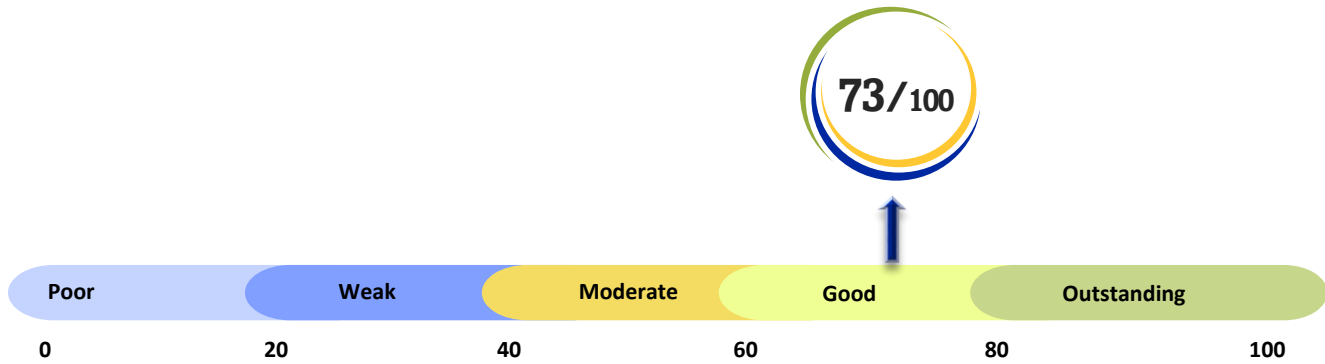


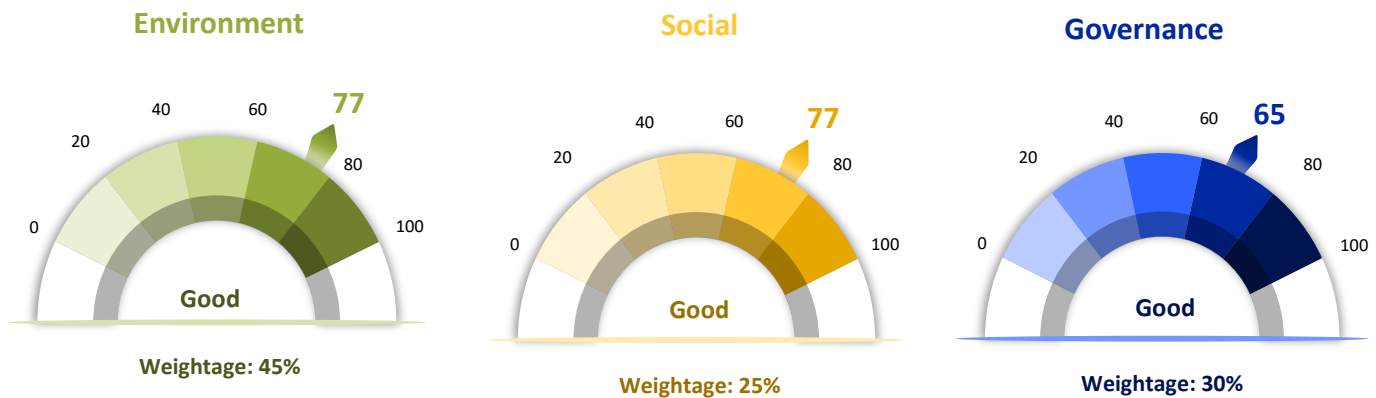
February 23, 2026

## SFC Environmental Technologies Limited: Rating assigned



### Summary of rating action

SFC Environmental Technologies Limited	Previous Score	Current Score	Rating Symbol	Rating Movement
ESG Impact Rating	-	73	Good	-



### Rationale

The **ESG Impact Score of 73 (Good)** assigned to SFC Environmental Technologies Limited (SFC) reflects its intrinsically sustainability-aligned business model, anchored in wastewater treatment, wastewater recycling and reuse, and solid waste-to-energy solutions. These operations enable resource efficiency, circularity, renewable energy generation, and support structurally low environmental impact. The environmental score is moderated by the nascent stage of formal Greenhouse Gas (GHG) accounting, absence of quantified climate or decarbonisation targets, and evolving ESG disclosure practices.

Social performance benefits from zero work-related fatalities, comprehensive employee welfare programmes, and structured capability building initiatives, including technical and leadership training. However, limited disclosure of safety

metrics and partially diversified Corporate social responsibility (CSR) deployment and impact tracking constrain the social score.

