



# Ganesha Ecosphere Limited

Investor Presentation

Q2 & H1 FY17



***Responsibility + Opportunity = Sustainability***



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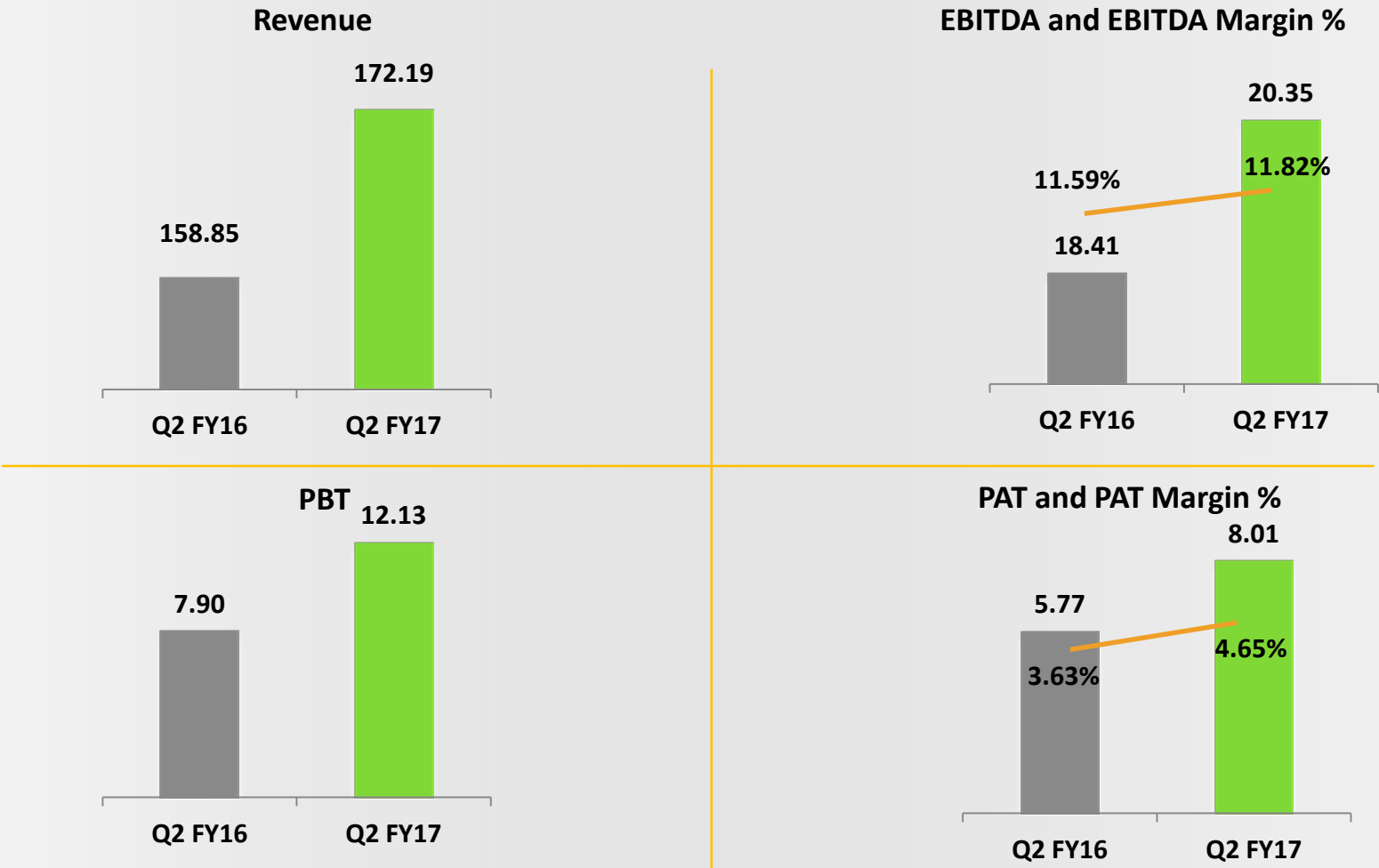


## Quarterly Performance



# Q2 FY17 Highlights

In Rs. Crores



- Increase in Revenue, on account of better sales realization and volume growth
- Improvement in PAT Margins due to decline in interest cost



# Q2 FY17 Financial Performance

Rs. in Crore	Q2 FY17	Q2 FY16	YoY %	Q1 FY 17	QoQ %
<b>Income from Operations</b>	<b>171.76</b>	<b>158.68</b>		<b>152.69</b>	
Other Operating Income	0.43	0.18		0.16	
<b>Total Income from Operations</b>	<b>172.19</b>	<b>158.85</b>	<b>8.40%</b>	<b>152.85</b>	<b>12.65%</b>
Raw Materials	111.28	97.15		92.13	
Employee Cost	10.29	9.67		10.26	
Power & Fuel	18.50	18.38		18.42	
Other Cost	11.78	15.25		14.11	
Total Expenditure	151.84	140.44		134.92	
<b>EBITDA</b>	<b>20.35</b>	<b>18.41</b>	<b>10.52%</b>	<b>17.94</b>	<b>13.43%</b>
<b>EBIDTA margin (%)</b>	<b>11.82%</b>	<b>11.59%</b>	<b>23bps</b>	<b>11.74%</b>	<b>8bps</b>
Interest	3.75	5.60		4.17	
Depreciation	5.10	5.36		5.02	
Other Income	0.64	0.43		0.30	
<b>Profit Before Tax</b>	<b>12.13</b>	<b>7.88</b>	<b>53.98%</b>	<b>9.05</b>	<b>34.10%</b>
Tax	4.12	2.11		3.23	
<b>Profit After Tax</b>	<b>8.01</b>	<b>5.77</b>	<b>38.77%</b>	<b>5.82</b>	<b>37.58%</b>
<b>PAT Margin (%)</b>	<b>4.65%</b>	<b>3.63%</b>	<b>102bps</b>	<b>3.81%</b>	<b>84bps</b>



