



Ganesha Ecosphere Limited

Investor Presentation

July 2016



Responsibility + Opportunity = Sustainability



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Company Overview



Amongst leading waste management companies in India

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 (Uttarakhand), **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 Sharma (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 (Uttarakhand)

2014-15

- Set up RPSF Capacity of 21,000 TPA at Bilaspur (Uttarakhand)
- 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/ 1st 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 (Uttarakhand)	28,200	14,200
RPSF	21,000	7,200
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

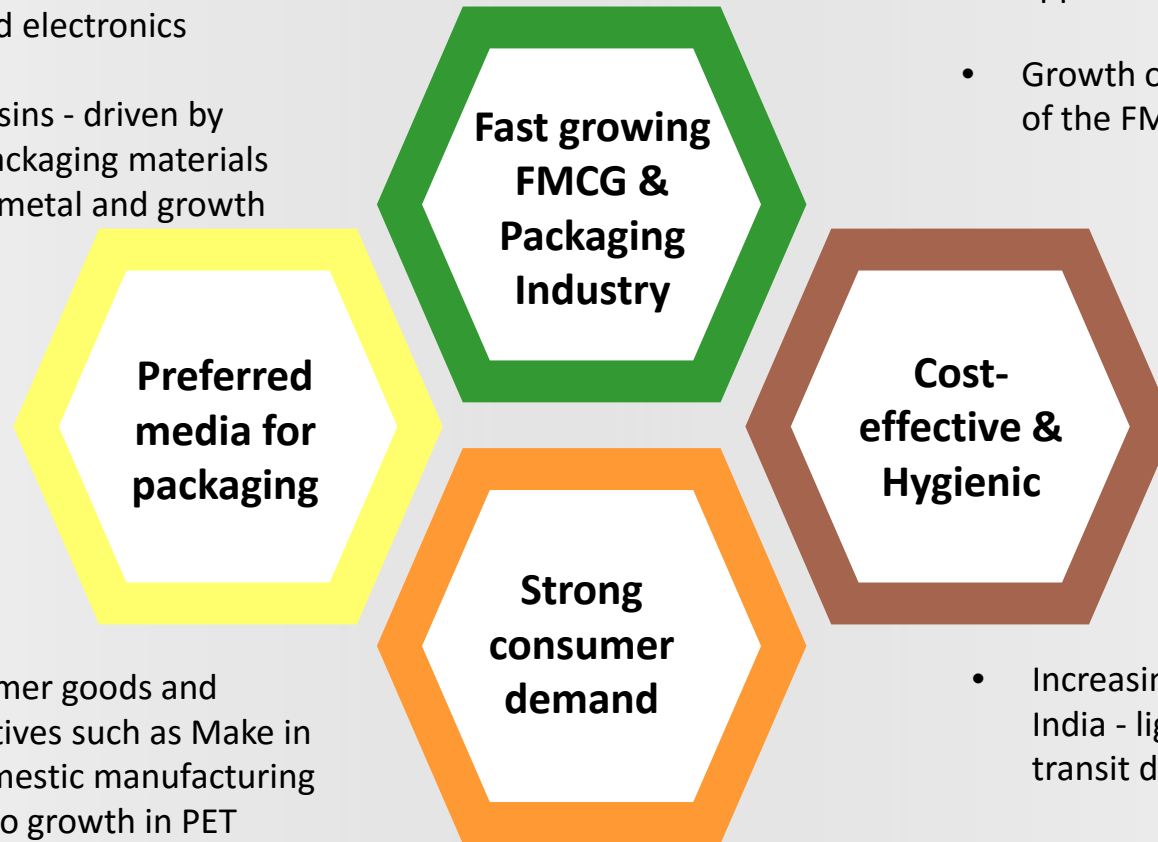
Healthy Consumer Durables

- 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
- 2nd 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