Governance strengths include defined Board-level oversight structures, and proactive risk management mechanisms, with a clear intent to strengthen governance as part of the listing transition. However, low gender diversity on the Board, combined Chairperson–Managing Director roles, and absence of third-party assurance of ESG data constraint the score.



## Environment

77 (Good)

SFC operates in a sector where environmental outcomes are inherently central to the business model, given its focus on wastewater treatment, wastewater recycling and reuse, and municipal solid waste-to-energy operations. Unlike heavy manufacturing entities, SFC's activities are largely centred around engineering design, technology integration, assembly, and Operations and Maintenance (O&M) processes, resulting in moderate energy consumption, low direct emissions, and limited waste generation.

The company's **Environmental Impact Score of 77 (Good)** reflects its strong operational sustainability fundamentals and circularity-driven model, balanced against evolving formalisation of measurement systems and environmental governance structures.

SFC operates two municipal solid waste treatment plants in Goa—Saligao (North Goa) and Cacora (South Goa)—along with its manufacturing and assembly facility at Chakan, Pune (Maharashtra), which together form the core of its operational footprint. The company's business model involves integrating renewable energy (RE) and meeting its entire on-site electricity requirement through biogas-based captive power supplemented by solar PV, with certain facilities generating surplus renewable electricity for export. Combined with an assembly-oriented operational profile and utilisation of waste-heat recovery from biogas engines, this contributes to an efficient energy intensity profile. While these factors support low operational emissions, the absence of a formal GHG emissions inventory, including Scope 1, 2, and 3 accounting, and the lack of time-bound climate targets indicate that the company remains at an early stage of structured climate risk management.

Water management is a notable environmental strength for SFC. Operated facilities achieve ~90% effluent recycling, with 100% wastewater treated before any reuse or discharge, consistently meeting high effluent standards. Advanced treatment processes—such as ammonia removal and ultrafiltration—are implemented internally as well, beyond contractual requirements, while water recovered from organic waste streams supports circular water practices. Despite these positive outcomes, the company has yet to adopt formal water stewardship policies, quantified targets, or centralised group-level reporting. ICRA ESG notes that SFC's water profile will change based on the projects it owns in the future and will be linked to concession periods.

SFC's waste-management performance benefits from its role as a waste-to-resource operator. Internal waste generation is low, and the company applies circularity principles in its business through anaerobic digestion of organic municipal waste, conversion of high-calorific non-recyclable fractions into Refuse-Derived Fuel (RDF) for supply to cement kilns, and routing of recyclable and regulated waste streams to authorised recyclers. However, consolidated corporate-level waste tracking and formal target-setting remain areas for development.

Biodiversity risks are modest, given that currently SFC does not operate in ecologically sensitive areas. ICRA ESG notes that biodiversity outcomes arise largely through indirect environmental benefits from effective waste and water treatment and greenbelt development, though the company does not yet have a formal biodiversity policy, monitoring framework, or defined commitments. ICRA ESG also notes that the waste management facilities were set up on a previous landfill site restoring the ecosystems around it. Nevertheless, the company will need to maintain highest quality of operation to generate positive biodiversity outcomes.

Across its value chain, SFC has initiated steps toward environmentally responsible sourcing, supported by localisation efforts and a recently introduced Supply Chain Sustainability Policy. However, tracking of sustainable procurement volumes, supplier-level ESG assessments, sustainable sourcing metrics, and structured audit mechanisms remain at an early stage of adoption.

Overall, SFC's environmental profile is characterised by RE-positive operations, low inherent emissions, efficient water and waste performance, and a business model structurally aligned to environmental sustainability. These strengths are counterbalanced by the absence of formal GHG accounting, lack of measurable environmental targets, and evolving monitoring and disclosure systems, which limit the company's ability to demonstrate long-term performance improvement in line with global best practices.



## Social

77 (Good)

The **Social Impact Score of 77 (Good)** reflects SFC's commitment to responsible business conduct across its workforce and value chain. Given its engineering-led operations—spanning manufacturing units, wastewater treatment facilities, solid-waste-processing plants, and project execution sites—employee safety, skill competency, and workforce wellbeing remain central to its social profile.

SFC witnessed zero work-related fatalities during the assessment period. Daily safety briefings, mandatory Personal Protective Equipment (PPE) usage, deployment of qualified (Health, Safety and Environment) HSE personnel, and incident-specific corrective actions collectively support a safety-oriented culture. The company also conducts regular safety and capability-building trainings, including mandatory safety certifications, on-the-job training modules, technical upskilling sessions, and advance welding training for shop-floor workers, which reinforce operational safety discipline. While formal disclosure of safety metrics like Lost time injury frequency rate (LTIFR), near-miss indicators, and centralised incident analytics are yet to be institutionalised, the company has initiated steps toward structured safety performance monitoring. SFC's key operational locations operate under ISO 45001-aligned occupational health and safety systems, reflecting maturing safety governance.