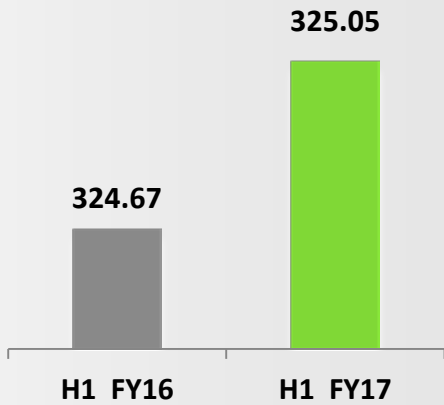
## Half Yearly Performance



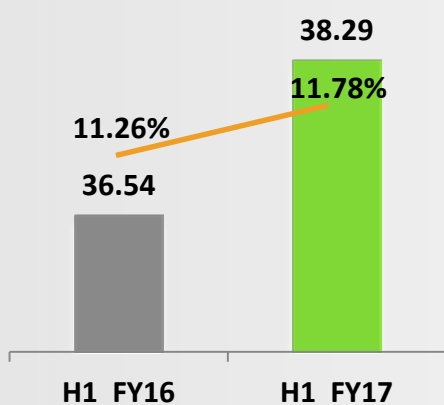
# H1 FY17 Highlights

In Rs. Crores

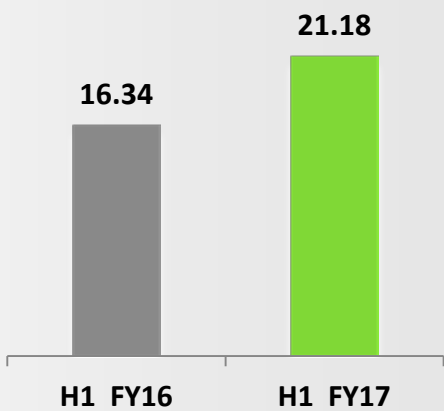
Revenue



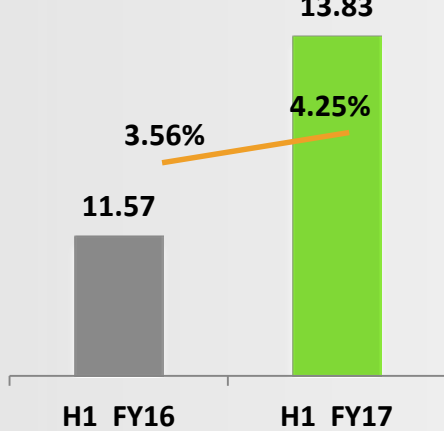
EBITDA and EBITDA Margin %



PBT



PAT and PAT Margin %





# H1 FY17 Financial Performance

Rs. in Crore	H1 FY17	H1 FY16	YoY %
Income from Operations	324.45	324.41	
Other Operating Income	0.59	0.26	
Total Income from Operations	325.05	324.67	0.12%
Raw Materials	203.41	203.90	
Employee Cost	20.55	18.65	
Power & Fuel	36.92	35.35	
Other Cost	25.88	30.23	
Total Expenditure	286.76	288.12	
EBITDA	38.29	36.54	4.78%
EBIDTA Margin (%)	11.78%	11.26%	52bps
Interest	7.93	10.70	
Depreciation	10.12	10.35	
Other Income	0.94	0.85	
Profit Before Tax	21.18	16.34	29.62%
Tax	7.35	4.77	
Profit After Tax	13.83	11.57	19.51%
PAT Margin (%)	4.25%	3.56%	69bps





# Balance Sheet Highlights

Rs. in Crore	Sep-16	Sep-15
<b>Shareholder's Funds</b>	<b>214.01</b>	<b>189.71</b>
Share capital	19.18	19.18
Reserves & Surplus	194.83	170.53
<b>Non-current Liabilities</b>	<b>70.38</b>	<b>94.07</b>
Long term borrowings	52.29	78.50
Defer Tax liabilities	13.25	11.03
Other Long-Term liabilities	0.76	0.89
Long-Term Provisions	4.08	3.65
<b>Current Liabilities</b>	<b>149.46</b>	<b>171.77</b>
Short Term Borrowings	65.61	89.61
Trade Payables	20.12	25.34
Other Current liabilities	60.71	54.82
Short-term provisions	3.02	2.00
<b>Total Equities &amp; Liabilities</b>	<b>433.85</b>	<b>455.55</b>

