

October 06, 2026

## SKJ Clean Enviro Ventures LLP: Long term ratings upgraded and short-term ratings reaffirmed; rated amount enhanced

### Summary of rating action

| Instrument*                                | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action                                                                                   | Financial sector regulator# |
|--------------------------------------------|-----------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------|-----------------------------|
| Long term - fund based - Term Loan         | 86.00                             | 94.50                            | [ICRA]BB (Stable); upgraded from [ICRA]BB-(Stable); and assigned for enhanced amount            | RBI                         |
| Long term - fund based – Cash credit       | 9.20                              | 17.00                            | [ICRA]BB (Stable); upgraded form [ICRA]BB-(Stable); and assigned for enhanced amount            | RBI                         |
| Short term – non fund based – BG           | 4.50                              | 5.35                             | [ICRA]A4; reaffirmed and assigned for enhanced amount                                           | RBI                         |
| Long term/ Short term - Unallocated limits | 0.30                              | 0.15                             | [ICRA]BB(Stable)/[ICRA]A4; Long term upgraded form [ICRA]BB-(Stable); and short term reaffirmed | RBI                         |
| <b>Total</b>                               | <b>100.00</b>                     | <b>117.00</b>                    |                                                                                                 |                             |

\*Instrument details are provided in Annexure I

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of financial sector regulators other than SEBI.

### Rationale

The long-term rating upgrade for the bank facilities of SKJ Clean Enviro Ventures LLP (SKJ) considers the reduction in project execution risk following the commencement of commercial operations in May 2026 at its recycled polyethylene terephthalate (rPET) flakes and granules manufacturing facility. The plant has been gradually ramping up its operations, achieving capacity utilisation of around 54% in August 2026 and generating operating revenue of around Rs. 13.8 crore during 5M FY2027. The ratings draw comfort from favourable demand prospects for food-grade rPET, supported by increasing recycled-content requirements under extended producer responsibility (EPR) regulations and sustainability initiatives across end-user industries. The company expects approval of the Food Safety and Standards Authority of India (FSSAI) licence in the near term. This will enable the firm to supply to converters and beverage manufacturers. The project cost increased by around 15% from initial estimates due to higher machinery and project-related expenses. However, the cost overrun was funded through additional term debt and promoter infusion. The EPR framework and proximity to raw material suppliers are also expected to provide long-term demand support for recycled PET products.

The ratings, however, remain constrained by the firm's exposure to volatility in PET bottle waste prices and availability, as well as fluctuations in rPET realisations. The commoditised and cyclical nature of the recycling industry limits pricing flexibility and exposes profitability to demand-supply imbalances. The ratings are also sensitive to the firm's working capital intensity. Any notable increase in receivables or inventory is likely to elevate borrowing levels and put pressure on the debt metrics. Further, rising recycling capacities may intensify competition for PET bottle waste and increase procurement costs. As a partnership entity, the firm also remains exposed to the risk of capital withdrawal by partners, which could affect liquidity and financial flexibility.

The Stable outlook reflects ICRA's expectation that SKJ will continue to benefit from the ramp-up of operations at its newly commissioned facility. This will be supported by favourable demand prospects for food-grade rPET and regulatory support for recycled-content usage, while the firm maintains an adequate financial risk profile. The outlook also factors in ICRA's expectation that any incremental capital expenditure (capex) will be funded prudently. This should enable the company to maintain its debt protection metrics at levels commensurate with the current rating.

## Key rating drivers and their description

### Credit strengths

**Favourable demand outlook for rPET due to government regulations** – Demand for rPET is expected to remain healthy, supported by the EPR framework and the increase in the minimum recycled-content requirement for rigid plastic packaging from 30% to 40% effective April 2026. The mandate is expected to drive demand from converters and packaging manufacturers catering to beverage, FMCG and consumer goods companies. The price advantage of rPET over virgin PET and increasing sustainability initiatives by large brands are also likely to support long-term demand growth. Global brands have already started selling beverages in fully recycled PET bottles. Also, increasing awareness among other players will drive consumption of rPET.

**Access to raw material suppliers** – SKJ benefits from being among the early organised rPET recycling facilities in Northeast India, supporting access to PET bottle waste through an established network of regional scrap aggregators and suppliers. Its early entry into the region has facilitated supplier tie-ups and supports raw material availability for ramping up operations.

### Credit challenges

**Nascent stage of operations; profitable scaleup of operations remains to be demonstrated** – SKJ commenced commercial operations in May 2026 and remains in the ramp-up phase. As of August 2026, the latest month for which operational data is available, the plant reported capacity utilisation of around 54%. It generated monthly revenue of Rs. 6.5 crore in August 2026. Cumulatively, the company generated operating revenue of Rs. 13.8 crore during 5M FY2027. The firm's ability to ramp up its operations and establish a profitable operating track record remains a key monitorable.

