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SFC ENVIORNMENTAL TECHNOLOGIES LIMITED

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IPO Report

27th Oct 26

Snapshot

Company is an environmental technology company offering efficient technologies and comprehensive engineering solutions in the field of wastewater treatment ("WWT"), wastewater recycling & reuse ("WRR") and solid waste treatment ("SWT"). Incorporated in 2005, company's core operations include providing design, technology, manufacturing, supply and supervision for installation and commissioning of equipment for the treatment of wastewater. Company's proprietary technology for wastewater treatment is C-Tech, which is an advanced technology for treating sewage and effluents.

VALUATION

Company is bringing the issue at price band of Rs 313-330 per share at p/e multiple of 20x on post issue annualized Q1FY27bbasis.

Company is technology driven market leadership as a key player in the wastewater treatment market. Company has done vertical integration through constant innovation and use of technology. Company is well-positioned to capture market opportunities in the solid waste treatment segment Hence, we recommend "Subscribe" to issue.

Price Band (Rs./Share)	**313-330**
Opening date of the issue	**27th Oct '2026**
Closing Date of the issue	**29th Oct '2026**
No of shares pre issue	9,34,11,270 Eq Shares
Issue Size	Rs 668 Cr
Fresh issue	Rs 150 Cr
Offer For Sale	Rs 518 Cr
Face Value (Rs/ share)	Rs 2/share
Bid Lot	45
BIDDING DETAILS	
QIBs (Including Anchor)	50% of the offer
Non-Institutional	15% of the offer
Retail	35% of the offer
Lead managers	IIFL Capital, JM Financial, Nuvama Wealth Management
Registrar to the issue	MUFG Intime India Private Limited

WHAT WE LIKE

Technology driven market leadership in the wastewater treatment market

Company was the first technology provider in the SBR space with the introduction of C-Tech in India in the WWT segment.With 728 installations commissioned in the WWT segment, particularly in sewage treatment plants ("STPs"), company hold over 80% market share in sequencing batch reactor ("SBR") technology, a key wastewater treatment method in India, as of July 31, 2026. Company's technologies facilitate the treatment of 17,511.11 MLD of wastewater, as of July 31, 2026. Company's SBR technology: C-Tech has been implemented in the large-scale SBR-based STPs in India, including one of the largest STP under development, which has a treatment capacity of 424 MLD wastewater, as of July 31, 2026.

High proportion of repeat business with strong Order book

Company maintain strong, long-standing relationships with its customers, as evidenced by recurring business engagements. Notably, company have sustained continuous business from and have consistently provided services to prominent industry players, including Enviro Control Private Limited, Vishvaraj Environment Limited, Khilari Infrastructure Private Limited, SMC Infrastructures Private Limited, Rajkamal Builders Infrastructure Private Limited, Ramky Infrastructure Private Limited, EMS Limited and Enviro Infra Engineers Ltd, reflecting the trust they place in company's expertise and the reliability of its solutions. These enduring relationships are a testament to company's commitment to delivering quality and maintaining long-term partnerships. Over the years, company have successfully executed a diverse portfolio of projects spanning various capacities and geographical locations. Company benefit from a strong brand reputation that has been cultivated over more than 20 years of industry presence

Track record of consistent performance and strong financial profile

Company's revenue from operations has grown at a CAGR of 10.56% from ₹6,574.95 million in Fiscal 2024 to ₹8,036.29 million in Fiscal 2026. Company's profit after tax for the year has grown at a CAGR of 5.42% from ₹1,441.73 million in Fiscal 2024 to ₹1,602.13 million in Fiscal 2026. For the Fiscal 2026, Fiscal 2025, and Fiscal 2024, company have achieved a PAT margin of 19.94%, 21.78% and 21.93% respectively.