Rs. in Crore	Sep-16	Sep-15
<b>Non-current Assets</b>	<b>254.44</b>	<b>267.69</b>
Fixed assets	248.45	264.72
Long-term loans & advances	5.98	2.76
Other non-current assets	0.00	0.21
<b>Current Assets</b>	<b>179.41</b>	<b>187.86</b>
Inventories	82.93	88.45
Trade receivables	59.34	53.77
Cash & Cash equivalents	8.83	15.73
Short-term loans & Advances	27.52	26.89
Other Current Assets	0.79	3.02
<b>Total Assets</b>	<b>433.85</b>	<b>455.55</b>

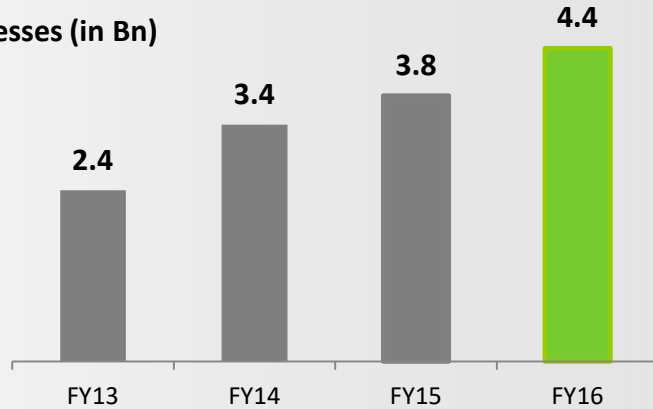


## Annual Financials Highlights

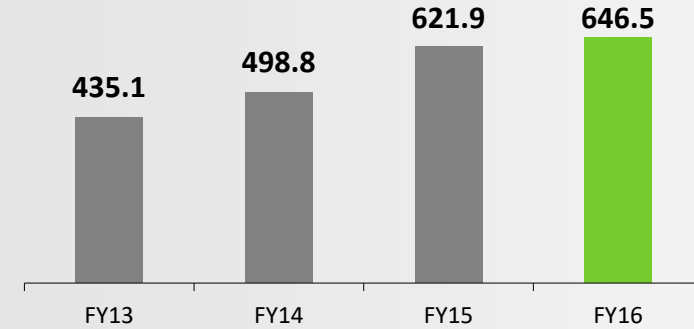
# Strong Operational Performance



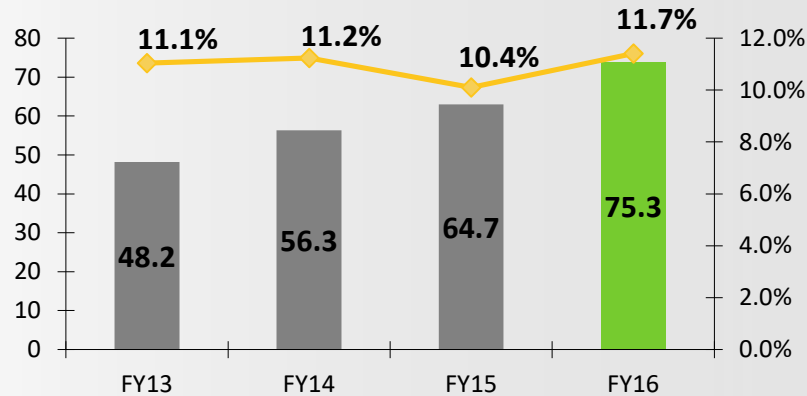
PET Bottles Processes (in Bn)



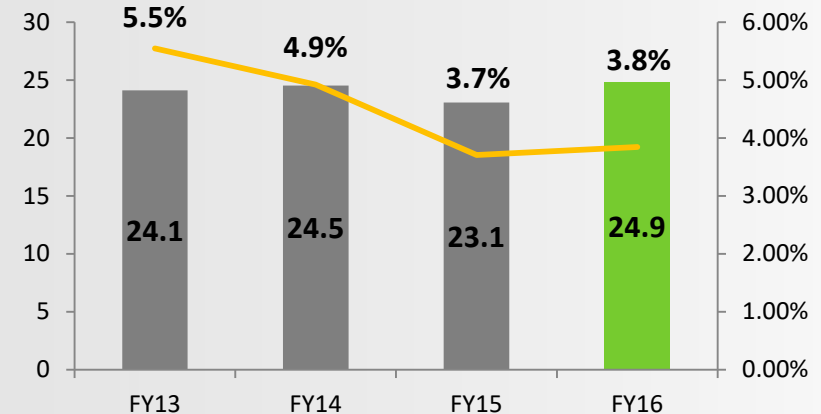
Revenue (Rs. Crore)



EBITDA (Rs. Crore) / Margin (%)



PAT (Rs. Crore) / Margin (%)

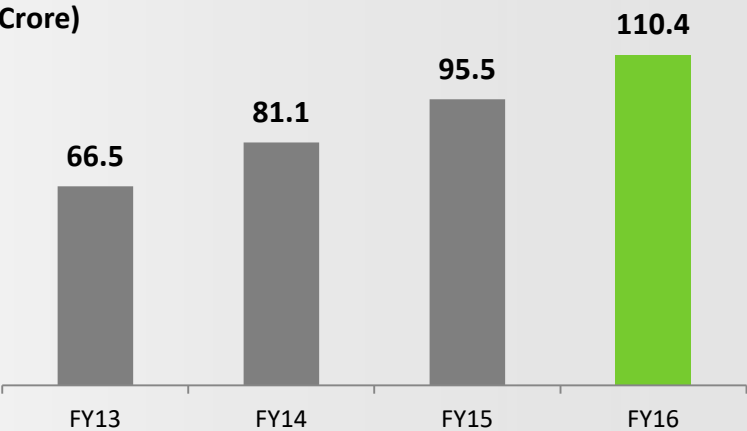


- Slight growth in revenue, despite strong growth in volumes – on account of decline in price realizations
- PAT level maintained despite higher tax outgo and inventory losses in FY16 (until FY15, Company availed tax benefits arising from Uttaranchal plant, which lasted after tax holiday period)

