

July 28, 2025

SKJ Clean Enviro Ventures LLP: [ICRA]BB-(Stable)/[ICRA]A4; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long term - fund based - Term Loan	86.00	[ICRA]BB- (Stable); assigned
Long term - fund based – Cash credit	9.20	[ICRA]BB- (Stable); assigned
Short term – non fund based – BG	4.50	[ICRA]A4; assigned
Long term/ Short term - Unallocated limits	0.30	[ICRA]BB-(Stable)/ [ICRA]A4; assigned
Total	100.00	

*Instrument details are provided in Annexure I

Rationale

The ratings assigned to SKJ Clean Enviro Ventures LLP (SKJ) consider healthy demand prospects of food grade PET (rPET) in domestic and international markets, backed by Government regulations, and location specific advantage of the plant. The ratings are further supported by limited funding risk as term debt required to fund the plant has already been tied up. Further, the major portion of equity has already been infused. However, the firm will benefit from Extended Producer Responsibility (EPR), which is a regulatory framework imposed by the Government.

The ratings are, however, constrained by the nascent stage of the project, resulting in prevalent execution risk. Any time and cost overrun will adversely impact the company's financial risk profile and will be closely monitored. The company's ability to timely procure raw materials and its ability to pass on price fluctuations will remain critical. Any adverse movement in the working capital indicators may also result in increased funding requirement, impacting the debt metrics of the firm. The ratings are also exposed to risks inherent in a partnership firm, including the possibility of capital withdrawal, which may affect the capital structure and liquidity position.

The Stable outlook on the rating reflects ICRA's opinion that the firm is likely to leverage its advanced technology and current market demand of rPET, which will support its growth in the near future.

Key rating drivers and their description

Credit strengths

Higher demand for rPET backed by government regulations – EPR is a regulatory framework that places the onus on producers, importers, and brand owners to manage the end-of-life disposal of their products. In June 2022, the Government of India, under Plastic Waste Management Rules, 2016, issued a mandate to use at least 30% recycled content in new polyethylene terephthalate (PET) bottles from 2025. This mandate is currently on hold due to lack of infrastructure in the country, however, it is expected to be implemented in the current fiscal. Demand will arise from large packaging firms that manufacture bottles for large beverage making companies. Global brands have already started selling beverages in fully recycled PET bottles. Also, increasing awareness among other players will drive consumption of rPET.

Limited funding risk as term debt already tied up – Cost of the project is funded by the mix of term loan and contribution by the partner in the form of equity and unsecured loans. The term loan is secured by the company and the major part of the

equity and unsecured loan is also infused by the partners. The company has kept an additional contingency buffer, which can be further infused as unsecured loans if any funding is required.

Credit challenges

Execution risk persists – The project is at an initial stage of construction, where civil work is ongoing and once it gets completed, focus will shift towards installing operational lines and machinery. Any time overrun may increase incremental cost and can involve other operational hassles. The company might also be exposed to increase in other input costs, which would impact the overall execution cost. It is critical that the firm receives necessary regulatory approvals in time, which remains key monitorable.

Challenges in tying up with suppliers and customers amid persisting pricing risk – The demand for the rPET is healthy, which will put pressure on volumes of collection of scrap bottles required to fulfil the increasing market demand. The firm has not yet tied up with suppliers, as the same will be procured from local scrap dealers and vendors. Although the firm has started receiving enquiries, no definite order from any buyer has been placed yet.

Timely completion of the project without any time and cost overrun will be critical – The project is on schedule as civil work is near completion and machinery are en-route. However, any major modification during implementation or any unforeseen event may result in time and cost overrun, which will be closely monitored. However, the company has kept an additional contingency buffer, which can be further infused as unsecured loans if any funding is required.

Liquidity position: Stretched

The firm's liquidity position is expected to remain stretched, as the project is currently in the nascent stage. The cash flow generation will take some time and is expected to commence before sizeable repayment obligations begin after expiry of the moratorium period extended by the lenders. The partners will extend funding support in case of any cost overrun or cashflow mismatch.

Rating sensitivities

Positive factors – Timely completion of the project without any cost overrun and subsequent timely ramp up of operations may also result as a positive factor.

Negative factors - Delay in commissioning of the project or any additional large debt funded capex or cost overrun leading to increase in leverage levels may put pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

SKJ Enviro Ventures LLP (SKJ) is a limited liability partnership firm incorporated for manufacturing recycled PET (rPET) flakes and recycled food grade PET granules from used plastic bottles. The company is setting up a manufacturing unit in Kamrup, Assam having capacity of 31,200 MTPA. The company plans to set up a plastic recycling business with the latest technology to support demand for green initiatives and meet demand of emerging EPR, which is a regulatory framework imposed by the

Government. There are eight partners in the firm from four separate families, having equal share. All the partners are businesspersons managing their own family businesses and are involved in various sectors, thus bringing cross sector experience into this venture.