COMPANY BACKGROUND

Company's SWT Business model

Company's primary models for our SWT business operations involve:

a. Concessions with municipal corporations / governmental authorities: Company have designed, built and are operating two integrated SWT facilities in Goa for Goa Waste Management Corporation ("**GWMC**") on public-private partnership and turnkey model, with a combined treatment capacity of 350 TPD, with an additional handling capacity of 75 TPD resulting in its aggregate treatment capacity of up to 425 TPD, to treat municipal solid waste, enabling generation of biogas, electricity, compost and recovery of recyclables. Company undertakes capital investment for such projects, based on the agreed project terms.

b. Joint ventures with oil marketing companies: Company is engaged in ongoing collaborations for company's SWT business, including:

• executing joint venture agreement with an Indian city gas distribution company, to jointly explore opportunities to setup compressed biogas ("**CBG**") and waste to energy ("**WtE**") plants. Further, company have incorporated a joint venture, Hind Oil Biofuels Private Limited pursuant to a joint venture agreement executed amongst company's Subsidiary, HWTPL and a wholly owned subsidiary of an Indian oil and gas company for setting up and operating CBG and WtE plants;

• entering into an MoU with an Indian oil and natural gas conglomerate to set up municipal solid waste plants for producing compressed biogas; and

• provisional selection as a joint venture partner for setting up CBG plant up to 1,000 TPD segregated organic municipal solid waste in Mumbai.

c. Engineering & supply to third-parties: Company delivers end-to-end solutions for SWT, including project development, design and engineering, equipment supply, construction and commissioning, and long-term operation and maintenance. Company bid, develop, and operate concession projects. After securing a project, company handle design, supply of equipment, and manage O&M throughout the concession period. Company also offer turnkey solutions through an EPC model.

Company's presence

Company have a pan-India presence having delivered company's technologies for installation in WWT projects in various regions of India. Such regions cover 23 states and five union territories of India, as on July 31, 2026, including Andhra Pradesh, Assam, Bihar, Chandigarh, Chhattisgarh, Delhi, Daman and Diu, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Mizoram, Orissa, Punjab, Puducherry, Rajasthan, Tamil Nadu, Telangana, Tripura, Uttar Pradesh, Uttarakhand and West Bengal.

OBJECTS OF OFFER

The Offer comprises of a Fresh Issue of Equity Shares, aggregating to ₹1,500.00 million by Company and an Offer for Sale of 15,682,750 Equity Shares by the Selling Shareholders

Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects:

1. Prepayment of all or a portion of certain outstanding borrowings availed by Company and company's wholly owned Subsidiary, namely Vasudha Waste Treatment Private Limited;
2. Funding company's working capital requirements; and
3. General corporate purposes.

RISKS

Company's revenues and operations are dependent upon technology. Failure of these technologies, failure to upgrade or innovate these technologies or failure to identify and develop new technologies could have an adverse impact on company's results of operations. Company's products may be displaced by newer technology and any inability or failure to adapt to technological developments, the evolving competitive landscape or industry trends could harm company's business and competitiveness.

Source:RHP

Consolidated Financials

(Rs in Mn)

Financials	FY24	FY25	FY26	Q1FY27
Total Revenue (A)	6576.74	6978.58	8036.30	1339.47
Total Expenditure (B)	4644.20	4903.79	5678.17	1240.91
EBIDTA	1932.54	2074.79	2358.13	98.56
EBIDTA Margin	29.38	29.73	29.34	7.36
Other Income	192.50	291.06	176.44	39.55
Depreciation	124.58	178.41	278.46	64.74
EBIT	2000.46	2187.44	2256.11	73.37
Interest	88.26	133.71	148.64	53.94
PBT	1912.20	2053.73	2107.47	19.43
Share of profit in Asso	24.06	-1.34	7.42	2.10
PBIT	1936.26	2052.39	2114.89	21.53
Exceptional	0.00	0.00	0.00	0.00
PBT	1936.26	2052.39	2114.89	21.53
Tax	492.74	532.31	512.75	6.67
PAT	1443.52	1520.08	1602.14	14.86
NPM	21.95	21.78	19.94	1.11
ROE%	30.46	24.36	21.25	0.19
EPS	15.16	15.42	16.52	0.16
Eq Cap	62.27	186.82	186.82	186.82
Net Worth	5,611.45	6,627.59	8,239.03	8,251.93

(Source: RHP)

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