



ICRA
ESG RATINGS

A Group ICRA Company

Category-I ESG Rating Provider

ESG Impact Rating

ESG Rating Perspective
SFC Environmental Technologies Limited

February 2026



Table of Contents

ESG RATING PERSPECTIVE	3
Key Rating Drivers	5
Rating Sensitivities	8
ENVIRONMENT.....	10
ENVIRONMENTAL IMPACT SCORE.....	11
SOCIAL	20
SOCIAL IMPACT SCORE	21
GOVERNANCE.....	28
GOVERNANCE IMPACT SCORE.....	29
ANNEXURE I: ACTIONS & FUTURE GOALS.....	36
Annexure II: General Factsheet	37

ESG RATING PERSPECTIVE



[Click to Provide Feedback](#)

RATING ACTION

Ratings assigned: [ICRA ESG] Impact Rating 73, Good

ANALYST CONTACTS

Sheetal Sharad
+91 124 4545 815
sheetal.sharad-esg@icraindia.com

Sunil K S
+91 80 43326400
sunil.ks-esg@icraindia.com

Anshita Khandelwal
+91 124 4545 822
anshita.khandelwal-esg@icraindia.com

RATING SCALE

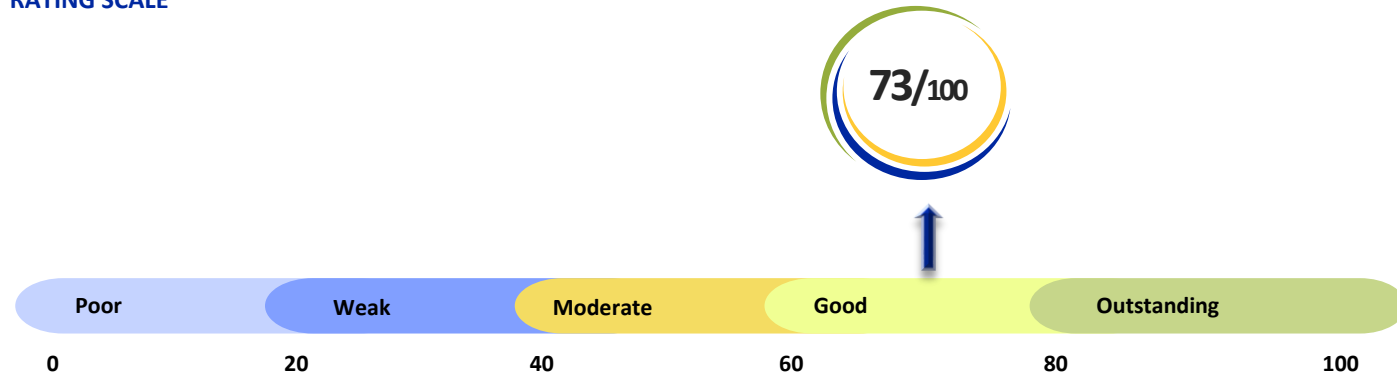
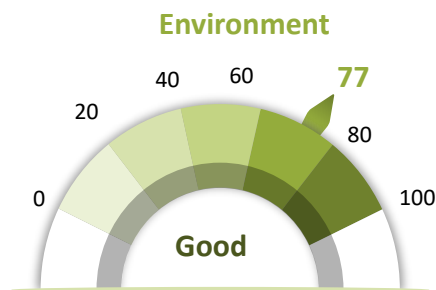
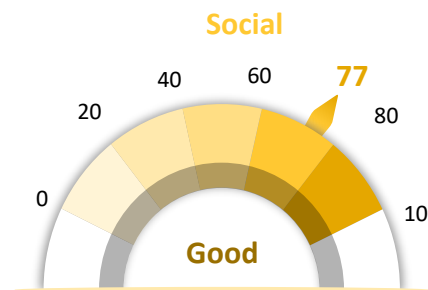


Exhibit 1: Rating Summary

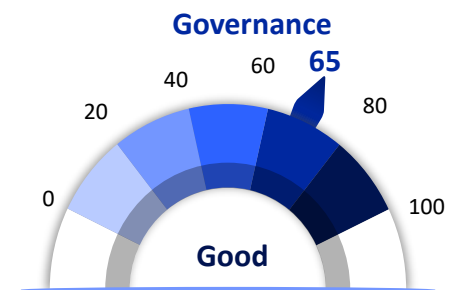
SFC Environmental Technologies Limited	Previous Score	Current Score	Rating Symbol	Rating Movement
ESG Impact Rating	-	73	Good	-



Weightage: 45%



Weightage: 25%



Weightage: 30%

Rating 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.

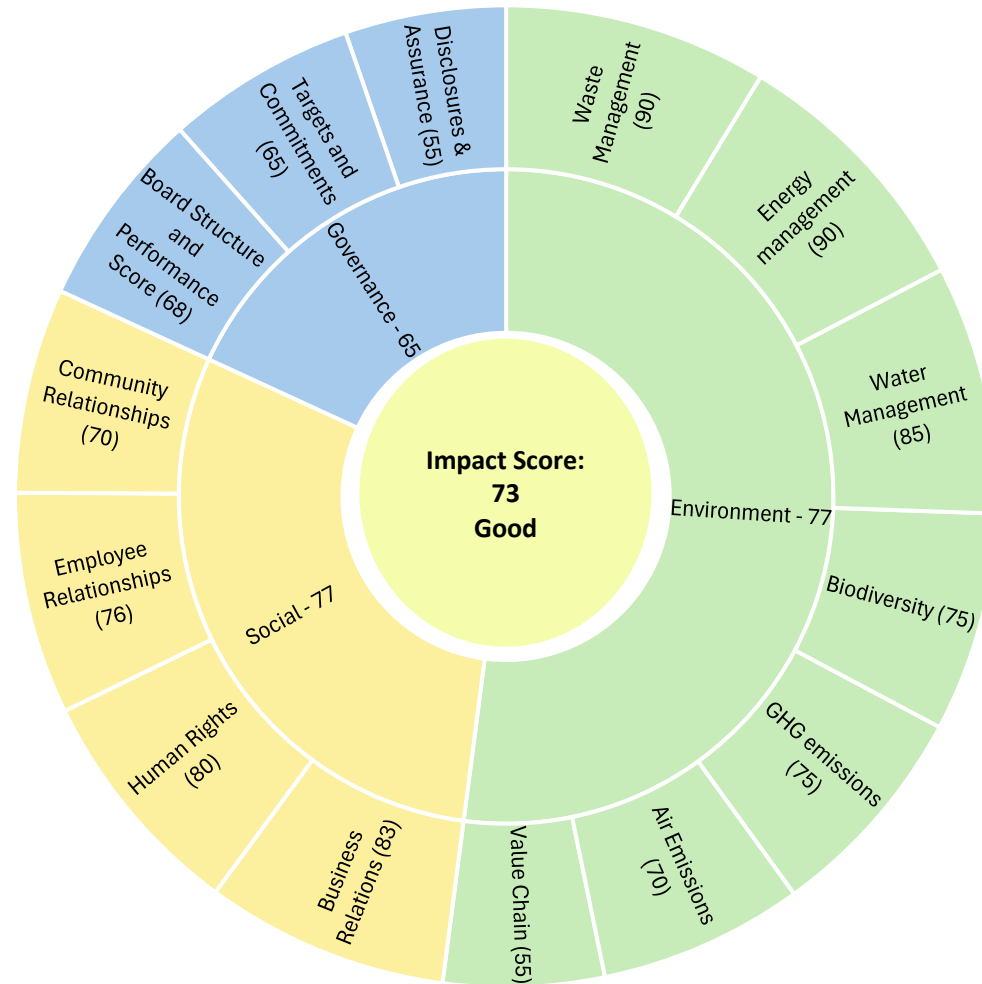
Social performance benefits from zero work-related fatalities, comprehensive employee welfare programmes, and structured capability-building initiatives, including technical and leadership training. However, limited disclosure of safety metrics and partially diversified Corporate social responsibility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

For the Rating Rationale, [Click here.](#)

KEY RATING DRIVERS

Exhibit 2: Key Rating Drivers: Impact Rating





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.



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.



STRENGTHS

- **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

- **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	ESG Impact Rating Methodology
Rating scale	ESG Rating Scale
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.