Key financial indicators

	FY2024	FY2025*
Operating income	-	-
PAT	-	-0.0
OPBDIT/OI	-	-
PAT/OI	-	-
Total outside liabilities/Tangible net worth (times)	0.0	0.5
Total debt/OPBDIT (times)	-	-131.1
Interest coverage (times)	-	-49.7

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs. crore)	Jul 28, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based - Term loan	Long term	86.00	[ICRA]BB-(Stable)	-	-	-	-	-	-
Fund based – Cash credit	Long term	9.20	[ICRA]BB-(Stable)	-	-	-	-	-	-
Non fund based – BG	Short term	4.50	[ICRA]A4	-	-	-	-	-	-
Unallocated limits	Long term/ Short term	0.30	[ICRA]BB-(Stable)/ [ICRA]A4	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - fund based - Term Loan	Simple
Long term - fund based – Cash credit	Simple
Short term – non fund based – BG	Very Simple
Long term/ Short term - Unallocated limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term - fund based - Term Loan	FY2025	8.75-9%	2034	86.00	[ICRA]BB- (Stable)
NA	Long term - fund based – Cash credit	FY2025	8.9%	NA	9.20	[ICRA]BB- (Stable)
NA	Short term – non fund based – BG	FY2025	NA	NA	4.50	[ICRA]A4
NA	Long term/ Short term - Unallocated limits	NA	NA	NA	0.30	[ICRA]BB- (Stable)/ [ICRA]A4

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not applicable

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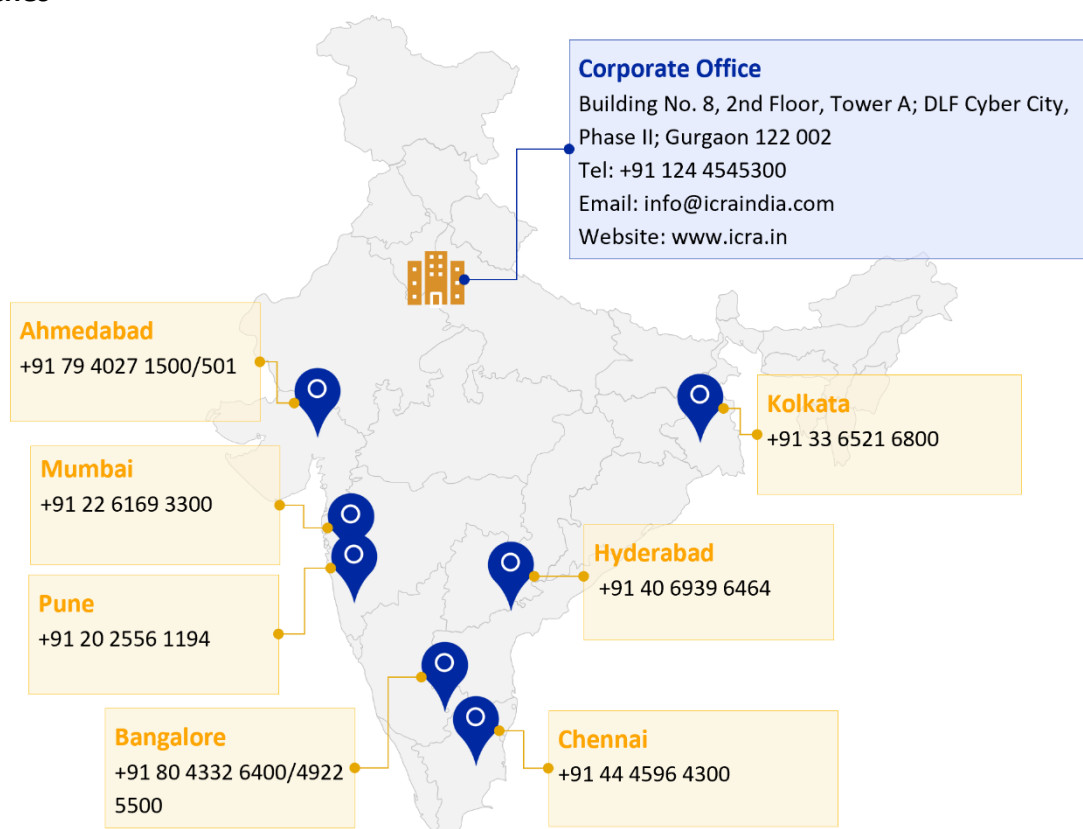
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