Employee welfare practices are comprehensive, covering health, accident, and life-insurance benefits for employees and dependents, periodic health check-ups, and emergency medical support. Human capital development is a core strength, supported by structured technical training, mandatory safety certifications, on-the-job capability building, leadership programmes, and international exposure initiatives. The implementation of Individual Development Plans and oversight by a Learning Council further reinforce capability building maturity. Attrition of ~11.6% in FY2025 remains consistent with sectoral trends for project-based engineering organisations and does not indicate notable workforce stability risks. On

compensation, income inequality remains within a reasonable range, reflected in a top-management-to-median-employee pay ratio of 1:39. However, the female-to-male wage gap at senior levels is unfavourable, driven by lower female representation in higher responsibility technical and leadership roles rather than differences in pay for comparable positions.

SFC’s human rights framework is embedded within its Code of Conduct, Prevention of Sexual Harassment (POSH) compliance processes, and labour law adherence rather than a standalone human rights policy. While contractual provisions extend human rights and labour practice expectations to suppliers and contractors, formal supplier-level social audits and corrective action tracking systems remain at an early stage of evolution.

The company’s business and customer relationship profile is adequate with mechanisms for receiving and resolving customer concerns, defined service-delivery protocols, and contractual warranties. In the recent past, no material customer disputes or product-related incidents have been reported; however, service and product quality consistency remains critical to SFC’s business and sustainability. Despite basic cybersecurity and data privacy governance controls being in place, the absence of a documented cybersecurity policy, advanced system certifications, or formal incident response frameworks indicate scope for strengthening.

SFC’s community impact is twofold. Its core operations contribute significantly to public health, sanitation, and environmental infrastructure through wastewater treatment, recycling, and waste-to-energy services. Moreover, with a long track record, SFC has been able to meaningfully contribute towards the technological upgradation in this space. On the other hand, its CSR profile, which is focussed on healthcare, education and community development, is largely in line with statutory requirements. However, the concentration of CSR spending through centralised funds and the absence of third-party CSR impact assessments limit the breadth and demonstrable outcomes of community engagement.

Overall, SFC’s social profile is supported by well-defined employee welfare systems, a safety-focused operating culture, strong training and capability building frameworks, and societal contributions through its core environmental services model. These strengths are moderated by incomplete formalisation of safety metrics, evolving human rights oversight across the value chain, early-stage IT resilience governance, and limited diversification and impact tracking of CSR initiatives, which represent key areas for improvement as the organisation matures.



**Governance**

**65 (Good)**

The **Governance Score of 65 (Good)** reflects SFC’s strengthening governance framework, supported by experienced promoter leadership, increasing board oversight, and progressive institutional structures being formalised as part of its transition toward a listed-company governance standard. The founders bring their extensive experience in environmental engineering and project execution, which has contributed to operational reliability across wastewater and solid waste management segments.

The board comprises a mix of executive, non-executive, and independent directors with expertise spanning finance, regulatory compliance, environmental engineering, and infrastructure governance. However, the roles of Chairperson and Managing Director (MD) are currently held by the promoter, which limits board independence. Board independence meets applicable requirements, and meeting attendance has been consistently high, reflecting active engagement.

Board-level gender diversity remains limited, however, with only a single woman director across the group entities, while female representation in senior management is modest, providing an opportunity to strengthen board perspective and improve governance depth over time. Parallely, board independence is positioned at the minimum statutory threshold, with four independent directors on an eight-member board, aligned with requirements for a promoter-executive Chairperson structure. The evolution of the board structure, member diversity and profile, as well as its functioning in light of the expected listing will remain key rating monitorables.

SFC has demonstrated progress through the voluntary formation of a Risk Management Committee ahead of regulatory requirements, indicating proactive oversight of enterprise-level risks. Given the presence of various group entities, governance responsibilities are distributed across finance, legal, compliance, and internal audit functions, supporting operational and regulatory oversight. The company has maintained a clean audit record in the latest audited financial year (FY2025) with no material qualifications from third parties and statutory dues, while financial obligations have been met without delay. The company is focussed on improving its transparency and disclosures, since investor and stakeholder communication had earlier been geared towards smaller size groups. These include governance-related disclosures, internal documentation standards, and strengthened risk-management. At present, the company does not have any ESG-related disclosures or a sustainability report, including future aspects of independent assurance, limiting external validation of sustainability information. In addition, SFC operates in a compliance intensive sector that requires adherence to environmental clearances, concession agreements, and project execution norms. The assessment period saw no governance-related adverse events, regulatory actions, or material litigation. ICRA ESG notes that systems for regulatory tracking, documentation, and compliance monitoring are being strengthened as part of SFC's listing preparedness.