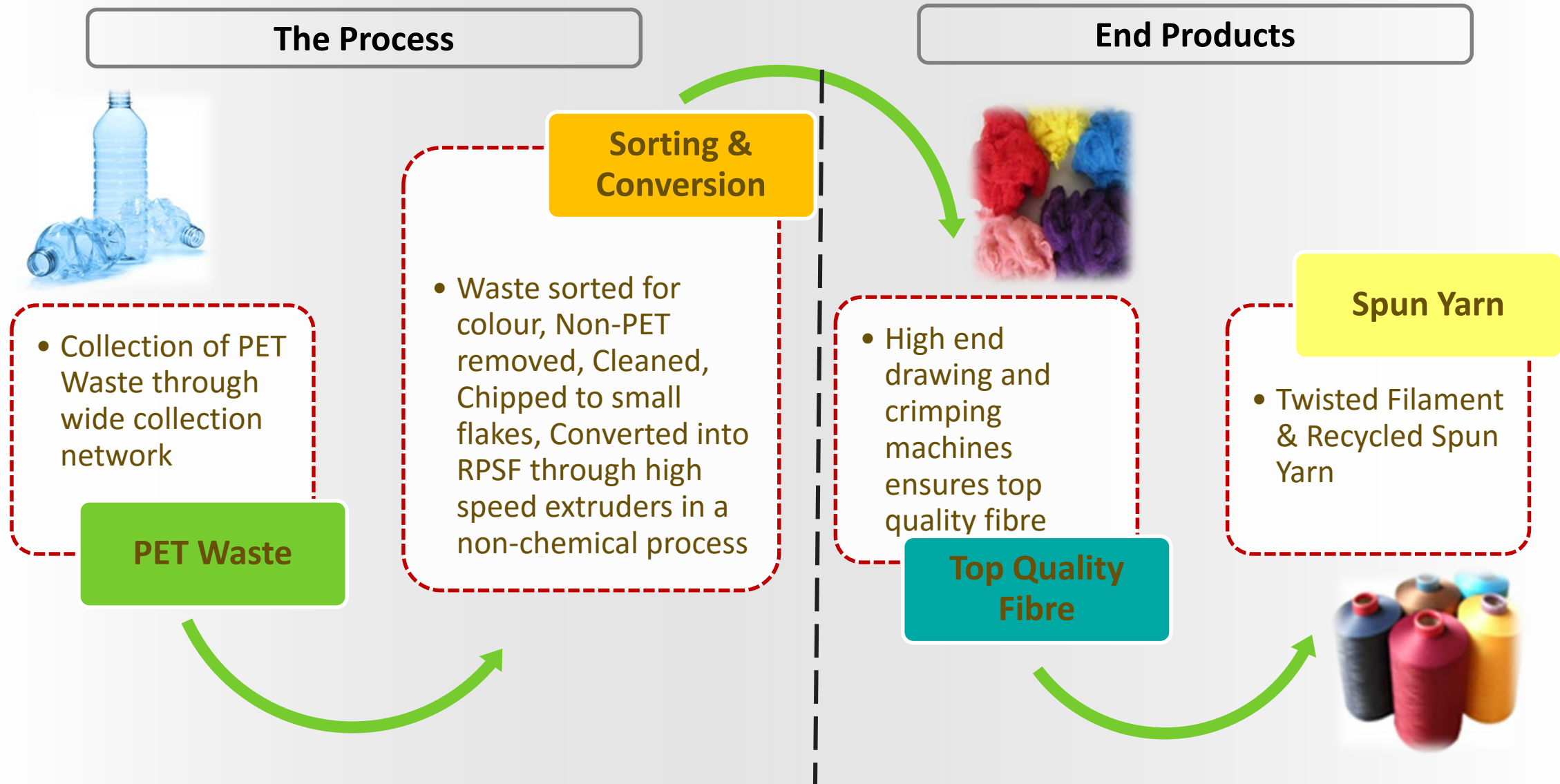
- Expected to grow at 13% CAGR
- Industry looks promising - strong domestic consumption and increasing export demand

Expected to become 5th 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...