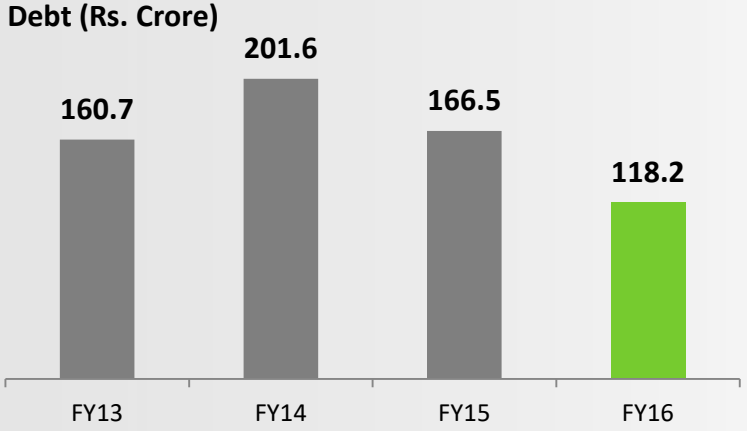
# Strengthening Balance Sheet



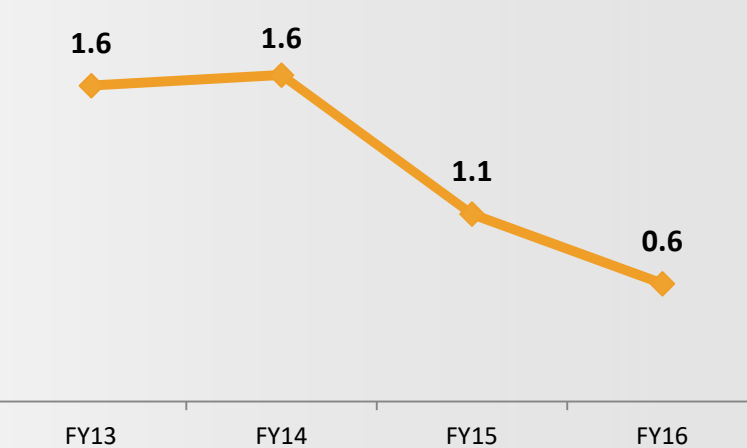
Book Value (Rs. Crore)



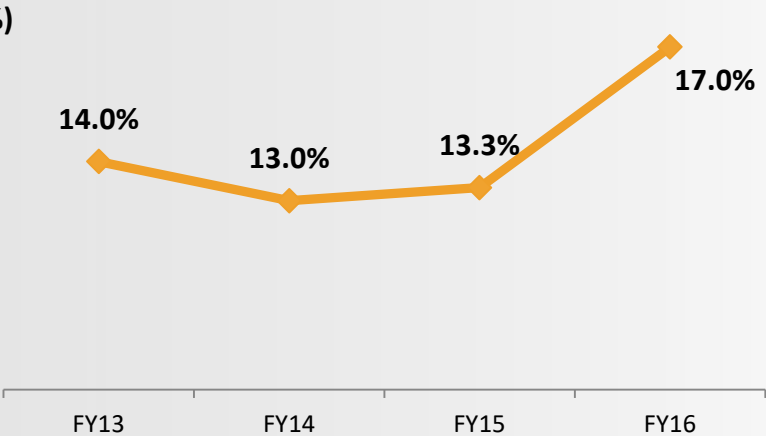
Total Debt (Rs. Crore)



Debt/Equity



RoCE (%)



\*RoCE = EBIT/Capital Employed



# Annual Profitability Highlights

Rs. in Crore	FY16	FY15	YoY %
Production (MT)	86,493	71,841	20.4%
Total Income from Operations	648.75	624.95	3.8%
Raw Materials	409.27	415.76	-1.6%
Employee Cost	39.32	33.67	16.8%
Other Cost	124.86	110.84	12.6%
Total Expenditure	573.45	560.27	2.4%
EBITDA	75.30	64.68	16.4%
EBIDTA margin (%)	11.7%	10.4%	130 bps
Interest	19.86	19.67	1%
Depreciation	21.05	18.87	11.6%
Profit Before Tax	34.39	26.14	31.5%
Tax	9.53	3.07	210.4%
Profit After Tax	24.86	23.07	7.8%
PAT Margin (%)	3.84%	3.71%	13 bps