Exhibit 5: Key ESG Indicators

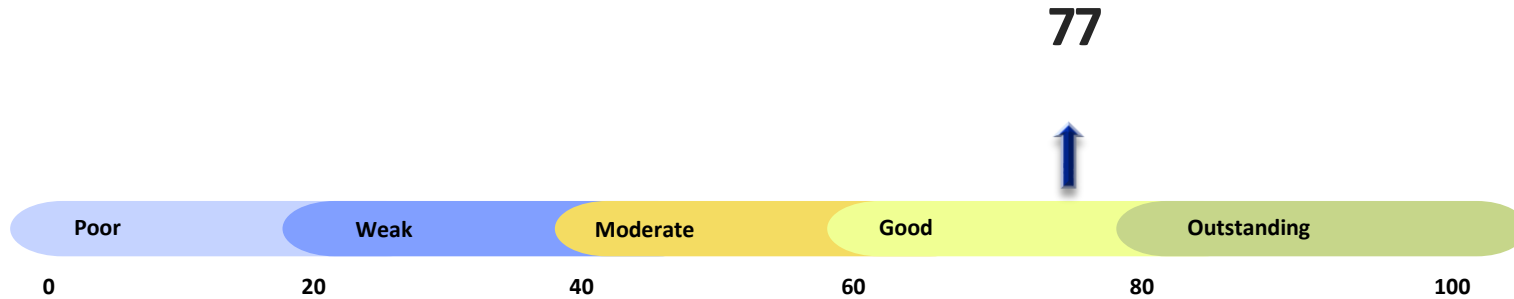
Parameters	Unit	FY2025
Environment indicators		
Energy intensity	MJ/ Rs. crore	1,701.1
Renewable energy consumption	%	100
Water consumption intensity	m ³ / Rs. crore	4.04
Waste generation intensity	tonnes/ Rs. crore	0.0
Social indicators		
Employee turnover	%	11.6
POSH complaints reported	Number	0
CSR inhouse volunteers	Yes/No	No
Governance indicators		
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



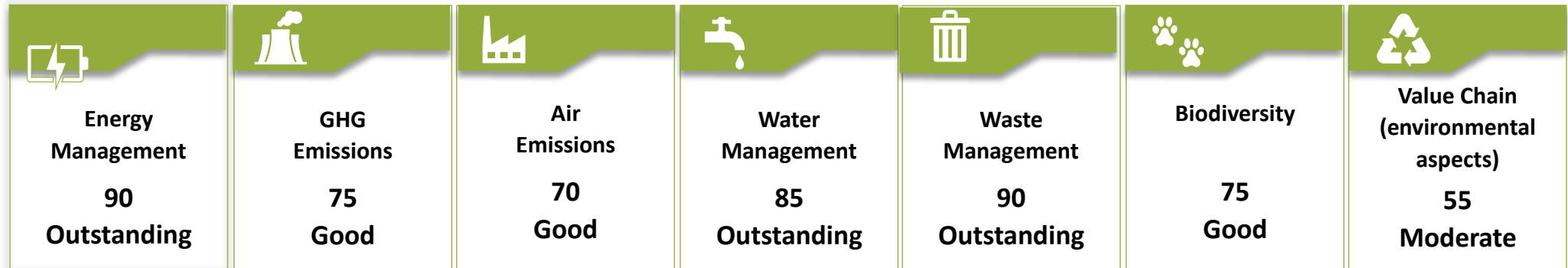
ENVIRONMENT

ENVIRONMENTAL IMPACT SCORE



BREAK-UP OF ENVIRONMENTAL IMPACT SCORE

Score
77





Energy Management

90, Outstanding



Energy Intensity:

1,707.1 MJ per Rs. crore of revenue



Renewable Energy (RE):

100% of total energy consumed



Target for RE/ Energy Conservation:

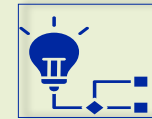
Yes



Energy Management System (ISO 50001): No



Energy Management Policy: No



Key Initiatives: Captive biogas-based power generation at waste treatment sites, supplying almost all on-site electricity needs.

- SFC's operations are naturally low-energy intensive, as the company designs, installs, and operates waste-treatment systems rather than running energy-heavy manufacturing processes.
100% on-site electricity is met through captive renewable sources only at select waste treatment facilities, primarily biogas generated from its own waste-processing systems, supplemented by solar PV (~3.4%) of total on-site electricity consumption (balance met through biogas).
- The renewable setup results in a company-wide net-positive energy balance, with surplus power exported to the grid and minimal reliance on Diesel Generator (DG) sets.
- Built-in process features such as biogas utilisation and heat recovery support operational efficiency aligned with its circular waste-to-energy model.

- SFC has articulated high-level energy ambitions (e.g., expanding renewable output, progressing toward carbon-neutral sites), but interim milestones, baselines, and timelines are not disclosed, limiting measurability of progress.

- SFC does not have a formal Energy Management System (ISO 50001) or a standalone, board-approved energy/renewable energy policy, despite having broad sustainability commitments, which limits structured governance and accountability. SFC's energy management score will remain sensitive to formalisation of measurement and reporting, going forward.
- While SFC's waste-to-energy model benefits from biogas utilisation and waste-heat recovery, these efficiency gains are not formally quantified or disclosed. Further, energy sourcing and consumption are not tracked on a consolidated, company-wide basis, and renewable-energy coverage across non-plant facilities (corporate offices, fabrication units, and project sites) remains undisclosed, limiting end-to-end visibility of the company's overall energy footprint.



GHG Emissions

75, Good



Scope 1 + Scope 2 Intensity:

Not tracked



Scope 3 Emissions Tracking:

No



Target to Reduce GHG Emissions:

No



GHG Emission Reduction Policy: No



Key Initiatives: Adoption of energy-efficient equipment and low-emission mobility practices (EV preference, reduced DG use), helping limit fuel-based emissions across operations.

- SFC’s business model—wastewater treatment, recycling and reuse, and municipal solid waste treatment—relies on biological processing and engineering services, not heat- or fuel-intensive manufacturing, leading to inherently low operational emissions.
- SFC’s energy needs at key sites are met through renewable sources such as biogas and solar, resulting in naturally low fossil-fuel dependence and minimal potential for Scope 2 emissions.
- Biogas-based operations enable methane capture and utilisation, reducing climate impact relative to landfill decomposition thus avoiding potential emissions and contributing to a structurally low direct-emissions profile.

- SFC demonstrates directional climate intent through renewable-first operations, deployment of energy-efficient equipment, reduced reliance on DG sets, and process features such as waste heat utilisation and methane avoidance; however, the absence of formalised data systems and quantified metrics limits the ability to assess actual emission reductions, avoided emissions, or efficiency gains achieved to date.

- SFC does not report Scope 1 or Scope 2 emissions, despite operating captive biogas-based power generation at select waste-treatment facilities and having electricity consumption across offices and Operations & Maintenance (O&M) sites; no consolidated emissions inventory or formal disclosure framework is currently in place.
- Similarly, given the low maturity of sustainability reporting, no Scope 3 accounting is undertaken. There is a significant portion of energy-intensive activities (such as fabrication, heavy processing, logistics, and project-site operations) being outsourced to group entities or external suppliers. Thus, SFC’s direct operational footprint relatively low, its upstream and operational influence remains material and unmeasured.
- There is no formal GHG policy, governance structure, or defined responsibilities, limiting the ability to set baselines or drive structured emission management.
- No GHG-reduction targets (short-term or long-term) are set, making climate commitments aspirational rather than measurable.



Air Emissions

70, Good



SOx + NOx Emission Intensity:

Not Tracked



Dust Emission Intensity:

Not Tracked



Target to Reduce Air Emissions:

No



Air Emission Reduction Policy:

No



Key Initiatives: Early adoption of electric and low-emission vehicles for internal mobility, reducing tailpipe emissions from operational transport.

- SFC’s core operations—wastewater treatment, wastewater recycling, and municipal solid-waste processing—are non-combustion-intensive, with no incineration or thermal treatment units. As a result, SOx, NOx and particulate emissions are inherently negligible.
- The company’s electricity requirement is primarily met through biogas-based power generation and solar Photovoltaic (PV), significantly reducing reliance on fossil-fuel-based grid electricity and associated air pollutants.
- Diesel generators operate only as occasional backup during outages, resulting in minimal fuel combustion and very low direct air-pollutant contribution.

