SFC Environmental Technologies Ltd

IPO Note



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Energy and Environment

SFC Environmental Technologies Limited is an integrated environmental solutions and technology company with over two decades of experience across wastewater treatment (WWT), wastewater recycling & reuse (WRR), solid waste treatment (SWT) and process automation. Its flagship proprietary C-Tech technology is used for sewage and effluent treatment, with the company holding over 80% market share in India's sequencing batch reactor (SBR) technology segment as of July 31, 2026. SFC had commissioned 728 WWT installations facilitating 17,511 MLD of wastewater treatment capacity by July 2026. In FY26, consolidated revenue from operations stood at INR 803.63 crores, comprising WWT at INR 542.76 crores (67.54%), SWT at INR 140.16 crores (17.44%), the newly introduced WRR business at INR 14.21 crores (1.77%) and other operating revenues, including automation activities, at INR 106.50 crores (13.25%). Strong customer relationships are reflected in repeat customers contributing 91.98% of FY26 standalone revenue.

SFC's competitive positioning is supported by proprietary technology, vertical integration and an expanding presence across higher-value environmental solutions. The company manufactures several key components used in its C-Tech and OREX technologies in-house, reducing dependence on external suppliers, while exclusive technology arrangements with DuPont provide access to ultrafiltration, CCRO and MBR solutions for tertiary wastewater treatment. The WRR segment represents an important growth avenue, with the company securing its first order in July 2025 and building an order book of INR 561.07 crores by August 31, 2026. In solid waste treatment, SFC operates two integrated facilities in Goa with aggregate treatment capacity of up to 425 TPD and has also secured long-duration compressed biogas projects. Overall order visibility remains strong, with the combined WWT, WRR and SWT order book reaching INR 1,656.64 crores as of August 31, 2026, providing a sizeable execution pipeline.

Financially, SFC has delivered steady growth while maintaining strong profitability. Consolidated revenue increased from INR 657.50 crores in FY24 to INR 697.86 crores in FY25 and INR 803.63 crores in FY26, representing a 10.56% CAGR over FY24–26. Operating EBITDA increased to INR 235.81 crores in FY26 from INR 207.48 crores in FY25 and INR 193.25 crores in FY24, with the FY26 EBITDA margin at 29.34%. PAT reached INR 160.21 crores in FY26 versus INR 152.01 crores in FY25, although PAT margin moderated to 19.94% from 21.78%. Return ratios remained healthy with FY26 ROE at 21.55% and ROCE at 22.21%, while net debt-to-equity stood at 0.05x. Key risks include a 242-day cash conversion cycle, rising receivables, seasonal revenue concentration and potential execution or payment delays across the order book.

Industry	Environmental Engineering

Scrip Details	
Listing	BSE & NSE
Open Date	27th Oct, 2026
Close Date	29th Oct, 2026
Price Band	INR 313 - 330
Face Value	INR 2
Market Lot	45 Shares
Minimum Lot	1

Issue Structure	
Issue Size (INR cr)	INR 668
Issue Size sh. (in cr.)	2.02
QIB Share (%)	≤ 50%
Non-Inst Share (%)	≥ 15%
Retail Share (%)	≥ 35%
Pre-Issue sh. (in cr.)	9.34
Post Issue sh. (in cr.)	9.79
Post Issue Market Cap (in cr)	INR 3,232.57

Shareholding (%)	Pre (%)	Post (%)
Promoter	48.18	41.18
Public	51.82	58.82
TOTAL	**100**	**100**

Key Consolidated Financial Data (INR Cr, unless specified):

	Revenue	EBITDA	PAT	EBITDA %	PAT%	adj EPS	Adj BVPS	ROE	ROIC	EV/EBITDA	P/BV	P/E
FY24	657.5	193.3	144.2	29.4	21.9	14.5	54.6	29.8	26.3	16.5	6.0	22.8
FY25	697.9	207.5	152.0	29.7	21.8	14.7	66.3	24.8	23.0	15.3	5.0	22.4
FY26	803.6	235.8	160.2	29.3	19.9	15.8	82.1	21.6	18.3	13.9	4.0	20.9

Source: Ventura Research & Company update

Issue Structure and Offer Details:

SFC Environmental Technologies IPO is a book build issue of ₹667.53 crores. The issue is a combination of **fresh issue** of 45.45 lakh shares aggregating to INR 150.00 crores and **offer for sale** of 1.57 crore shares aggregating to INR 517.53 crores.

Issue Structure	
Investor Category	**Allocation**
QIB	**Not more than 50% of the Net Offer**
NII (HNI)	**Not less than 15% of the Net Offer**
Retail	**Not less than 35% of the Net Offer**

Number of shares based on a higher price band of INR 330

Source: Company Reports

Objects of the Issue:

	Issue Objects	Est Amt *(₹ Cr.)*
1	Prepayment of all or a portion of certain outstanding borrowings availed by Company and wholly owned Subsidiary, namely Vasudha Waste Treatment Pvt.Ltd.	42.23
2	Funding working capital requirements	74.92
3	*General Corporate Purposes*	
	Total	**117.15**