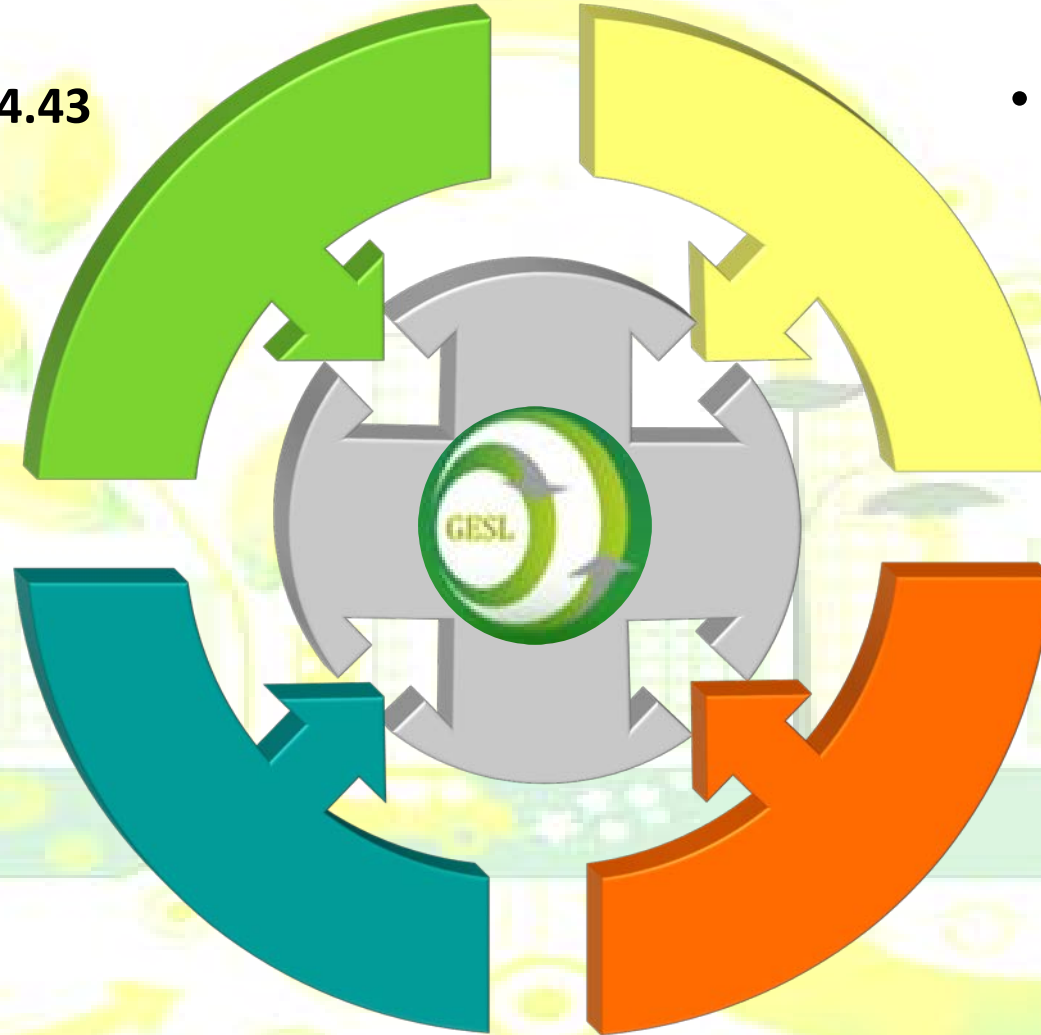


- **Recycled** a record **4.43 billion** PET bottles

- **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



...To create a Better World



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

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