- Air emissions remain low largely because the company’s activities are biological/mechanical in nature; however, lack of monitoring and data systems limits visibility into the small but existing contributions. These include DG sets, logistics, and auxiliary equipment and fleet operations. ICRA ESG notes that there are initial mitigation measures such as preference for EVs in select administrative and intra-facility mobility use cases dependent on feasibility.

- The company does not monitor or report SOx, NOx, or particulate matter emissions, despite limited sources being present (DG sets, vehicles, auxiliary equipment), which constrains the score.
- There is no dedicated air emissions policy or structured management framework, and neither are responsibilities for air quality oversight formally defined.
- No air emission reduction targets have been set, and neither is there any roadmap or monitoring mechanism to track progress.



Water Management

85, Outstanding



Water Consumption Intensity:
4.04 m³ per Rs. crore of revenue



Water Recycling:
~90%



Target to Reduce Consumption:
No



Water Management Policy:
No



Key Initiatives: Operational reuse of treated effluent for non-potable applications such as landscaping, construction activities, toilet flushing, and dust suppression across STP and MSW sites, lowering reliance on freshwater sources.

- SFC’s own water-consumption intensity is inherently low as core operations involve engineering design, supervision, and O&M services.
- Plants operated by SFC in contractual arrangement consistently achieve ~90% treated-water recycling, supported by advanced and particularly voluntary measures such as ammonia removal and ultrafiltration, many of which are beyond contractual norms, though available synergistically.
- Cyclic Activated Sludge Technology (C-Tech) based sewage treatment plants (STPs) operated by SFC ensure 100% treatment of all influents, with treated water reused for landscaping, construction, dust suppression, and toilet flushing, significantly reducing fresh water withdrawal.
- Moisture recovery from high organic-waste streams enables the company to convert waste moisture into reusable process water, reinforcing circular water management practices.

- Freshwater usage is low by design, but water-intensity monitoring is limited to select facilities, with corporate-level freshwater data (e.g., offices, fabrication units) not centrally consolidated.
- Automated aeration control, Online Continuous Monitoring System (OCMS)-linked monitoring, and disciplined reuse improve efficiency at certain sites; however, these are site-specific practices, and reporting is not uniform across all plants.

- Despite inherently low freshwater dependence and strong plant-level water reuse practices, SFC’s water performance assessment is constrained by the absence of centrally consolidated disclosure, quantified efficiency metrics, and structured targets. Consequently, there is limited transparency on total freshwater withdrawal, pollutant-load reduction, water intensity trends, reuse efficiency gains, and site-level water balances across facilities.



Waste Management

90, Outstanding



Waste Generation Intensity:
0.0002 tonnes/Rs. crore



% of Waste Recycled/ Reused/ Recovered: 100%



Target to Reduce Waste: Yes



Waste Management Policy:
No



Key Initiatives: Operational waste streams at MSW treatment facilities are channelled through high-recovery processes including anaerobic digestion (biogas), RDF production, and authorised recycling of segregated materials, ensuring maximum diversion from landfill.

- As an environmental solutions company with core operations in wastewater treatment, solid waste management, and project execution, SFC's business model inherently limits internally generated solid waste.
- In the absence of material manufacturing-related waste, overall internal waste generation is assessed as immaterial.
- Regulated waste, including battery waste (~0.15 tonnes) and other hazardous items, is managed exclusively through authorised vendors, ensuring compliance with applicable waste management rules.
- SFC's internal waste generation is minimal; however, as an MSW treatment and waste-to-resource solutions provider, its operations create significant positive externalities through landfill diversion, biogas generation Refuse-Derived Fuel (RDF) production, and recycling of municipal waste.

- Plant-level waste-management practices—segregation, composting, biogas production, solar drying, RDF preparation—are robust, but corporate-level monitoring is decentralised, resulting in limited consolidated reporting.
- At MSW facilities operated by SFC, third-party municipal waste received for treatment (rather than waste generated by SFC's own operations) is routed through high recovery pathways, including anaerobic digestion for biogas production, RDF generation for fossil-fuel substitution in cement kilns, and segregation of recyclables for authorised recycling—supporting near-complete recovery of the waste handled under its operational control.

- The company lacks a formal organisation-wide waste management policy. It currently has a Sustainability Pledge with broad commitments.
- SFC does not maintain a consolidated waste inventory across its operations, nor does it disclose operational impact like waste diverted from landfills.



Biodiversity

75, Good



Biodiversity Protection/ Conservation Policy:
No



Key Initiatives: Large-scale plantation and greenbelt development, including the commitment to plant one million trees annually as part of SFC’s sustainability pledge.

- SFC does not operate in or around ecologically sensitive or legally protected areas, and none of its plants require biodiversity-linked environmental clearances. This materially reduces site-level ecological exposure. Instead, its business is biodiversity supportive, if contracts are suitably designed.
- SFC integrates several biodiversity-supportive practices across its owned operations, including large-scale tree plantation, greenbelt development, treated water reuse, compost generation, and biogas-based energy recovery. These practices help reduce broader environmental degradation and contribute to ecosystem support. SFC has publicly committed to planting one million trees annually as part of its Sustainability Pledge, indicating strong environmental intent. However, the commitment is not structured as a formal biodiversity policy or roadmap, and SFC does not publish progress updates or impact metrics linked to this target.

- SFC’s operational profile inherently poses low direct biodiversity risk, as wastewater treatment, solid waste processing, and circular-resource technologies help prevent untreated discharge, reduce landfill load, and limit ecological contamination and become biodiversity impact positive. While these activities indirectly support biodiversity, SFC does not evaluate broader biodiversity dependencies or impacts within its value chain.
- Upstream biodiversity risks associated with raw-material extraction and engineered components remain unassessed.
- In Goa, SFC has established its MSW treatment facility on a reclaimed landfill site, converting a degraded area into an operational asset while undertaking measures to support land restoration and gradual recovery of the original habitat.

- Biodiversity considerations are not yet integrated into SFC’s core business planning, procurement processes, or expansion decisions, and there are no dedicated governance structures or monitoring systems for biodiversity-related risks.
- SFC undertakes plantation and maintains landscaped green zones around its facilities, but lacks a formal biodiversity management framework, structured assessment methods, or ecological impact measurement across sites.



Value Chain

55, Moderate



% of Inputs Sourced Sustainably:

25%



Monitoring Environmental Performance of Suppliers:

No



Policy on Sustainable Sourcing:

Yes



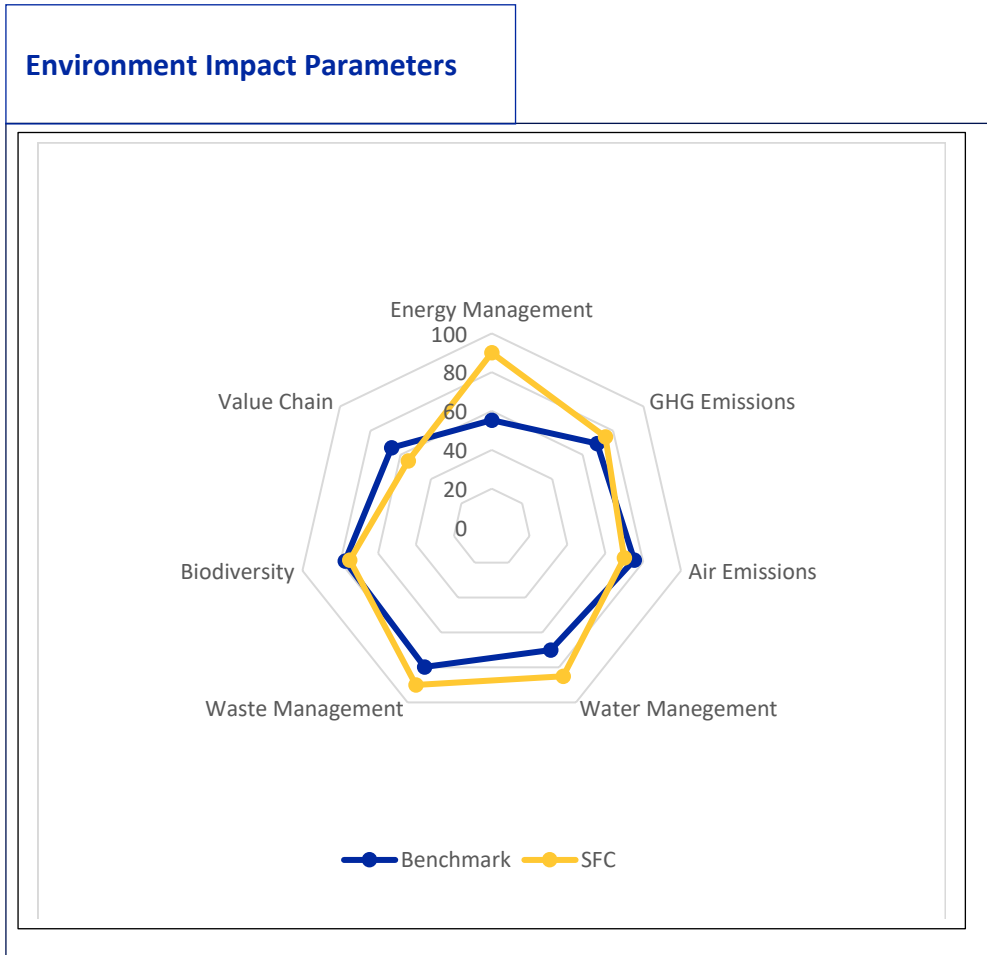
Key Initiatives: Localisation of procurement and manufacturing, reducing import dependence and lowering transport-related emissions; development of domestic alternatives for critical components.