# Balance Sheet Highlights

Rs. in Crore	Mar-16	Mar-15
<b>Shareholder's Funds</b>	<b>200.18</b>	<b>177.92</b>
Share capital	19.18	47.28
Reserves & Surplus	181.00	129.93
Money received against warrants	-	0.71
<b>Non-current liabilities</b>	<b>87.92</b>	<b>100.02</b>
Long term borrowings	71.75	86.92
Defer Tax liabilities	12.16	9.63
Other Long-Term liabilities	0.80	0.83
Long-Term Provisions	3.21	2.64
<b>Current liabilities</b>	<b>124.23</b>	<b>164.05</b>
Short Term Borrowings	46.47	79.63
Trade Payables	21.73	33.01
Other Current liabilities	51.76	45.89
Short-term provisions	4.27	5.52
<b>Total Equities &amp; Liabilities</b>	<b>412.33</b>	<b>441.99</b>

Rs. in Crore	Mar-16	Mar-15
<b>Non-current Assets</b>	<b>259.32</b>	<b>270.78</b>
Fixed assets	256.50	267.70
Long-term loans & advances	2.51	2.73
Other non-current assets	0.31	0.35
<b>Current Assets</b>	<b>153.01</b>	<b>171.21</b>
Inventories	69.27	82.34
Trade receivables	49.73	40.74
Cash & Cash equivalents	3.78	15.95
Short-term loans & Advances	27.88	27.98
Other Current Assets	2.35	4.20
<b>Total Assets</b>	<b>412.33</b>	<b>441.99</b>



## Company Overview



# Amongst leading waste management companies in India

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## **Largest recycling Company of PET waste material in India**

- Pioneer in manufacturing of recycled staple fibre (RSPF) and yarn

## **State of art manufacturing facilities**

- Located in Kanpur, Bilaspur & Rudrapur, **Total capacity of 97,800 TPA**

## **Robust Collection Network**

- Pan India of 20+ collection centres, tie ups with beverages companies & network of scrap dealers

## **Wide array of customized products catering to diverse industry applications**

- More than 100 RPSF varieties customised around customer needs



# Journey so far



## 1989-95

- Established by Mr. Shyam Sunder Sharmma (Chairman & MD)
- Started RPSF production with installed capacity of 6,000 TPA

## 2006-08

- Set up plant in Rudrapur (Uttarakhand) with a capacity of 7,200 TPA in 2007 & 14400 TPA in 2008

## 2013-14

- Enhanced RPSF capacity to 27,000 TPA from 18,000 TPA at Kanpur unit
- Set up yarn spinning capacity of 25,920 spindles at Bilaspur (Uttar Pradesh)

## 2014-15

- Set up RPSF Capacity of 21,000 TPA at Bilaspur (Uttar Pradesh)
- Increased RPSF production to 87,600 TPA

## 2015-16

- 3 state of art manufacturing plants
- 87,600 TPA processing capacity for RPSF
- 3,000 TPA for Twisted Filament Yarn
- 7,200 TPA for Recycled Spun Yarn
- 20+ collection centres across India for PET waste



# Management team

**Shyam Sunder Sharmma**  
*Chairman & Managing Director*

- Founder/ 1<sup>st</sup> generation entrepreneur and textile technocrat with management experience of over 52 years including 25 years at senior positions in Birla group companies
- Looks into overall management, strategic planning & development
- More than 29 years experience in marketing & plant operations
- Responsible for operational management

**Sharad Sharma**  
*Joint Managing Director*

**V.D. Khandelwal**  
*Executive Vice Chairman*

- Rich experience of over 42 years in textile yarn trading and expertise of marketing & financial management
- Responsible for marketing and business development

**Rajesh Sharma**  
*Executive Director*

- Over 26 years of rich experience in plant administration and operations
- Responsible for administration and operations at Rudrapur & Bilaspur.

**G.S. Shekhavat**  
*Director Administration*

- Over 43 years of Textile experience.
- Responsible for Administration & Human Resource

**Gopal Agarwal**  
*Chief Financial Officer*

- More than 25 years experience in financial, accounting & taxation matters
- Heads Finance and responsible for financial & taxation matters

# State of Art Manufacturing facilities



Capacity (MTPA)	2016	2015
Total capacity	97,800	83,800
Kanpur (Uttar Pradesh)	30,000	30,000
Twisted Filament Yarn	3,000	3,000
RPSF	27,000	27,000
Rudrapur (Uttarakhand)	39,600	39,600
RPSF	39,600	39,600
Bilaspur (Uttar Pradesh)	28,200	14,200
RPSF	21,000	7,000
Recycled Spun Yarn	7,200	7,200
Average Capacity Utilisation	87%	83%



# Strategic advantage



## Largest capacity

**Pioneered & Largest manufacturer** of RSPF with combined capacity of **87,600 TPA**

## Operational Efficiency

Higher capacity leading to reduction in manufacturing costs and better inventory management

## Research & Development

Focus on value added and high margin products – leading to increase in product offering



## Sourcing

Collection network across the country helps mobilise **nearly 250 tonnes of PET waste** per day, translating into adequate raw material availability to feed production lines

## Rich Product basket

Versatile product range caters to specific needs of user industry leading to higher bonding with customers .