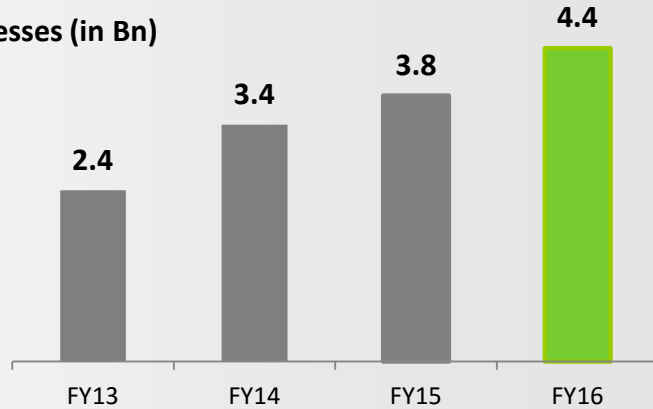


Financials

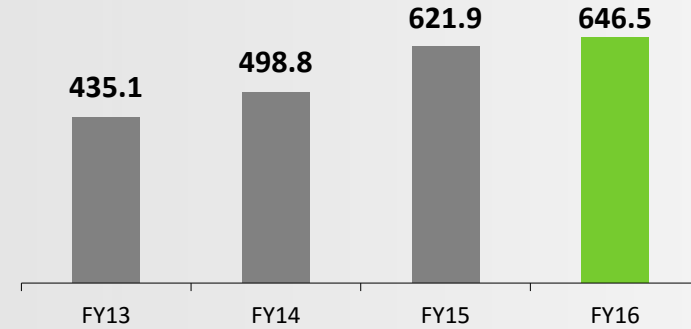
Strong Operational performance



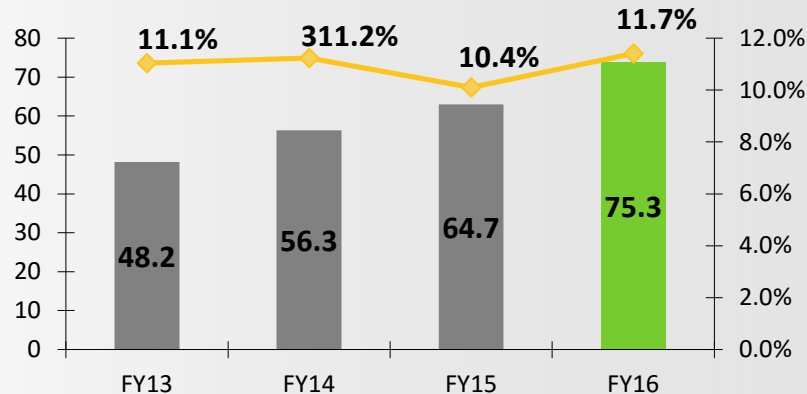
PET Bottles Processes (in Bn)



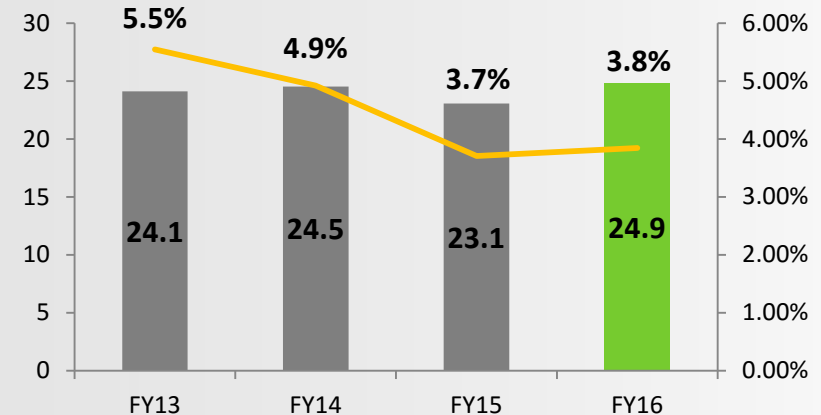
Revenue (Rs. Crore)



EBITDA (Rs. Crore) / Margin (%)