- SFC has established foundational elements of responsible sourcing, including a formal Supply Chain Sustainability Policy that sets out environmental, social and ethical expectations for suppliers across key procurement categories. Further, a sizeable share of procurement from large multinational suppliers with established compliance systems enhances baseline environmental safeguards across the value chain.
- Significant localisation of manufacturing and component sourcing—including shifting production from overseas to Indian facilities and developing domestic alternatives—contributes to lower logistics-related emissions and improved supply chain resilience.

- SFC has implemented several environmentally aligned operational initiatives, including recyclable packaging, packaging reuse, energy-efficient equipment procurement, logistics consolidation, and fully digitised vendor processes; however, impact measurement remains limited.
- Environmental responsibilities are integrated into supplier contracts through Health, Safety & Environment (HSE) clauses, sustainability requirements, and audit rights, strengthening minimum compliance expectations; though tracking effectiveness is still evolving.

- SFC has not rolled out a formal ESG or environmental audit framework for suppliers; instead, oversight remains largely limited to technical evaluations and contractual compliance checks. Consequently, environmental considerations are not consistently embedded across procurement decisions, particularly for smaller vendors and project-specific materials.
- The absence of structured supplier-level monitoring mechanisms results in limited visibility into environmental performance, including identification of gaps, non-compliance trends, or tracking of corrective actions across the value chain.
- Further, the value chain does not yet report quantified sustainability outcomes, constraining transparency and limiting assessment of long-term environmental performance and progress beyond direct operations.

Exhibit 6: Strength and Weaknesses for Environmental Impact*



Source: ICRA ESG Research; * The benchmark was developed by averaging the ESG ratings of entities rated by ICRA ESG. This method provided a structured basis for comparison, utilising the ESG performance of organizations to evaluate relative positioning and identify key weaknesses.



STRENGTHS

- **High integration of renewable energy** at operated plants, driven by biogas-based captive generation and on-site solar.
- **Low operational carbon and air emissions** due to renewable energy reliance and a naturally low-thermal, low-combustion business model.
- **High-quality wastewater management**, with **100% treatment** and ~90% reuse across operated STPs reflecting circular waste practices.
- **Core business model inherently reduces environmental impact** preventing pollution, enabling reuse, and supporting circularity.



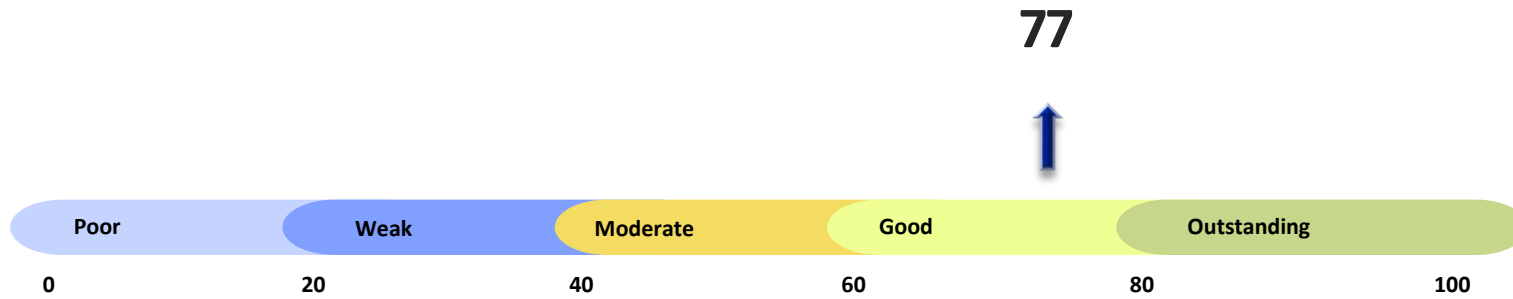
WEAKNESSES

- **No formal, organisation-wide policies or targets** for GHG reduction, air pollution management, or water pollution control.
- **Gaps in environmental data consolidation and performance tracking.** Environmental data systems remain under-developed, with no consolidated GHG inventory (Scope 1–3), emissions reduction roadmap, or centralised waste tracking across corporate and project-level operations.
- **Supplier ESG performance not yet monitored**, with no ESG-specific audits or corrective action mechanisms.

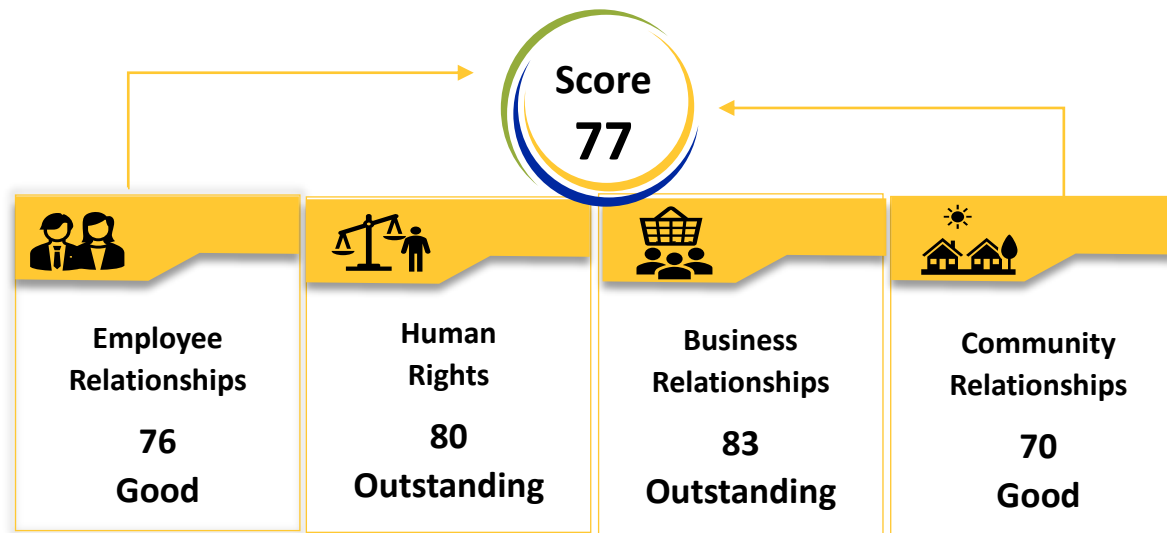


SOCIAL

SOCIAL IMPACT SCORE



Break-up of Social Impact Score





Employee Relationships

76, Good



Number of Fatalities:

0



Lost Time Injury Frequency Rate:
Not tracked



High Consequence Work-related Injury:
0



Employee Turnover (attrition rate): 12%



Wage Gap (female to male wage): <1



Income Inequality Ratio: 1.39



Occupational HSMS:
Yes (ISO 45001 certified)



Policy for Supplier Health and Safety: Yes (basic level)



Employee Welfare Initiatives: - **Comprehensive protection benefits**, including full health insurance for employees and dependents, accident and life insurance, periodic health camps, and strong emergency-medical support.
- **Workplace well-being measures**, such as free meals/snacks, flexible leave practices, safe work environments, and enhanced facilities across office and plant locations.