With respect to ESG governance maturity, sustainability oversight is embedded within the company's existing committees—primarily the CSR Committee and Risk Management Committee. Although the company has articulated its sustainability intent through sustainability pledge, it does not yet have a dedicated ESG committee, board-approved ESG targets, or formal linkage of ESG performance to senior-management remuneration, reflecting the early stage of ESG institutionalisation. However, ICRA ESG has noted the ongoing work towards the same.

Overall, SFC's governance profile benefits from experienced promoter stewardship, improving board oversight, proactive risk management structures, strengthening disclosure practices, and clean audit outcomes. While areas like combined Chairperson–MD role, limited gender diversity at leadership levels, absence of external assurance for ESG disclosures weaken the score, the pace and adequacy of the formalisation of ESG governance frameworks, consistent with a company transitioning from a promoter-driven structure towards a higher governance maturity expected of a listed entity, will be a rating monitorable.

## Key Rating Drivers



### STRENGTHS

- Core business intrinsically aligned with environmental sustainability**  
 SFC's entire business model is built around environmental solutions—wastewater treatment, water recycling and reuse, and solid waste-to-energy. These activities inherently contribute to reducing pollution loads, enhancing circular economy outcomes, and enabling RE generation through biogas. Unlike other organisations that must undertake additional measures to reduce their footprint, SFC generates environmental benefits as a direct outcome of its operations. Thus, the company's overall ESG positioning benefits from its products and services, directly supporting sustainable and green urban infrastructure, which lead to a positive social impact. The company has implemented similar products in its own operations with respect to utilising biogas-based captive power, solar PV installations, and treated-water reuse, and benefits from a structurally low operational environmental footprint due to its assembly-oriented manufacturing, negligible process emissions, very low internal waste generation, and 100% renewable on-site electricity sourcing across its plants.
- Supportive and employee-centric workplace practices with comprehensive well-being systems**  
 SFC extends employee welfare beyond statutory norms through extensive health, accident, and life insurance coverage for employees and their dependents. This is complemented by periodic medical check-ups, safety-certification programmes, and rapid medical assistance mechanisms. In addition to benefits, the company invests in capability building through structured technical training, leadership programmes, and Individual Development Plans overseen by a Learning Council. These practices reinforce long-term skill development and workforce stability while supporting safe execution of complex engineering and project activities across multiple sites.
- Focus on strengthening governance architecture with increasing sustainability integration**  
 While SFC has a track record of operating for 20 years, supported by an experienced promoter, it is currently focused on strengthening its governance frameworks. As part of its listing preparedness, it has been taking various steps such as the establishment of key committees—including a voluntarily constituted Risk Management Committee—information systems and internal control processes. While sustainability oversight is currently embedded within existing committees, SFC is progressively planning to integrate ESG considerations into its governance practices through formalised disclosures, strengthening compliance systems, and enhancing risk management processes. This approach of growing recognition of sustainability as a strategic priority lends comfort; however, the ability to successfully implement and register meaningful progress remains crucial.



## WEAKNESSES

- **Limited tracking of environmental parameters and development of ESG targets**

While SFC's operations inherently support environmental sustainability, the company is still building the internal systems required for comprehensive environmental measurement and long-term ESG planning. Consolidated group-level tracking of parameters such as GHG emissions (Scope 1, 2, and 3), air pollutant emissions, detailed energy flow mapping, and waste generation metrics are not yet fully institutionalised. Parallely, the company's ESG data systems remain at an early stage, with sustainability disclosures being largely internal, unaudited, and lacking independent assurance. This limits external stakeholder confidence in the accuracy and completeness of ESG reporting. Furthermore, the absence of quantified, time-bound environmental or climate-related targets—including emission reduction pathways and sustainable procurement—limits the company's ability to benchmark its progress against industry peers and global ESG frameworks. As sustainability expectations evolve, formalising measurement systems, Key Performance Indicator (KPI) targets and external assurance will be essential for enhancing transparency and accountability.

- **CSR execution concentrated in statutory contributions with limited impact assessment**

SFC's CSR deployment is largely directed toward statutory or centralised funds, which results in limited thematic diversification and relatively low visibility in tangible, on-ground community outcomes. Moreover, the lack of formal third-party impact assessments makes it difficult to evaluate how effectively its CSR spending is addressing local development needs, improving social outcomes, or aligning with sustainable development goal (SDG)-related priorities.