**Susceptibility of profitability to adverse movement of raw material price** – PET bottle scrap constitutes the principal raw material for the manufacturing of rPET flakes and granules. The firm remains exposed to fluctuations in the prices of PET bottle waste, which are influenced by collection levels, demand-supply dynamics and prices of virgin PET and crude oil-linked products. Any sharp increase in procurement costs without a corresponding increase in product realisations could affect operating profitability.

**Intense competition and commoditised nature of products limited pricing power** – The rPET industry remains fragmented and competitive, with products largely commoditised in nature. As a result, pricing is primarily determined by prevailing market conditions and demand-supply dynamics, limiting the company's pricing flexibility. Further, increasing recycling capacities across the industry could intensify competition for PET bottle waste and exert pressure on product realisations, particularly during periods of oversupply.

### Liquidity position: Stretched

The firm's liquidity position remains stretched, given its nascent scale of operations and limited cash generation from the business. There is also a thin buffer in the working capital limits amid increasing working capital requirement. The company's working capital utilisation was around 66% during the eight-month period ended August 2026, against sanctioned fund-based facilities of Rs. 17 crore. SKJ's debt repayment will start from FY2028 and is expected to be supported by improving cash flows and continued promoter support. The company does not have any major capex plans other than the completion of ongoing capex.

### Rating sensitivities

**Positive factors** – The rating could be upgraded if there is sustained increase in revenue and earnings leading to improvement in debt protection metric and liquidity position.

**Negative factors** – The rating could be downgraded if there is significant decline in revenue and earnings, any major elongation of working capital cycle or any large debt - funded capex, impacting the debt protection metrics or liquidity position on a sustained basis.

## Analytical approach

| Analytical approach             | Comments                                            |
|---------------------------------|-----------------------------------------------------|
| Applicable rating methodologies | <a href="#">Corporate Credit Rating Methodology</a> |
| Parent/Group support            | Not applicable                                      |
| Consolidation/Standalone        | Standalone                                          |

## About the company

SKJ Clean Enviro Ventures LLP (SKJ) is a limited liability partnership firm (LLP) engaged in the manufacturing of recycled polyethylene terephthalate (rPET) flakes and food-grade rPET granules from used PET bottles. The company commissioned its manufacturing facility at Kamrup, Assam, in May 2026 with an installed capacity of 31,200 metric tonnes per annum (MTPA). The business is positioned to cater to the growing demand for recycled PET products, driven by the Extended Producer Responsibility (EPR) framework and increasing adoption of sustainable packaging solutions. SKJ is owned by eight partners with equal profit-sharing rights. They have diversified business backgrounds spanning trading, automobiles, real estate, construction and other activities, and provide the required support to SKJ.

## Key financial indicators (audited)

| SKJ Clean Enviro Ventures LLP                        | Standalone |           |
|------------------------------------------------------|------------|-----------|
|                                                      | FY2025     | FY2026*   |
| Operating income (OI)                                | -          | 0.0       |
| PAT                                                  | -0.0       | 0.3       |
| OPBDIT/OI                                            | -          | -54907.8% |
| PAT/OI                                               | -          | 465126.5% |
| Total outside liabilities/Tangible net worth (times) | 0.5        | 4.3       |
| Total debt/OPBDIT (times)                            | -131.1     | -3,309.2  |
| Interest coverage (times)                            | -49.7      | -26.8     |

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

## Status of non-cooperation with previous CRA: Not Applicable

## Any other information: None

## Rating history for past three years

| Instrument                    | Type              | Current ratings (FY2027) |              | Chronology of rating history for the past 3 years |              |                              |        |        |        |        |
|-------------------------------|-------------------|--------------------------|--------------|---------------------------------------------------|--------------|------------------------------|--------|--------|--------|--------|
|                               |                   | Amount rated (Rs. crore) | FY2027       |                                                   | FY2026       |                              | FY2025 |        | FY2024 |        |
|                               |                   |                          | Date         | Rating                                            | Date         | Rating                       | Date   | Rating | Date   | Rating |
| <b>Fund based Term loan</b>   | Long term         | 94.50                    | Oct 06, 2026 | [ICRA]BB (Stable)                                 | Jul 28, 2025 | [ICRA]BB- (Stable)           | -      | -      | -      | -      |
| <b>Fund based Cash credit</b> | Long term         | 17.00                    | Oct 06, 2026 | [ICRA]BB (Stable)                                 | Jul 28, 2025 | [ICRA]BB- (Stable)           | -      | -      | -      | -      |
| <b>Non fund based – BG</b>    | Short term        | 5.35                     | Oct 06, 2026 | [ICRA]A4                                          | Jul 28, 2025 | [ICRA]A4                     | -      | -      | -      | -      |
| <b>Unallocated limits</b>     | Long / Short term | 0.15                     | Oct 06, 2026 | [ICRA]BB (Stable)/ [ICRA]A4                       | Jul 28, 2025 | [ICRA]BB- (Stable)/ [ICRA]A4 | -      | -      | -      | -      |