- SFC had no workplace fatalities and no high-consequence work-related injuries during the period under review. Past incidents were handled with strong corrective action and medical support, reflecting a responsible and employee-centric safety culture.

- Attrition stood at ~12% in FY2025, broadly consistent with prior years; however, sustained focus on employee engagement, retention levers, and long-term career pathways remains important.
- Well-being initiatives such as insurance coverage, periodic health camps, and workplace facilities exist, but well-being spend does not fully capture programme effectiveness, as impact is not yet measured systematically.
- Supplier health and safety requirements are embedded in contracts, but supplier-level Health & Safety (H&S) monitoring remains at an early stage, with practical audits and CAP tracking yet to be institutionalised.

- Key safety metrics such as LTIFR and near-miss rates are not yet tracked or disclosed, limiting transparency on workforce safety performance despite ongoing improvements.
- There are no structured mental health or Emergency Action Plan (EAP) programmes, despite broader well-being measures, creating a gap in holistic employee support.
- The aggregate female-to-male wage ratio remains unfavourable, driven by under-representation of women in higher paying roles rather than pay inequity for comparable positions.

- Occupational health and safety systems are well-established, supported by ISO-aligned management practices, daily safety briefings, mandatory Personal Protective Equipment (PPE) compliance, skilled HSE personnel at plants, and periodic internal and statutory safety assessments.
- SFC has implemented a structured approach to capability building, with 100% individual development plan (IDP) coverage, continuous technical upskilling, leadership development, international exposure programmes, and a dedicated Learning Council overseeing workforce development.
- Grievance and conduct governance are strong, supported by an open-door mechanism, a formal grievance handling framework under rollout, and full POSH compliance with zero complaints.
- Income inequality is low, reflected in an income inequality ratio of 1.39, indicating limited wage dispersion across the workforce.

- Supplier working condition assessments are not systematically conducted, and corrective action processes for value chain H&S issues are not yet formalised, resulting in limited visibility into downstream safety practices.



Human Rights

80, Outstanding



Number of POSH Complaints:

0



POSH Complaints Resolved during the Year: Not applicable



Training on the Code of Conduct:

Yes



Policy for Human Rights Protection by Suppliers: Yes (basic level)



Key Initiatives: Regular Code of Conduct & POSH training integrated into onboarding and annual compliance cycles, covering ethics, workplace conduct, and human rights aligned expectations.

- SFC provides regular Code of Conduct, ethical behaviour, POSH, and compliance-linked training as part of induction and annual cycles, ensuring employees are sensitised to acceptable workplace conduct and human rights expectations.
- The company maintains a comprehensive and fully functional POSH framework, with an Internal Complaints Committee, 100% training coverage, and zero reported harassment cases, indicating an effective prevention-driven environment.
- There is a structured grievance redressal mechanism, supported by an open-door culture and escalation-based processes, enabling timely and transparent resolution of workplace concerns.
- Supplier-level expectations on labour standards, fair treatment, and safe working conditions are embedded through the company's Supply Chain Sustainability Policy and contractual HSE clauses, extending human rights safeguards across the value chain.

- Human-rights-related assessments are integrated into routine operational oversight, covering compliance with statutory requirements, safe working conditions, PPE adherence and confirmation of no child labour practices.
- Human rights content is integrated into its Code of Conduct and compliance training, but SFC does not maintain a standalone Human Rights Policy, resulting in partial coverage of broader human rights themes.
- Supplier expectations on labour practices are well-defined, but practical monitoring of supplier working conditions is still evolving, with structured ESG/H&S audits and corrective action tracking yet to be institutionalised.
- Gender diversity at the organisation is improving; however, women remain under-represented in senior technical and leadership roles, indicating structural gaps in the talent pipeline.

- No dedicated programs exist for inclusion of differently-abled individuals, and accessibility-related workforce policies are not yet formalised.
- Beyond compliance-driven POSH and Code of Conduct training, advanced human-rights sensitisation—such as non-discrimination workshops, mental health awareness, or broader inclusion programmes—remains limited.
- Supplier human rights assessments are not systematically conducted, and monitoring of on-ground corrective actions for value chain labour practices remains weak.



Business Relationships

83, Outstanding



Grievance Redressal Mechanism:

Yes



Customer Complaints:

0



Number of Cyber Security Incidents in Past Two Years: 0

- SFC primarily serves municipal corporations, Urban Local Bodies (ULBs), water/sewerage boards, and state utilities through structured, transparent tender-based contracts, enabling predictable and long-term public sector engagements. Within this framework, the company has built stable client relationships supported by clearly defined Service Level Agreement (SLAs), and strong customer support systems.
- There is a comprehensive customer support ecosystem with multi-channel complaint logging, SLA-based resolution, on-site/online troubleshooting and escalations, handling ~100 online and 10–15 on-site cases monthly.
- Stable IT and cyber-security controls, with firewalls, Virtual Private Network (VPNs), backup systems and access restriction; no material cyber-security issues reported.

- Track record of no major failures or recalls; commissioning protocols and performance guarantees strengthen reliability in municipal infrastructure.
- Structured technical documentation and operator guidance are provided to clients, enabling smoother handover, informed operation, and reduced operational disruptions post-commissioning.
- Limited formal customer satisfaction tracking, as interactions are driven by Government-mandated processes rather than commercial feedback frameworks.
- Cyber security governance maturity remains in progress, with formal policies, enterprise-wide Enterprise Resource Planning (ERP) integration, and incident response frameworks still being institutionalised.

- Public disclosure of grievance-resolution metrics, service Turnaround Time (TAT), and client satisfaction indicators is limited.
- Sustainability-related achievements Micro, Small and Medium Enterprises (MSME sourcing, localisation, design improvements) were highlighted during management discussions; however, these initiatives are not yet formally articulated in the Annual Report or other public disclosures, reflecting the company’s pre-listing stage and limited ESG reporting requirements.
- No externally disclosed customer service dashboard, which is increasingly expected in public-sector service providers.



Community Relationships

70, Good



Community Grievance Redressal Mechanism: Yes



In-house CSR Volunteers: No



CSR Impact Assessment: Partially



% of Wages Paid in Rural & Semi-urban Areas: 17%



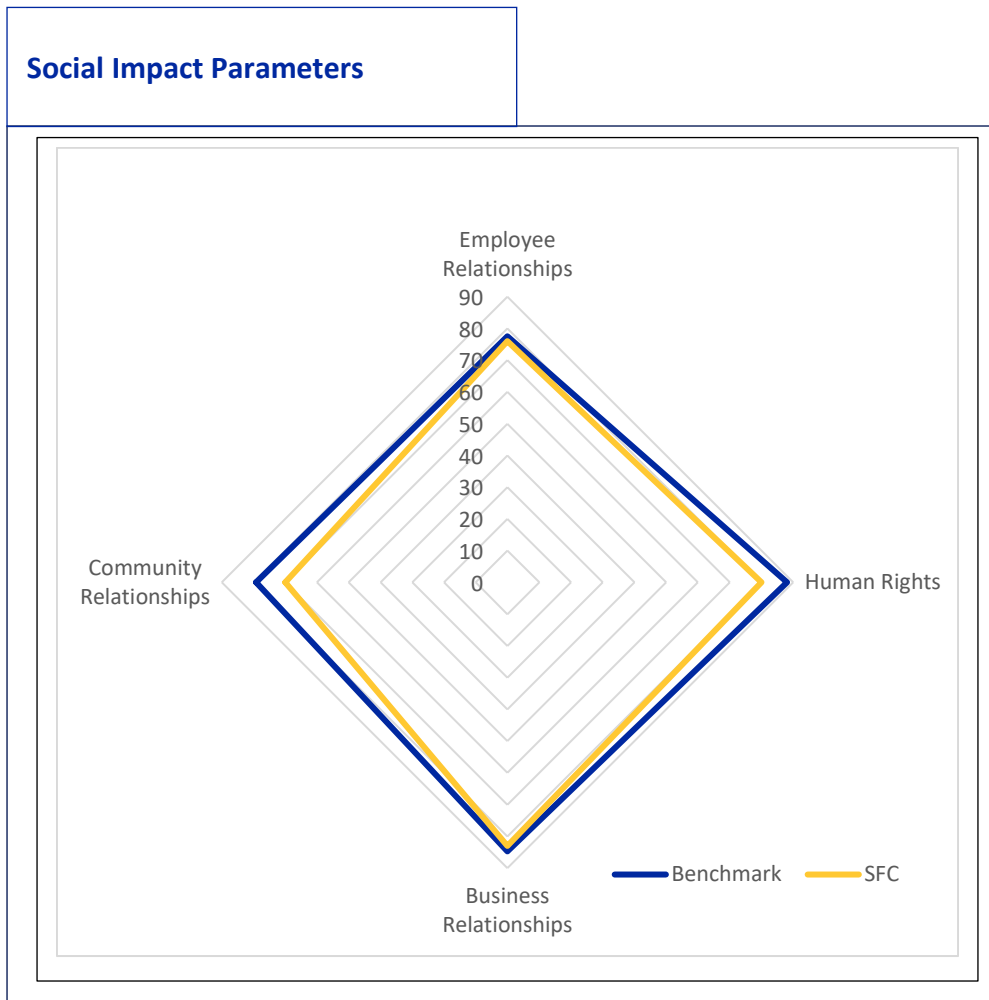
Key Initiatives: Community impact embedded in core operations, through wastewater treatment, water recycling, and municipal solid waste projects that improve sanitation, public health, and environmental quality in urban and peri-urban areas.