## Forward Integration

Having state of the art Recycled Spun yarn facilities – leading to better product acceptability and new products developments



## Industry Overview

# PET Industry opportunity - Global



## Global PET Packaging Consumption

- Expected @ 5% CAGR over next 3 years; driven by increasing demand from emerging economies like Asia Pacific, South America, Central and Eastern Europe

## PET Packaging Market

- Expected to reach 21.1 mn tonnes by 2021, growth of 4% p.a during 2016-21
- Growth anticipated at 4.8% - 17.5 million tonnes

## Improvement in Realization

- Raw Material – MEG & PTA expected to decline with yields at 22% and 12% respectively - will have positive impact on PET resin realization

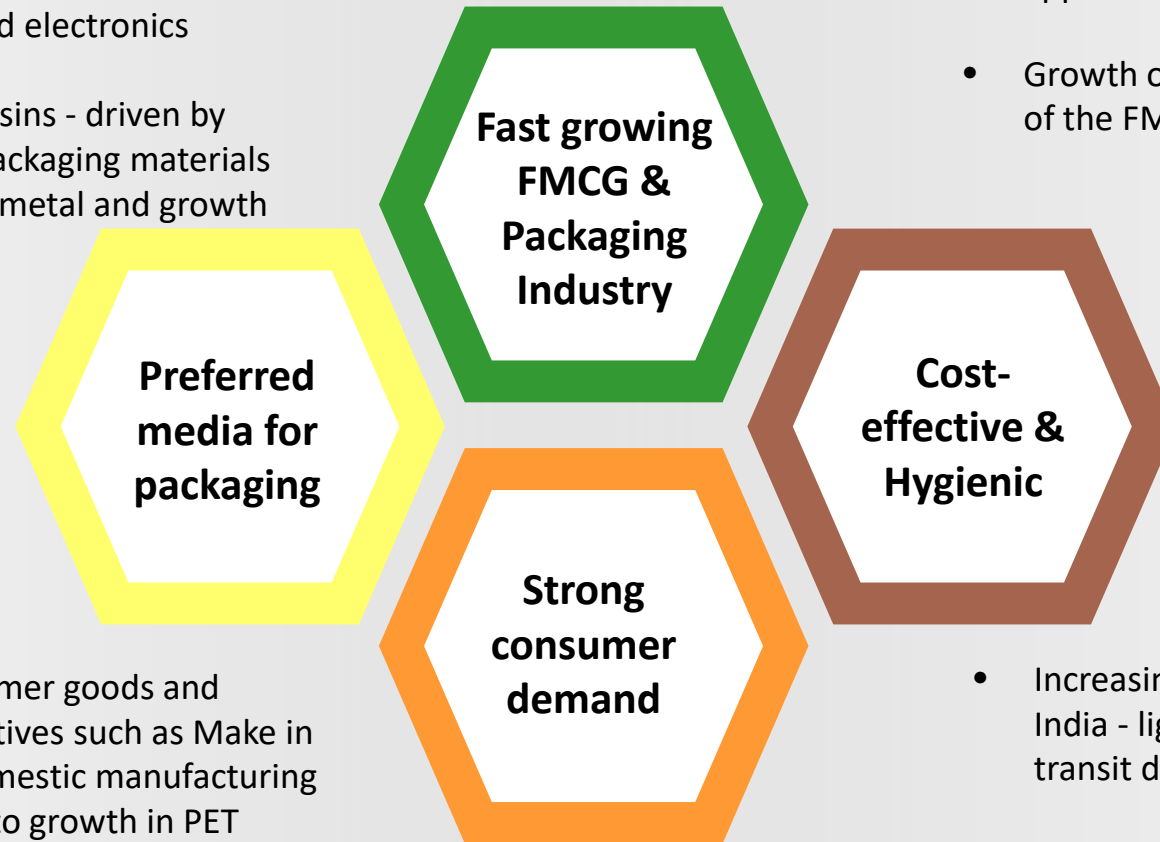
## Healthy Consumer Durables

- Sector revenue reached US\$ 9.7 bn in 2015, expected to reach US\$ 12.5 bn in 2016
- Expected to grow @13% CAGR growth- 2005-2020



# PET Industry opportunity - India

- PET resins - witnessed robust growth over last five years - increasing usage in various end user industries such as packaging & bottling, automobile and electrical and electronics
- Increased demand for PET resins - driven by replacement of traditional packaging materials like glass, aluminium, paper, metal and growth in FMCG sector



- Rapidly expanding population of 1.25 billion Indians driving Indian FMCG market growth to approx US\$49 billion in 2016
- Growth of the packaging industry rides growth of the FMCG sector

- Growing demand for consumer goods and government's various initiatives such as Make in India, etc. to encourage domestic manufacturing - expected to give a boost to growth in PET

- Increasingly preferred media for packaging in India - light, durable and prevents loss from transit damage and breakage
- Provides high resistance to attacks from microorganisms, easy to clean, break resistant and preferred over glass & aluminium



# Textile Industry opportunity - India



## Indian Textiles Industry

- Expected to reach US\$ 223 bn by 2021
- Contributes ~ 5% to India's GDP
- 2<sup>nd</sup> largest employment provider after agriculture (over 45 mn directly and 60 mn indirectly)



## Government's New Textile Policy

- Rs. 6,000-cr new textile policy will foresee significant flexibility in labour laws
- Sector expected to boost exports and generate employment
- Industry to reach US\$ 500 bn



## Domestic and Exports Markets

- Domestic sales – to reach US\$ 315 bn from US\$ 68 bn
- Exports – expected to reach US\$ 185 bn from ~US\$ 41 bn