Financial Summary

Fig in INR Cr (unless specified)	FY24	FY25	FY26
Income Statement			
Revenue	657.5	697.9	803.6
YoY Growth (%)		*6.1*	*15.2*
Raw Material Cost	337.5	342.3	401.5
RM Cost to Sales (%)	*51.3*	*49.0*	*50.0*
Employee Cost	60.0	73.0	84.2
Employee Cost to Sales (%)	*9.1*	*10.5*	*10.5*
Other Expenses	66.8	75.1	82.1
Other Exp to Sales (%)	*10.2*	*10.8*	*10.2*
EBITDA	193.3	207.5	235.8
Margin (%)	*29.4*	*29.7*	*29.3*
YoY Growth (%)		*7.4*	*13.7*
Depreciation & Amortization	12.5	17.8	27.8
EBIT	180.8	189.6	208.0
Margin (%)	*27.5*	*27.2*	*25.9*
YoY Growth (%)		*4.9*	*9.7*
Other Income	19.1	29.1	17.6
Bill discounting & other charges	8.8	13.4	14.9
Fin Charges Coverage (X)	20.5	14.2	14.0
Exceptional Item	2.4	(0.1)	0.7
PBT	193.4	205.2	211.5
Margin (%)	*29.4*	*29.4*	*26.3*
YoY Growth (%)		*6.1*	*3.0*
Tax Expense	49.3	53.2	51.3
Tax Rate (%)	*25.5*	*25.9*	*24.2*
PAT	144.2	152.0	160.2
Margin (%)	*21.9*	*21.8*	*19.9*
YoY Growth (%)		*5.4*	*5.4*
Min Int/Sh of Assoc	(2.6)	(7.9)	(5.9)
Net Profit	141.6	144.1	154.4
Margin (%)	*21.5*	*20.6*	*19.2*
YoY Growth (%)		*1.7*	*7.1*
Balance Sheet			
Share Capital	6.2	18.7	18.7
Total Reserves	528.1	630.0	785.5
Shareholders Fund	534.3	648.7	804.2
Long Term Borrowings	56.6	97.1	81.1
Deferred Tax Assets / Liabilities	(0.4)	0.3	(3.7)
Other Long Term Liabilities	26.9	14.1	19.7
Long Term Trade Payables	0.0	0.0	0.0
Long Term Provisions	6.2	5.8	6.3
Total Liabilities	623.5	765.9	907.7
Net Block	104.0	140.5	152.3
Capital Work in Progress	6.7	5.0	6.8
Intangible assets under developm	0.0	0.0	0.0
Non Current Investments	4.9	8.8	21.8
Long Term Loans & Advances	61.4	62.4	62.3
Other Non Current Assets	25.4	43.0	56.9
Net Current Assets	421.2	506.2	607.5
Total Assets	623.5	765.9	907.7

Fig in INR Cr (unless specified)	FY24	FY25	FY26
Per share data & Yields			
Adjusted EPS (INR)	14.5	14.7	15.8
Adjusted Cash EPS (INR)	15.7	16.5	18.6
Adjusted BVPS (INR)	54.6	66.3	82.1
Adjusted CFO per share (INR)	(1.2)	6.7	(2.6)
CFO Yield (%)	(0.4)	2.0	(0.8)
Adjusted FCF per share (INR)	(3.7)	5.3	(4.0)
FCF Yield (%)	(1.1)	1.6	(1.2)
Solvency Ratio (X)			
Total Debt to Equity	0.2	0.1	0.2
Net Debt to Equity	(0.1)	(0.1)	0.0
Net Debt to EBITDA	(0.3)	(0.3)	0.2
Return Ratios (%)			
Return on Equity	29.8	24.8	21.6
Return on Capital Employed	28.6	29.3	22.2
Return on Invested Capital	26.3	23.0	18.3
Working Capital Ratios			
Payable Days (Nos)	118	109	120
Inventory Days (Nos)	99	110	101
Receivable Days (Nos)	175	231	261
Net Working Capital Days (Nos)	156	232	242
Net Working Capital to Sales (%)	64.1	72.5	75.6
Valuation (X)			
P/E	22.8	22.4	20.9
P/BV	6.0	5.0	4.0
EV/EBITDA	16.5	15.3	13.9
EV/Sales	4.8	4.6	4.1
Cash Flow Statement			
PBT	193.4	205.2	211.5
Adjustments	4.6	7.4	30.3
Change in Working Capital	(168.1)	(86.7)	(207.6)
Less: Tax Paid	(41.6)	(60.4)	(60.0)
Cash Flow from Operations	(11.7)	65.5	(25.8)
Net Capital Expenditure	(24.2)	(13.6)	(13.3)
Change in Investments	(53.0)	84.5	(53.2)
Cash Flow from Investing	(77.2)	70.8	(66.5)
Change in Borrowings	90.7	(61.4)	107.9
Less: Finance Cost	(8.8)	(13.4)	(14.9)
Proceeds from Equity	0.0	0.0	0.0
Buyback of Shares	0.0	0.0	0.0
Dividend Paid	(9.7)	(31.7)	(0.6)
Cash flow from Financing	72.1	(106.5)	92.5
Net Cash Flow	(16.7)	29.8	0.2
Forex Effect	1.8	0.0	2.8
Opening Balance of Cash	22.6	7.7	37.5
Closing Balance of Cash	7.7	37.5	40.5

Source: Ace equity and Ventura Research

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