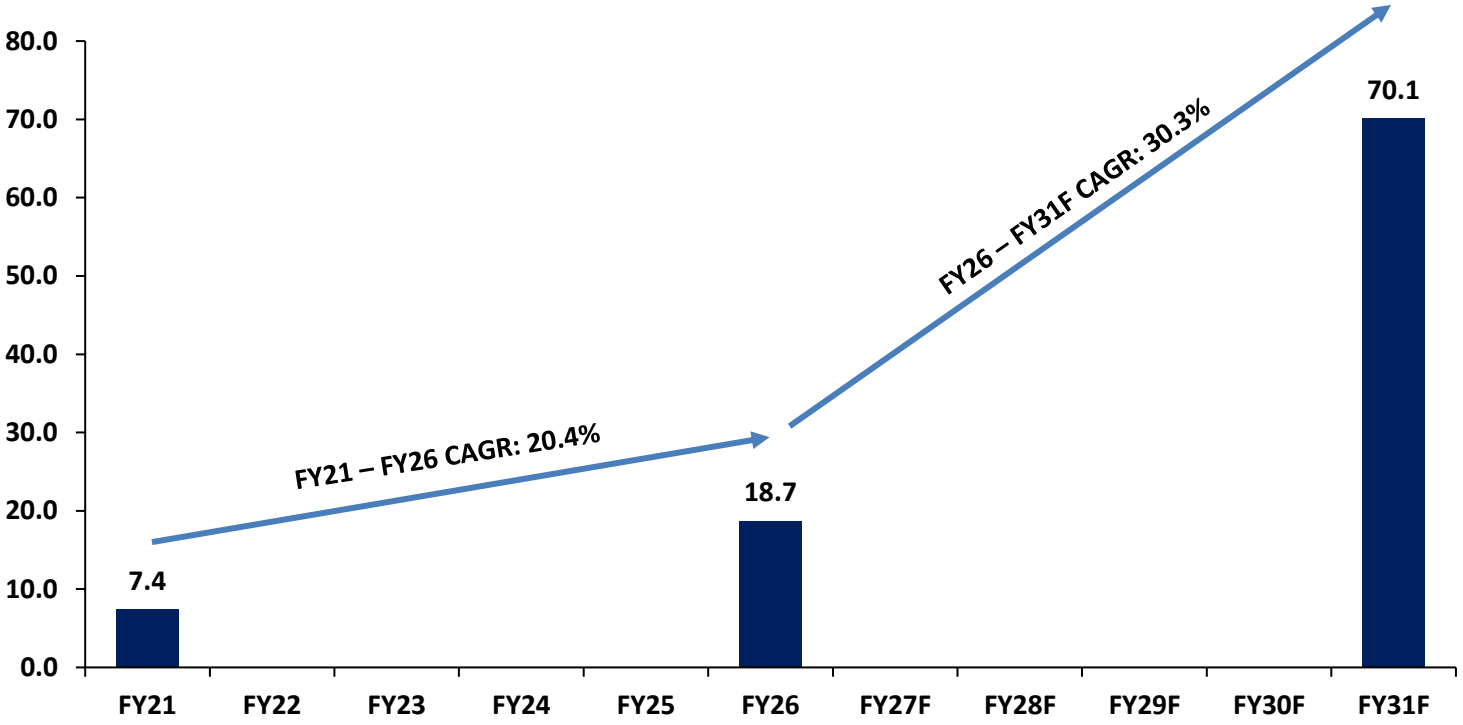


Source: RHP, SBICAP Securities Research

Global: Tertiary Treatment market size (USD bn)