## Organised Apparel Segment

- Expected to grow at 13% CAGR
- Industry looks promising - strong domestic consumption and increasing export demand

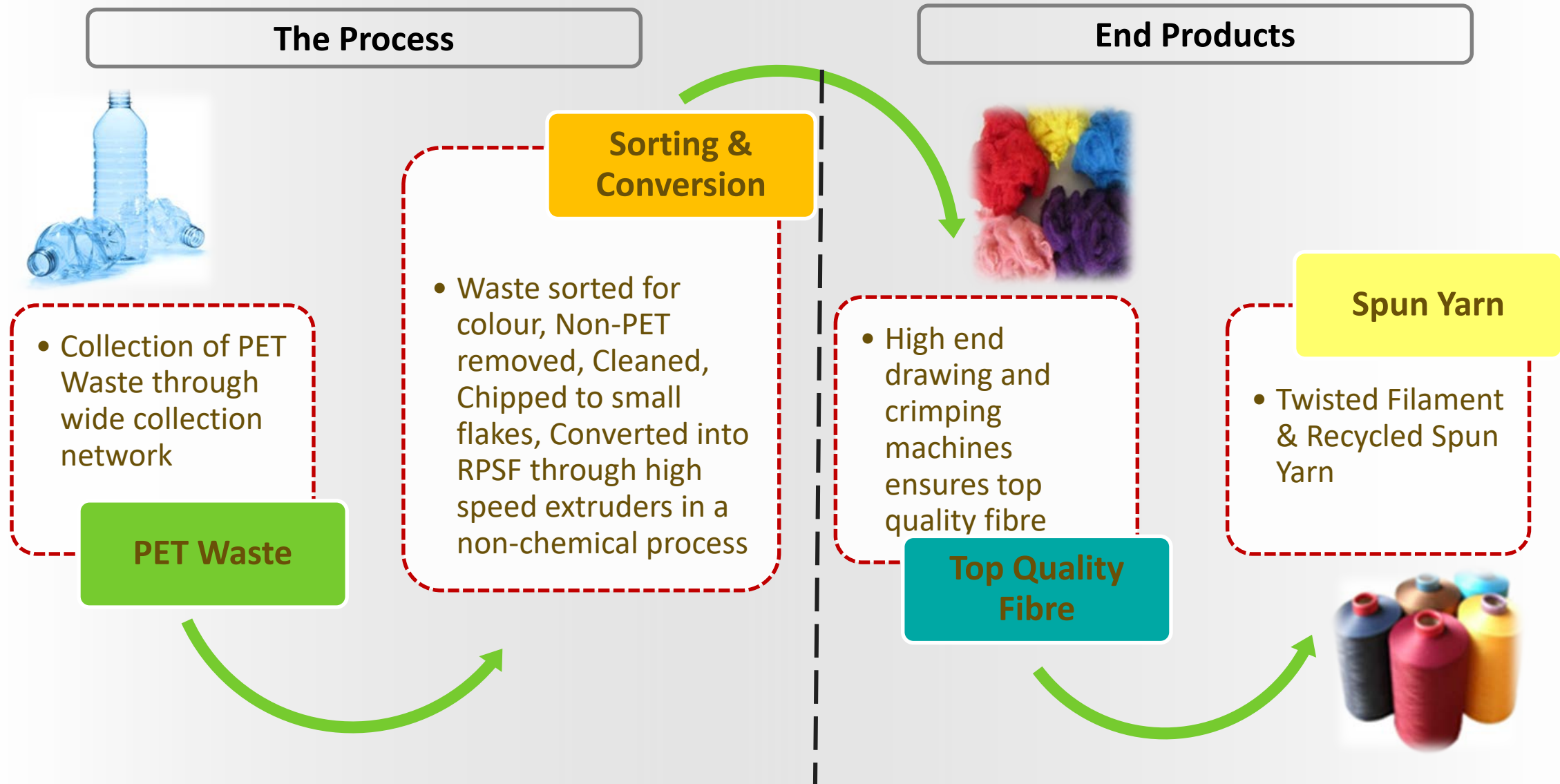
***Expected to become 5<sup>th</sup> largest consumer durables market globally by 2025***