- SFC’s core business delivers inherent community impact, with wastewater treatment, water recycling and solid waste management solutions directly addressing urban sanitation, water scarcity, public health and waste management challenges faced by municipal corporations and ULBs.
- Through its projects, SFC enables treatment and reuse of wastewater, landfill diversion, biogas generation and waste-to-energy, contributing to cleaner cities, improved hygiene and climate-positive outcomes.
- A third-party Economic and Social Impact Assessment has been undertaken, providing feedback on the outcomes of CSR initiatives and broader socio-economic contributions.

- CSR activities span multiple themes, including healthcare, education, women empowerment and community welfare; however, a significant portion of CSR spend 68% is routed through Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (PM CARES/PMNRF), limiting the breadth of direct on-ground project implementation.
- Employee participation in CSR remains informal and ad-hoc, with no structured volunteering framework, targets or tracking mechanisms.
- Community grievance redressal is largely engagement-based rather than system-driven, relying on interactions during CSR activities and project execution rather than a formal, documented grievance platform.

- CSR impact measurement is not yet embedded as a recurring process across all projects, limiting systematic outcome tracking and recalibration.
- CSR spending remains concentrated and could be further diversified toward skill-based, livelihood-linked or core business aligned community programmes.

Exhibit 7: Strength and Weaknesses for Social Impact*



Source: ICRA ESG Research; * The benchmark was developed by averaging the ESG ratings of entities rated by ICRA ESG. This method provided a structured basis for comparison, utilising the ESG performance of organizations to evaluate relative positioning and identify key weaknesses.



STRENGTHS

- **Core business delivers high social impact**, improving sanitation, water security, waste management and public health communities under municipalities.
- **Strong employee welfare baseline**, with zero fatalities, comprehensive insurance coverage, ISO-aligned safety practices, structured training and improving attrition.
- **Effective human rights safeguards**, supported by Code of Conduct and POSH compliance, functional grievance mechanisms and zero harassment cases.
- **Stable government-led business relationships**, underpinned by transparent tendering, defined SLAs, robust customer-support systems and a clean quality track record.



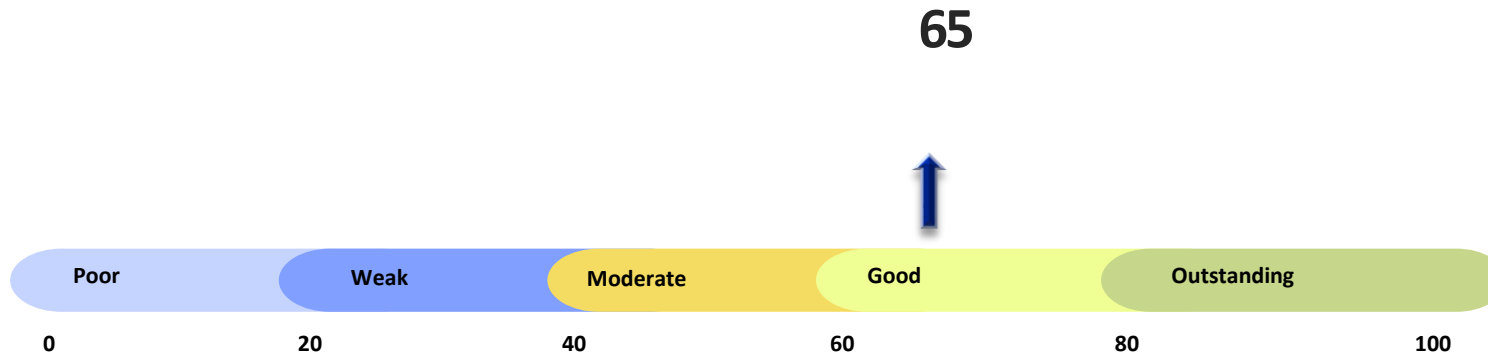
WEAKNESSES

- **Limited formalisation and disclosure of social Key Performance Indicators (KPIs)**, including safety metrics, wage gap data, customer satisfaction and community grievance outcomes.
- **Absence of structured programmes** for mental health, differently-abled inclusion and advanced diversity initiatives.
- **CSR implementation remains partially concentrated**, with limited direct on-ground diversification and lack of institutionalised annual impact tracking.
- **Supplier social oversight is largely contractual**, with limited ESG-based audits and corrective action monitoring.
- **Social performance disclosures are limited**, under-representing community outcomes, MSME engagement and service quality indicators.

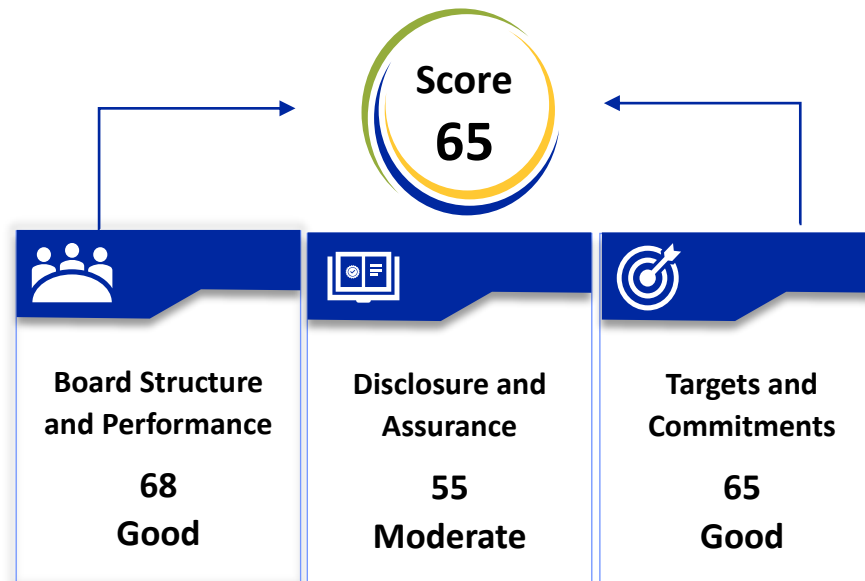


GOVERNANCE

GOVERNANCE IMPACT SCORE



Break-up of Governance Impact Score





Board Structure & Performance

68, Good



% of Women in Board of Directors: 4%



% of Women in KMP: 33%



No. of Independent Director's above Statutory Limit: Nil



Chairperson Independence: None



% of Attendance in Board Meetings: 76%



MD – Chairperson Separation: No

- SFC's board members bring expertise across finance, governance, environmental engineering, regulatory compliance and business leadership.
- Recent key resolutions (appointments, remuneration, Employee Stock Option Plan (ESOPs), borrowings and related party transactions (RPTs) were approved with broad shareholder support and no reported dissent.
- While the group has joint venture, subsidiaries to support business expansion, technology localisation, and project execution across wastewater and solid waste segments, ICRA ESG did not find any related-party transactions or arrangements of concern.