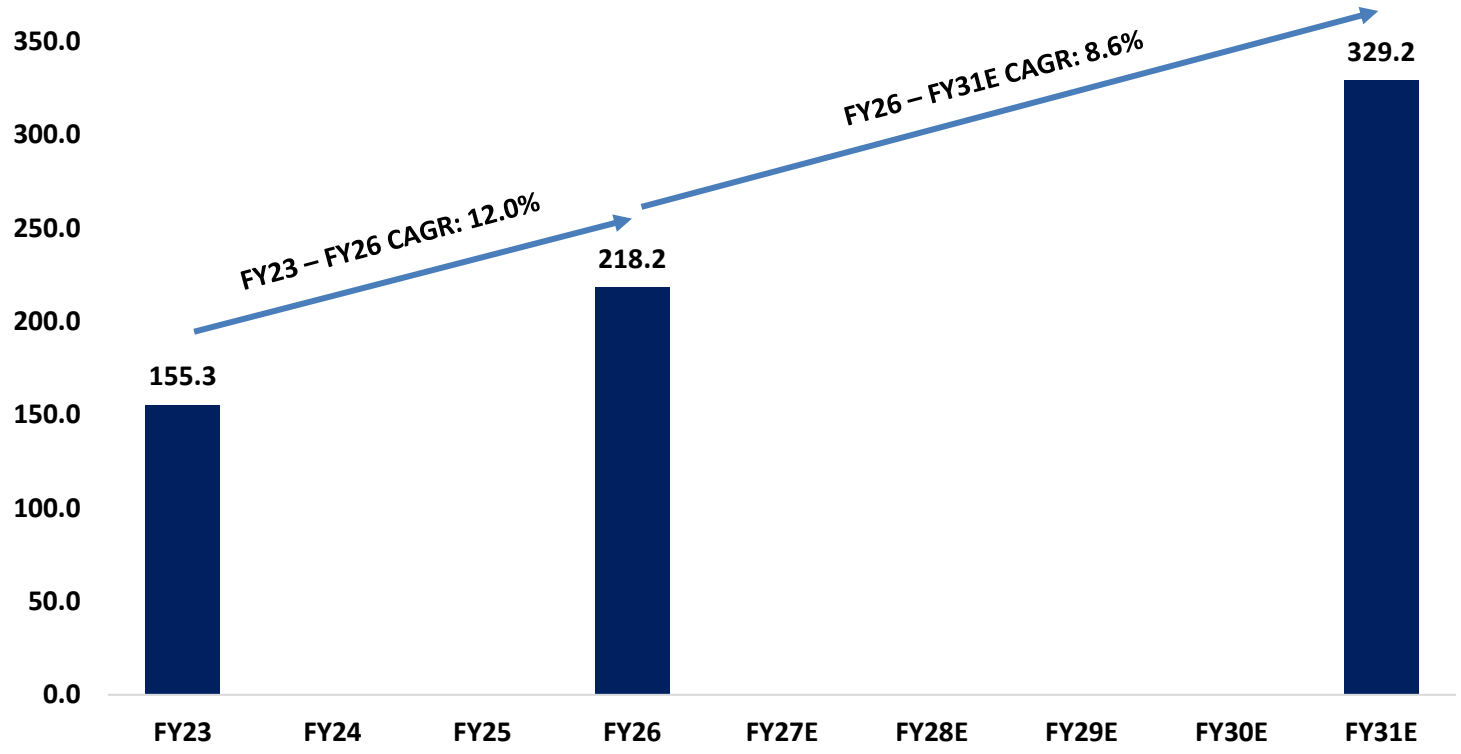


India: Tertiary Treatment market size (Rs bn)