## Complexity level of the rated instruments

| Instrument                                        | Complexity indicator |
|---------------------------------------------------|----------------------|
| <b>Long term - fund based - Term Loan</b>         | Simple               |
| <b>Long term - fund based – Cash credit</b>       | Simple               |
| <b>Short term – non fund based – BG</b>           | Simple               |
| <b>Long term/ Short term - Unallocated limits</b> | 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  | Financial sector regulator# |
|------|-------------------------------------------------|------------------|-------------|----------|--------------------------|-----------------------------|-----------------------------|
| NA   | <b>Long term - fund based Term Loan</b>         | FY2025           | 7.9-8.25%   | 2034     | 94.50                    | [ICRA]BB (Stable)           | RBI                         |
| NA   | <b>Long term - fund based Cash credit</b>       | FY2025           | 8.25%       | NA       | 17.00                    | [ICRA]BB (Stable)           | RBI                         |
| NA   | <b>Short term – non fund based – BG</b>         | FY2025           | NA          | NA       | 5.35                     | [ICRA]A4                    | RBI                         |
| NA   | <b>Long term/ Short term Unallocated limits</b> | NA               | NA          | NA       | 0.15                     | [ICRA]BB (Stable)/ [ICRA]A4 | RBI                         |

Source: Company

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

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

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

## ANALYST CONTACTS

**Jitin Makkar**

+91 124 4545 368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Uday Kumar**

+91 124 4545 867

[uday.kumar@icraindia.com](mailto:uday.kumar@icraindia.com)

**Ronak Vadher**

+91-022 6169 3341

[ronak.vadher@icraindia.com](mailto:ronak.vadher@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



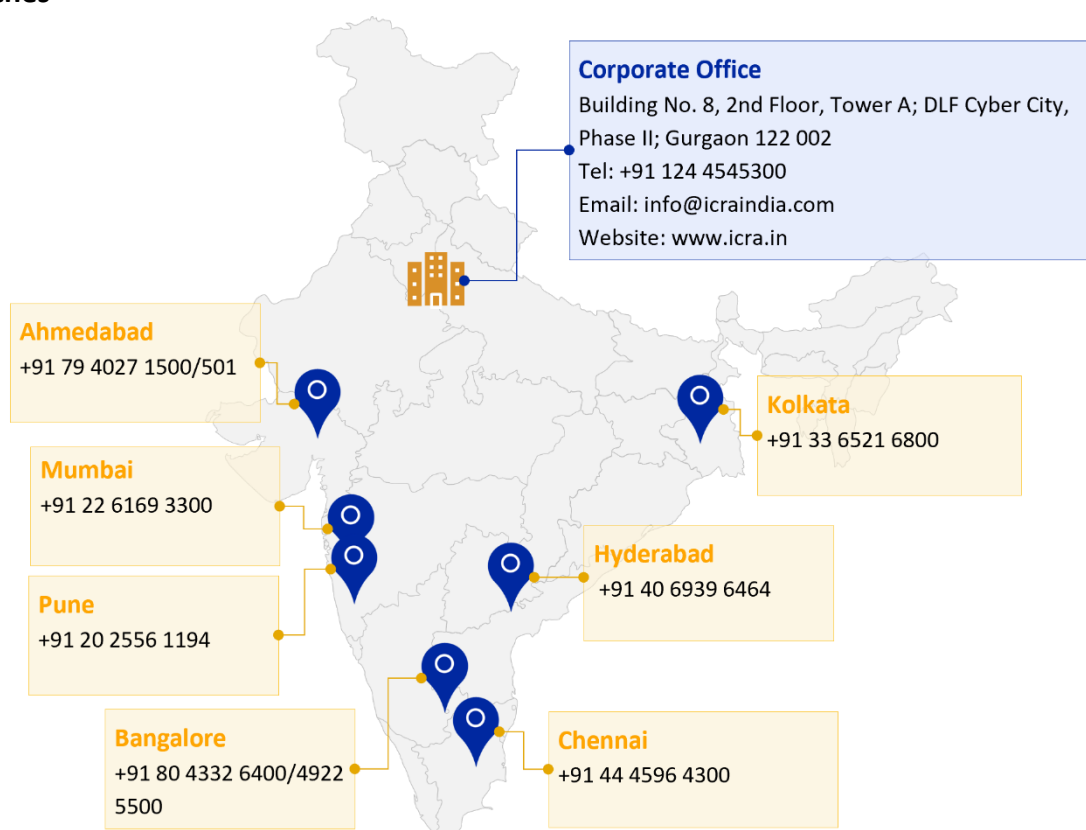
### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While 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 in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.