- Board independence meets statutory requirements but does not exceed minimum thresholds, indicating a compliance-led structure rather than enhanced independence.
- Board engagement is adequate, with multiple meetings held during the year and average attendance of ~76%, reflecting reasonable participation though not uniformly full attendance.
- Formal ESG oversight systems are still evolving, with institutionalisation of ESG Management Information System (MIS), reporting processes and board-level review expected post-IPO.
- Governance framework is strengthening, reflected in early constitution of a Risk Management Committee and planned enhancements to ESG governance and reporting post-listing. The same will remain a rating sensitivity.

- Combined Chairperson and Managing Director roles, with the Chairperson being an executive promoter, limits independence at the apex level (despite management's stated intent to separate roles post-IPO).
- Gender diversity at senior governance levels remains limited, with women representing ~33% of Key Managerial Personnel (KMP), where applicable, but only ~4% of directors on a consolidated basis; board-level female representation is currently concentrated at the parent level, indicating scope for strengthening diversity across group entities as governance structures mature.



Disclosures & Assurance

55, Moderate



Unqualified/ Modified Audit Opinion:
Unqualified



Sustainability Assurance Level Defined: No



Regulatory Technology Installed: Yes



Sustainability Reporting: Integrated Annual Report

- Sound financial-reporting discipline in recent years with clean audit opinions, no/modified/disclaimer remarks, and no defaults or delays in statutory dues or debt repayments.
- Improving governance transparency as part of IPO readiness curve, including better documentation, strengthened committee processes, and enhanced internal reporting and control frameworks.

- Disclosure practices are evolving, as SFC is currently an unlisted entity; quarterly result disclosures and formal investor-communication practices are expected to be institutionalised post-listing
- Sustainability-related disclosures are limited but improving, with select ESG practices embedded operationally, though not yet presented through a structured sustainability or integrated reporting framework. ICRA ESG notes the intent of the management to commence proactive measures.

- No standalone sustainability report or integrated annual report, and Business Responsibility and Sustainability Report BRSR-aligned disclosures are yet to be adopted.
- No external assurance for sustainability disclosures, reflecting the early stage of formal ESG reporting and verification.



Targets & Commitments

65, Good



Board Committee on Sustainability/ ESG: Yes



CEO/BoD Pay Sustainability-linked: Partially



UN Global Compact Signatory: No



SBTi/ Paris-aligned GHG Target: No



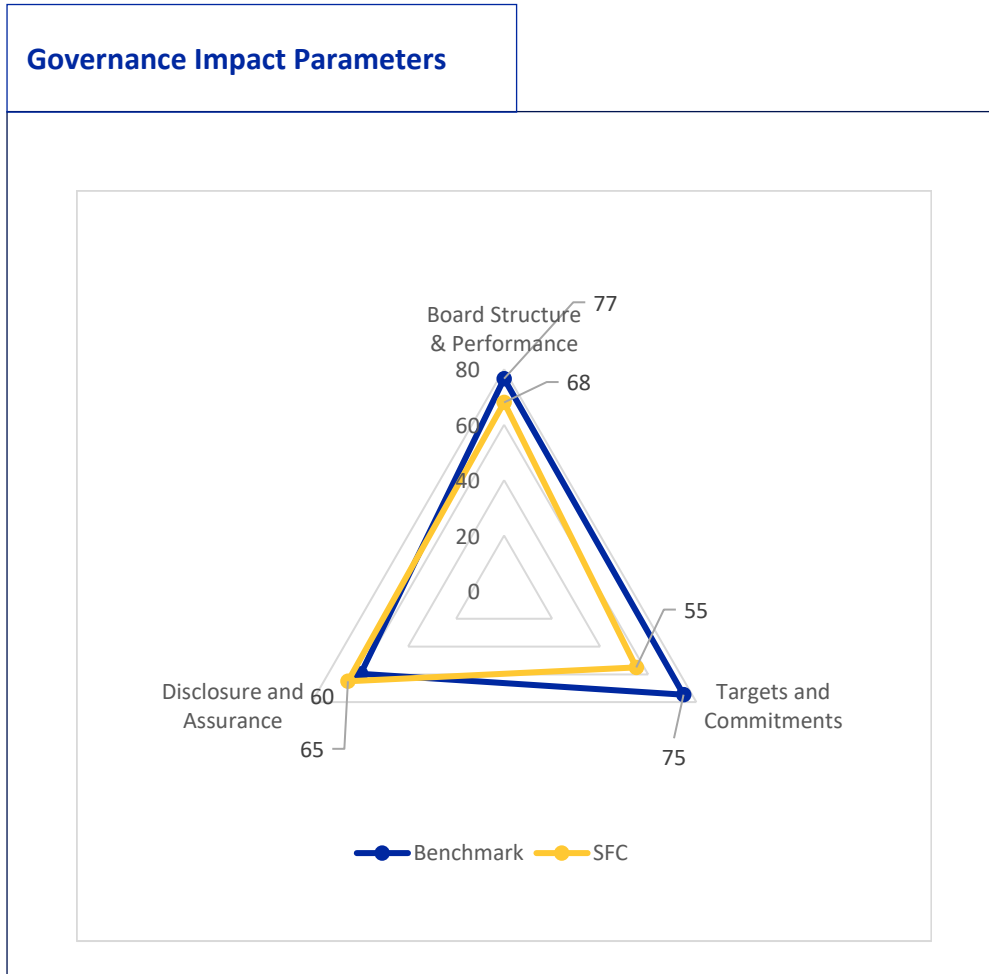
Key Initiatives: Initiated **IPO-readiness measures**, including enhanced documentation, processes, and governance frameworks.

- Board-level oversight for sustainability, with the CSR Committee overseeing social and sustainability matters and the Risk Management Committee monitoring enterprise-wide risks, including ESG readiness.
- Core business and capital deployment are inherently sustainability-driven, with technology development and investments focused on wastewater treatment, reuse, solid waste management, biogas generation, and solar-linked process solutions, enabling significant environmental and social benefits.
- Expansion into climate-positive business segments, such as biogas-based renewable energy, wastewater reuse and energy-efficient treatment technologies, reflects a clear long-term sustainability direction and system level emissions avoidance.

- Senior management and Board compensation are not explicitly linked to defined ESG KPIs, though sustainability aligned outcomes are indirectly embedded through operational efficiency, regulatory compliance and project-delivery performance.
- Sustainability commitments are largely strategic rather than time-bound, with forward-looking intent articulated internally but limited public disclosure of quantified targets or milestones.
- ESG institutionalisation is progressing, supported by IPO-readiness efforts and internal ESG relevant discussions.

- No formal alignment with global sustainability frameworks, as SFC is at a nascent maturity of its formal ESG journey.
- No SBTi-approved or Paris-aligned GHG reduction targets, limiting formal climate target credibility and external benchmarking.
- Absence of publicly disclosed, measurable ESG targets, including emissions, safety, diversity or resource efficiency goals, constrains accountability and external assessment.

Exhibit 8: Strength and Weaknesses for Governance Impact*



Source: ICRA ESG Research; * The benchmark was developed by averaging the ESG ratings of entities rated by ICRA ESG. This method provided a structured basis for comparison, utilising the ESG performance of organizations to evaluate relative positioning and identify key weaknesses.



STRENGTHS

- **Sound board and committee structure**, with relevant expertise and adequate engagement.
- **Improving governance maturity**, supported by early constitution of a Risk Management Committee and enhanced processes during IPO readiness.



WEAKNESSES

- **Combined Chairperson–Managing Director** role limits independence at the apex level.
- **Low board-level gender diversity**, with women representing only ~4% of directors on a consolidated basis.
- **Limited formal ESG commitments and disclosures**, including absence of global framework alignment, quantified ESG targets, sustainability reporting and external assurance.