## Business Overview

# Recycling process of PET Waste....



# ... Creating customized products catering to diverse sector applications

**Apparels**

**Sportswear**

**Home furnishing**

**Automotive**

**Industrial textiles**



## Our focus...

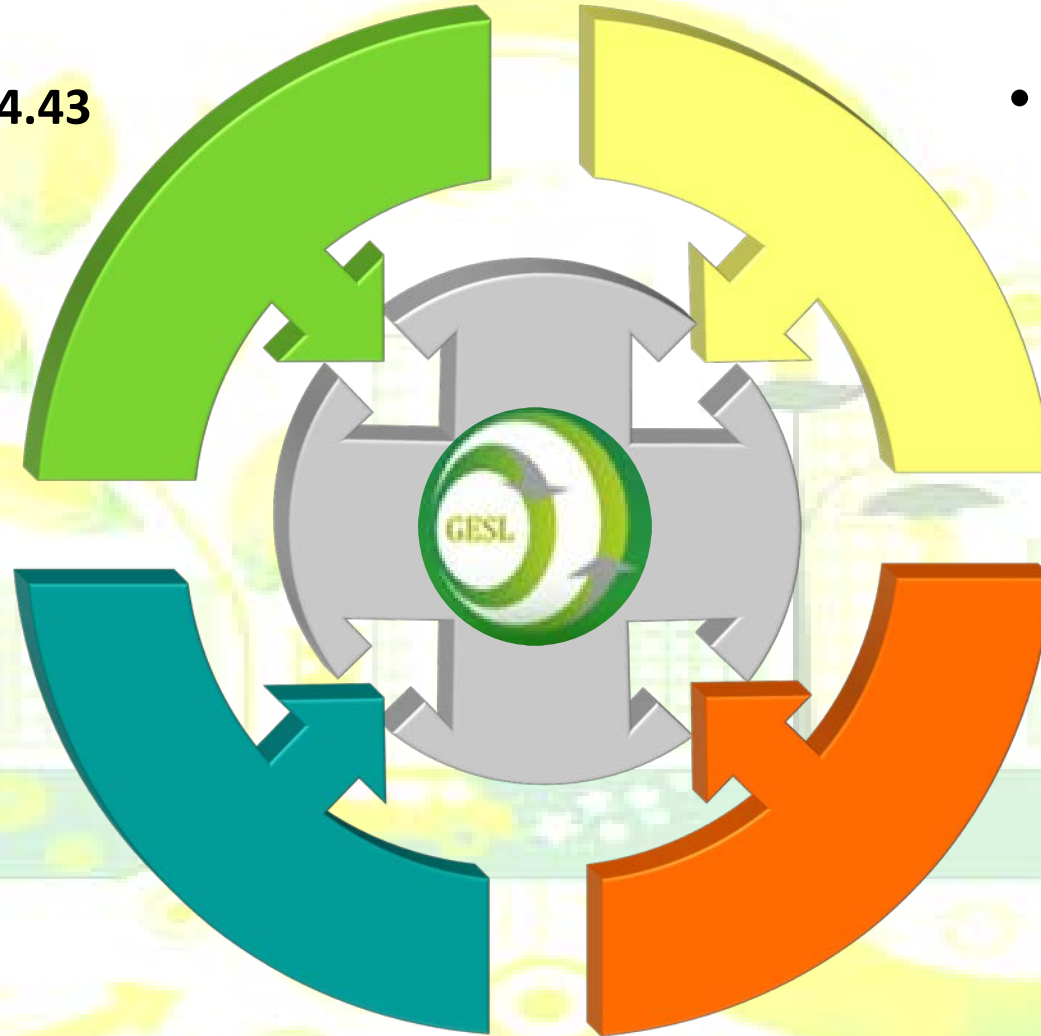


- **Recycled** a record **4.43 billion** PET bottles

- **Collected** nearly **79,703 tonnes** of PET wastes

- **Saved** nearly **5.9 lac cubic yards** space from turning into landfill

- **Eliminated** **1.19 lac tonnes** of CO2





**Way Ahead**



# Growth drivers....

## Smart Cities

- Govt announced 1st list of 20 cities to be developed into smart cities
- Each city to receive funding upto Rs 1,000 crore over 5 years
- 13 of 20 cities in WHO list of 20 most polluted cities, globally
- Any smart city would need core infrastructure elements, including proper waste management, - creating opportunity for GESL

## Extended Producers Responsibility

- Governments' recently notified new rules for plastic waste management across country
- Plastic manufacturers and brands using plastic to be responsible for recycling



## Man Made Fibre

- Over past few years, man made fibre made from recycled PET bottles and other waste material has been gaining strength
- Opportunity for RPSF driven by durability, versatility of end usage and lower price as compared to cotton and other substitute fibres, natural or man-made

## Growing Per Capita Consumption

- Significant domestic market potential, with per capita consumption of all fibres at approx 50% of global per capita consumption
- Governments' push to substantially increase size of textile industry output to pave way for larger man-made fibre consumption due to limited availability of cotton, benefiting the polyester industry

.... Creating significant opportunity 30

# Increased Demand + Operational efficiencies...



## Branding

- Initiatives taken to make the use of Recycled Fibre as premium and branded product rather than as commodity product



## Collection at source

- Working with beverages companies for creating network for collection of pet bottle scrap from source.
- Initiative will significantly reduce sourcing cost as well as increase the yield from waste



## Capacity Expansion

- Plans to increase recycling capacity to tap the increasing demand



## Leased Model

- Leased spindles for value addition and increase capacity to produce end product i.e. Recycled Spun Yarn. This will increase production with better margins without any capex

... to drive better realisations and improved operating margins

For further information, please contact:



**Company :**

**Investor Relations Advisors :**

**Ganesha Ecosphere Ltd.**

CIN: L51109UP1987PLC009090

**Bridge Investor Relations Pvt. Ltd.**

CIN: U74900MH2016PTC273679

**Mr. Gopal Agarwal**

[gopal@ganeshaecosphere.com](mailto:gopal@ganeshaecosphere.com)

**Ms. Savli Mangle**

[savli@bridge-ir.com](mailto:savli@bridge-ir.com)

**Mr. Dheeraj Manwani**

[dheeraj@bridge-ir.com](mailto:dheeraj@bridge-ir.com)

[www.ganeshaecosphere.com](http://www.ganeshaecosphere.com)

[www.bridge-ir.com](http://www.bridge-ir.com)