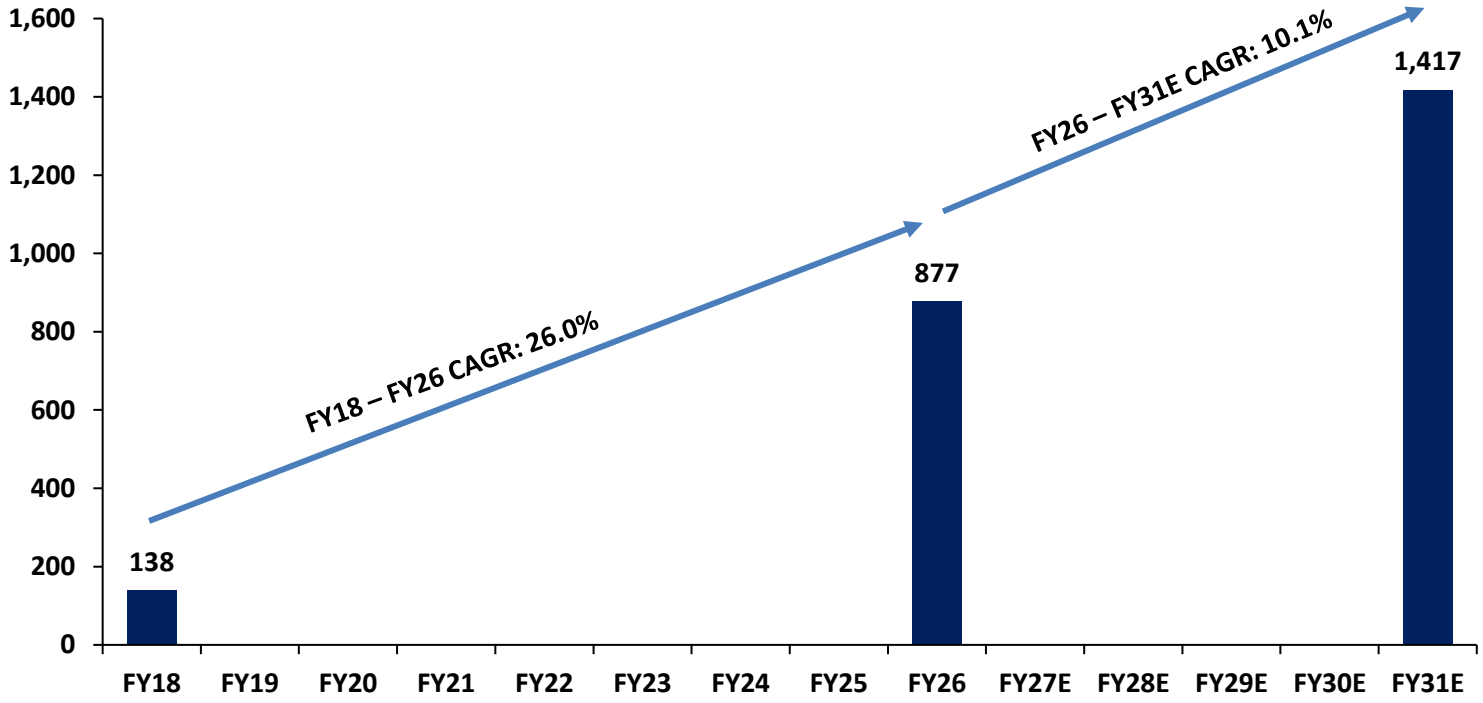
Source: RHP, SBICAP Securities Research

India: Market size of MSW (includes compressed biogas, electricity, compost & recyclable materials) (Rs bn)



Source: RHP, SBICAP Securities Research

India: Installed capacity of Waste to Energy plants (in MW)



Source: RHP, SBICAP Securities Research

Peer Comparison

Particulars (Rs cr)	SFC Environmental Technologies Ltd	Thermax Ltd	Praj Industries Ltd	Ion Exchange (India) Ltd
CMP (Rs)	330	3,114	250	332
Mkt Cap.	3,233	37,102	4,599	4,869
Enterprise Value	3,121	38,199	4,395	5,005
Sales	804	10,774	3,168	2,915
EBITDA	237	1,038	155	214
Net Profit	154	553	20	153
EBITDA Margin (%)	29.4	9.6	4.9	7.3
Net Profit Margin (%)	19.2	5.1	0.6	5.2
RoE (%)	19.2	10.0	1.5	11.4
RoCE (%)	22.6	13.0	7.1	13.3
Order Book[1]	1,020	14,045	4,589	2,473
Order Book/Sales	1.3	1.3	1.4	0.8
P/E (x)	20.9	67.1	230.0	31.8
EV/EBITDA (x)	13.2	36.8	28.4	23.4
EV/Sales (x)	3.9	3.5	1.4	1.7

For SFC Environmental Technologies Ltd., the Market cap and P/E(x) is calculated on post-issue equity share capital based on the upper price band.

****CMP is live price as of 26th Oct'26.***

[1] Order book numbers are of 1QFY27.