ESG BENCHMARKING AND COMPETITIVE ANALYSIS

Exhibit 9: Peer Comparison

Parameters	SFC Environmental Technologies Limited	Thermax Limited	Praj Industries Limited	Ion Exchange (India) Limited
Sector	Utilities	Industrial Manufacturing	Capital Goods	Capital Goods
Sub-sector	Waste Management	Heavy Electrical Equipment	Industrial Products	Water Supply and Management
General Information		FY2025	FY2025	FY2025
Year of Incorporation	2005	1980	1985	1964
Paid-up Capital (Rs. crore)	18.68	23.83	36.76	14.66
Revenue (Rs. crore)	677	6,254	3,228	2,540
Promoter Shareholding	48.17	Individuals - 0.01% Corporate bodies - 61.98%	Promoters' Holding - 32.81%	Promoter & Promoter Group - 25.76%
Reporting Boundary	Consolidated Basis	Standalone Basis	Consolidated Basis	Standalone Basis
Total Plants	639 commissioned plants	25	16	20
Total Employees & Workers	315	8,929	9,674	2,672
Environment Indicators	FY2025	FY2025	FY2025	FY2025
Energy Intensity (MJ/Rs. crore)	1,707	44,264	10,090	44,321
Scope 1 & Scope 2 Emissions Intensity (tCO ₂ e/ Rs. crore)	NT	3.11	2.35	5.56
SOx + NOx Emission Intensity	NT	4.48 (kg/Rs. crore)	271 mg/m ³	41.67 µg/m ³
Water Consumption Intensity (m ³ /Rs. crore)	4.04	62.9	15.5	41.2
Waste Generation Intensity (tonne/Rs. crore)	0	2.83	0.09	6.39

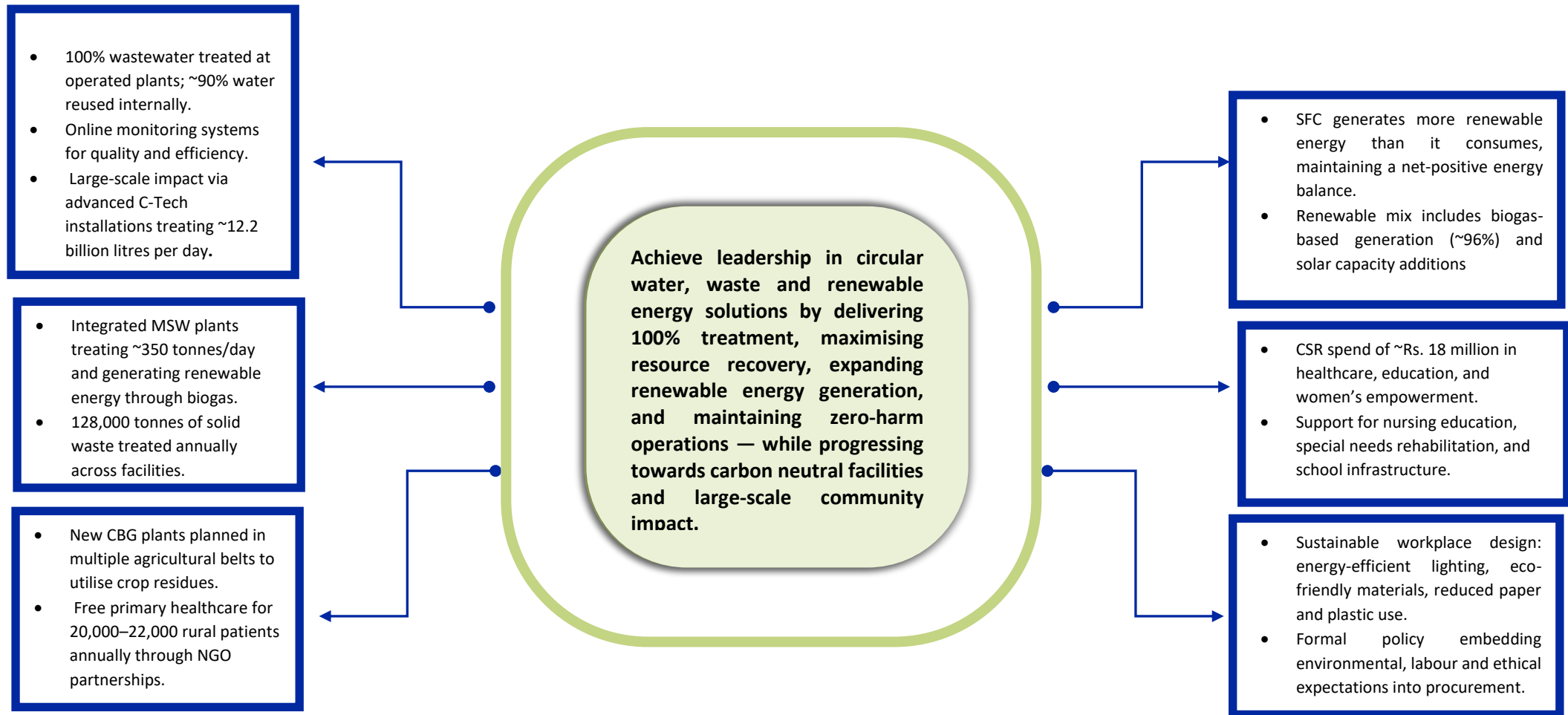
Parameters	SFC Environmental Technologies Limited	Thermax Limited	Praj Industries Limited	Ion Exchange (India) Limited
Social indicators	FY2025	FY2025	FY2025	FY2025
No. of fatalities	0	-	0	0
Lost time injury frequency rate (%) Employee	NT	-	-	0
Lost time injury frequency rate (%) Worker	NT	11	0.13%	-
Employee turnover rate (%)	12%	15%	12%	17%
Income inequality ratio (pay ratio between top management and median employee remuneration)	1:39	1:163	1:66	NT
POSH complaints	0	2	Nil	0
Governance indicators	FY2025	FY2025	FY2025	FY2025
% of women in BOD (%)	4	22%	20%	10%
% of women in KMPs (%)	33%	33%	NA	25%
BOD attendance in Board meetings (%)	76%	99%	98%	78%
Level of assurance	NA	Reasonable	NA	Limited
SBTi target	No	No	No	No
UN Global Compact signatory	No	No	No	No

Source: Company, ICRA ESG Research; All ratios as per ICRA ESG's calculation, NT: Not Tracked

ANNEXURE I: ACTIONS & FUTURE GOALS

The various actions taken and planned have been elaborated in the rating perspective earlier.

The following are SFC Environmental Technologies Limited’s goals, based on Environmental, Social, and Governance priorities as outlined in the DRHP and Annual Report FY2025:



ANNEXURE II: GENERAL FACTSHEET

Name of the Company/ Firm	SFC Environmental Technologies Limited
Promoter Group	SFC Environmental Technologies Limited is promoted by the Asolkar family, with the current promoters being Mr. Sandeep Sudhakar Asolkar, Ms. Priya Sandeep Asolkar, Ms. Prachiti Sandeep Asolkar and Mr. Saketchandrasingh Pratapsingh Dhandoriya. Together, the Promoters hold 42.84%, while the wider Promoter Group, including Asolkar Tradecraft Private Limited, holds an additional 5.33%, taking the total promoter and promoter group stake to 48.17% of the company's pre-offer equity. A part of the promoter-group holding (5.33%) is pledged, while the individual promoter shareholding remains largely unencumbered. The company continues to be guided by the leadership of the Asolkar family across technology, operations, and long-term strategic direction.
ICRA ESG Assigned Ratings	[ICRA ESG] Impact Rating 73, Good
Sector (as per SEBI)	Industrials
Sub-sector	Utilities (waste management)
Rating Methodology	ESG Impact Rating Methodology
Rating Scale	ESG Rating Scale
Common Directors (if any)	None
Location of Corporate Office	2201–2202, Rupa Renaissance, D-33, Turbhe MIDC Road, TTC Industrial Area, Turbhe, Navi Mumbai 400 705, Maharashtra, India
Reporting Boundary	For arriving at the rating, ICRA ESG has considered the consolidated financial statements of the company including its publicly available documents. ICRA ESG has further taken into consideration the ESG relevant information shared by SFC along with discussions with its key function heads during multiple management meetings.
Data Availability	Good

Annexure III: Rating History

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
1	ESG Impact Rating	73; Good	-	-	-

Source: ICRA ESG



[Click to Provide Feedback](#)



© Copyright, 2026 ICRA ESG Ratings Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA ESG Ratings Limited (ICRA ESG) from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA ESG in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA ESG or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA ESG shall not be liable for any losses incurred by users from any use of this publication or its contents.