- **Evolving board independence, limited leadership diversity, and early-stage ESG data governance**

SFC's governance profile reflects board independence positioned at the minimum statutory requirement for a promoter-executive Chairperson, despite experienced and professionally diverse independent directors. Leadership-level diversity also remains limited, with only a single woman director on a consolidated basis and modest female representation among Key Managerial Personnel (KMPs), constraining governance diversity. In addition, ESG data systems are still evolving, with sustainability metrics largely internal, unaudited, and without independent assurance. As the company transitions toward listed-entity expectations, its ability to strengthen board independence, enhance gender diversity, and formalise ESG data governance will remain key sensitivities.

## Rating Sensitivities



### Positive Factors:



SFC’s ESG rating could improve with adoption of structured environmental management systems, clear time-bound targets for energy, emissions, and water management, improved monitoring of workforce health and safety, broader CSR initiatives, and sustained improvement in gender diversity and pay equity. Governance-related upside could arise from enhanced board independence and diversity, institutionalised ESG oversight, improved disclosures, and stronger supplier ESG due diligence.



### Negative Factors:



SFC’s ESG rating could face downward pressure in the event of a reduction in renewable energy usage or weakening of its environmentally positive business profile. From a social perspective, deterioration in workforce health and safety performance, rising employee attrition, or increased customer complaints could adversely impact the score. On the governance front, absence of ESG data assurance, deterioration in board independence, or instances of penalties could weigh on the rating. Adherence to regulatory requirements after listing will remain a key monitorable.

## Analytical Approach

Analytical Approach	Comments
Rating methodology	<a href="#">ESG Impact Rating Methodology</a>
Rating scale	<a href="#">ESG Rating Scale</a>
Last review date	NA
Data Availability	Good
Rating boundaries	For arriving at the rating, ICRA ESG has considered the consolidated domestic operations of SFC Environmental Technologies Limited, and the sustainability related aspects disclosed through its Annual Reports, Draft Red Herring Prospectus (DRHP) and relevant internal policies and operational datasets shared during the assessment and other reports, along with inputs received during discussions in management meetings.

## About the company

### SFC Environmental Technologies Limited

Incorporated in 2005 and promoted by the promoter group led by Mr. Sandeep Sudhakar Asolkar, SFC is an environmental solutions company engaged in the design, engineering, manufacturing, execution, and operations of infrastructure assets across water and wastewater treatment, wastewater recycling and reuse (WRR), and municipal solid waste management (MSW). The company operates across the full project lifecycle, including EPC, technology supply, and long-term operations and maintenance.

SFC has commissioned over 639 sewage treatment plants under municipal wastewater with an aggregate treatment capacity of approximately 15,000 MLD. Through its subsidiaries, the company also operates integrated solid waste management and waste-to-energy facilities, including biogas-based projects that support renewable energy generation and landfill diversion.

On a consolidated basis, SFC reported revenue of Rs. 697.7 crore and profit after tax of Rs. 152 crore in FY2025. The company is currently in the process of an Initial Public Offering (IPO) comprising a fresh issue of up to Rs. 150 crore and an offer for sale of up to 1.23 crore equity shares, with the proceeds proposed to be utilised towards prepayment of certain borrowings, funding working capital requirements, and for general corporate purposes.

### Key ESG Indicators

Parameters	Unit	FY2025
<b>Environment indicators</b>		
Energy intensity	MJ/ Rs. crore	1,707.1
Renewable energy consumption	%	100
Water consumption intensity	m <sup>3</sup> / Rs. crore	4.04
Waste generation intensity	tonnes/ Rs. crore	0.0
<b>Social indicators</b>		
Employee turnover	%	11.6
POSH complaints reported	Number	0
CSR inhouse volunteers	Yes/No	No
<b>Governance indicators</b>		
Presence of reg-tech system	Yes/No	Yes
% of women in BOD	%	4*
% of women in KMP	%	33*
Average attendance in board meetings	%	76
Emission reduction target aligned with 1.5 dc pathway	Yes/No	No

Source: Company, ICRA ESG's Analysis; \*includes Indian subsidiaries

**Common Directors (if any):** None

### Source of Information

While assigning the ratings, ICRA ESG has considered the annual reports of the company along with company policies, additional information, and comments provided by the company.

**Status of non-cooperation with previous ERP:** Not applicable

### Rating history for past three years

S. No.	Parameter	Current Rating		Previous Rating	
		Date & Rating in FY2026	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023
		<b>Feb 23, 2026</b>	-	-	-
<b>1</b>	<b>ESG Impact Rating</b>	73, Good	-	-	-

Source: ICRA ESG Ratings

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