Source: RHP, SBICAP Securities Research

Financial Snapshot

INCOME STATEMENT				
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**	**1QFY27**
Revenue from Operations	**657**	**698**	**804**	**134**
YoY growth (%)	***-***	***6.1%***	***15.2%***	***-***
COGS (incl. Stock Adj.)	**311**	**314**	**326**	**51**
Gross Profit	**346**	**384**	**478**	**83**
Gross margin (%)	***52.7%***	***55.1%***	***59.5%***	***62.2%***
Employee Cost	60	73	84	22
Other Operating Expenses	93	103	157	51
EBITDA	**193**	**208**	**237**	**10**
EBITDA margin (%)	***29.4%***	***29.8%***	***29.4%***	***7.4%***
Other Income	19	28	17	4
Interest Exp.	9	13	15	5
Depreciation	12	18	28	6
PBT	**193**	**205**	**211**	**2**
Exceptional item	-	-	-	-
Tax	49	53	51	1
Share of profit of associates and JVs	2	(0)	1	0
Minority Interest	**2.6**	**7.9**	**5.9**	**(0.0)**
PAT	**141.6**	**144.1**	**154.4**	**1.5**
PAT margin (%)	***21.5%***	***20.6%***	***19.2%***	***1.1%***
EPS (Rs)	**15.2**	**15.4**	**16.5**	**0.2**
Adj. PAT	**142**	**144**	**154**	**2**
Adj. PAT margin (%)	***21.5%***	***20.6%***	***19.2%***	***1.1%***
Adj. EPS	**15.2**	**15.4**	**16.5**	**0.2**

BALANCE SHEET				
Particulars (Rs cr)	**FY24**	**FY25**	**FY26**	**1QFY27**
Assets				
Net Block	61	68	66	63
Capital WIP	7	5	7	8
Intangible Assets	13	7	2	0
Goodwill	3	3	30	30
Right of use assets	13	56	49	66
Other Non-current Assets	115	130	159	165
Current Assets				
Inventories	108	98	125	142
Trade receivables	341	435	609	461
Cash and Bank Balances	189	136	157	140
Short-term loans and advances	20	18	19	19
Other Current Assets	36	44	101	130
Total Current Assets	**694**	**731**	**1,011**	**892**
Current Liabilities & Provisions				
Trade payables	111	93	170	75
Other current liabilities	66	92	69	39
Short-term provisions	0	0	1	1
Total Current Liabilities	**177**	**185**	**240**	**115**
Net Current Assets	**517**	**546**	**771**	**778**
Total Assets				
Liabilities				
Share Capital	6	19	19	19
Reserves and Surplus	528	630	785	787
Total Shareholder's Funds	**534**	**649**	**804**	**805**
Minority Interest	27	14	20	20
Total Debt	139	84	196	205
Long Term Provisions	6	6	6	6
Lease Liabilities	13	53	49	65
Other Long Term Liabilities	-	-	-	-
Net Deferred Tax Liability	8	9	8	8
Total Liabilities	**728**	**814**	**1,083**	**1,110**

Particulars (Rs cr)	FY24	FY25	FY26	1QFY27
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
Free Cash Flow	(54)	16	(76)	(23)

RATIOS			
Particulars	**FY24**	**FY25**	**FY26**
Profitability			
Return on Assets	15.6%	14.4%	11.7%
Return on Capital Employed	29.7%	29.9%	22.6%
Return on Equity	26.5%	22.2%	19.2%
Margin Analysis			
Gross Margin	52.7%	55.1%	59.5%
EBITDA Margin	29.4%	29.8%	29.4%
Net Profit Margin	21.5%	20.6%	19.2%
Short-Term Liquidity			
Current Ratio (x)	2.6	3.3	2.5
Quick Ratio (x)	2.2	2.9	2.2
Avg. Days Sales Outstanding	219	255	300
Avg. Days Inventory Outstanding	60	51	57
Avg. Days Payables	61	49	77
Fixed asset turnover (x)	6.5	5.1	6.6
Debt-service coverage (x)	1.4	2.3	1.1
Long-Term Solvency			
Total Debt / Equity (x)	0.3	0.1	0.2
Interest Coverage Ratio (x)	22.6	16.4	15.2
Valuation Ratios*			
EV/EBITDA (x)	15.7	14.6	13.2
P/E (x)	21.8	21.4	20.0
P/B (x)	5.8	4.8	3.8
EV/Sales (x)	4.6	4.3	3.9
Market Cap/Sales (x)	4.7	4.4	3.8

***Valuation ratios are based on pre-issue capital at the upper price band**

Source: RHP, SBICAP Securities Research

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(CIN): U65999MH2005PLC155485
SEBI Registration No.: Stock Broker: INZ000200032 | DP Registration No.: IN-DP-314-2017
Research Analyst: INH000000602 | IRDA: CA0103 | PFRDA Registration No: POP 26092018

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