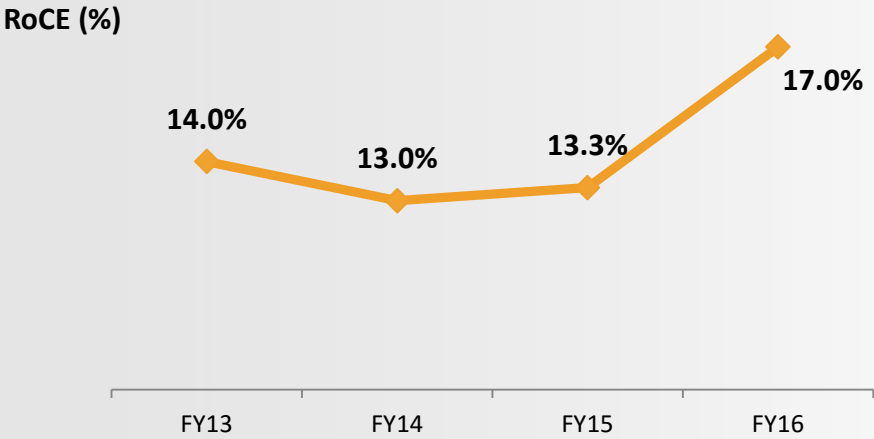
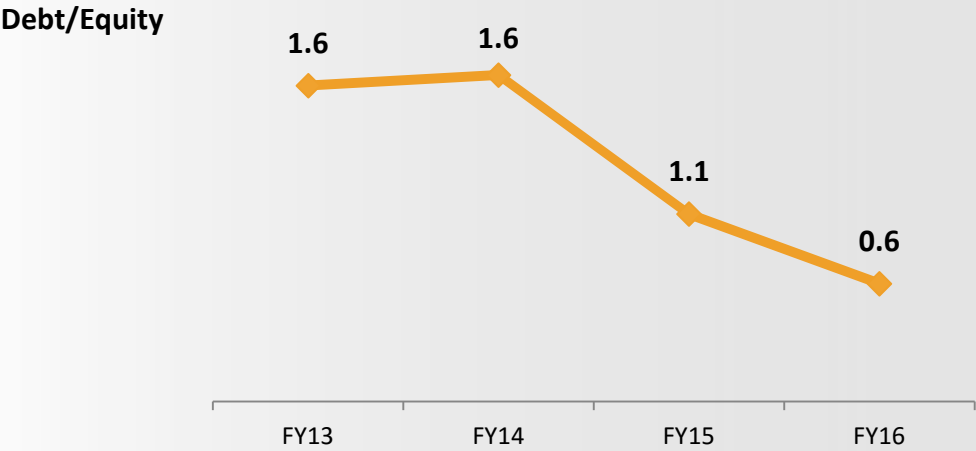
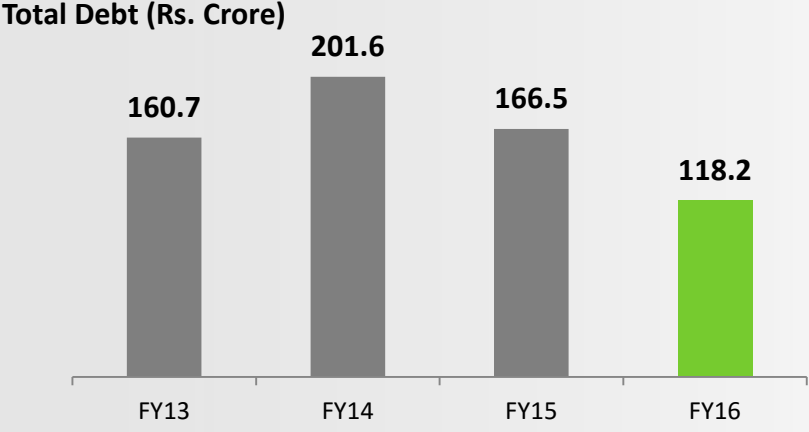
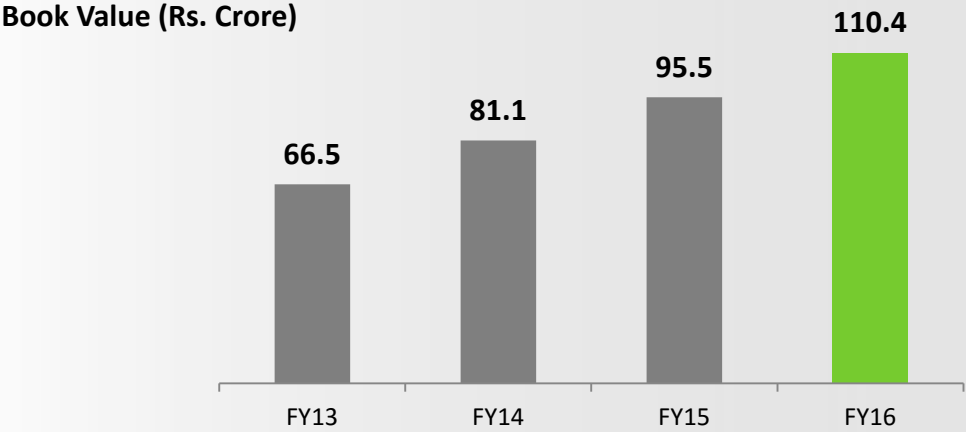


PAT (Rs. Crore) / Margin (%)



- 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



*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
Shareholder's Funds	200.18	177.92
Share capital	19.18	47.28
Reserves & Surplus	181.00	129.93
Money received against warrants	-	0.71
Non-current liabilities	87.92	100.02
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
Current liabilities	124.23	164.05
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
Total Equities & Liabilities	412.33	441.99

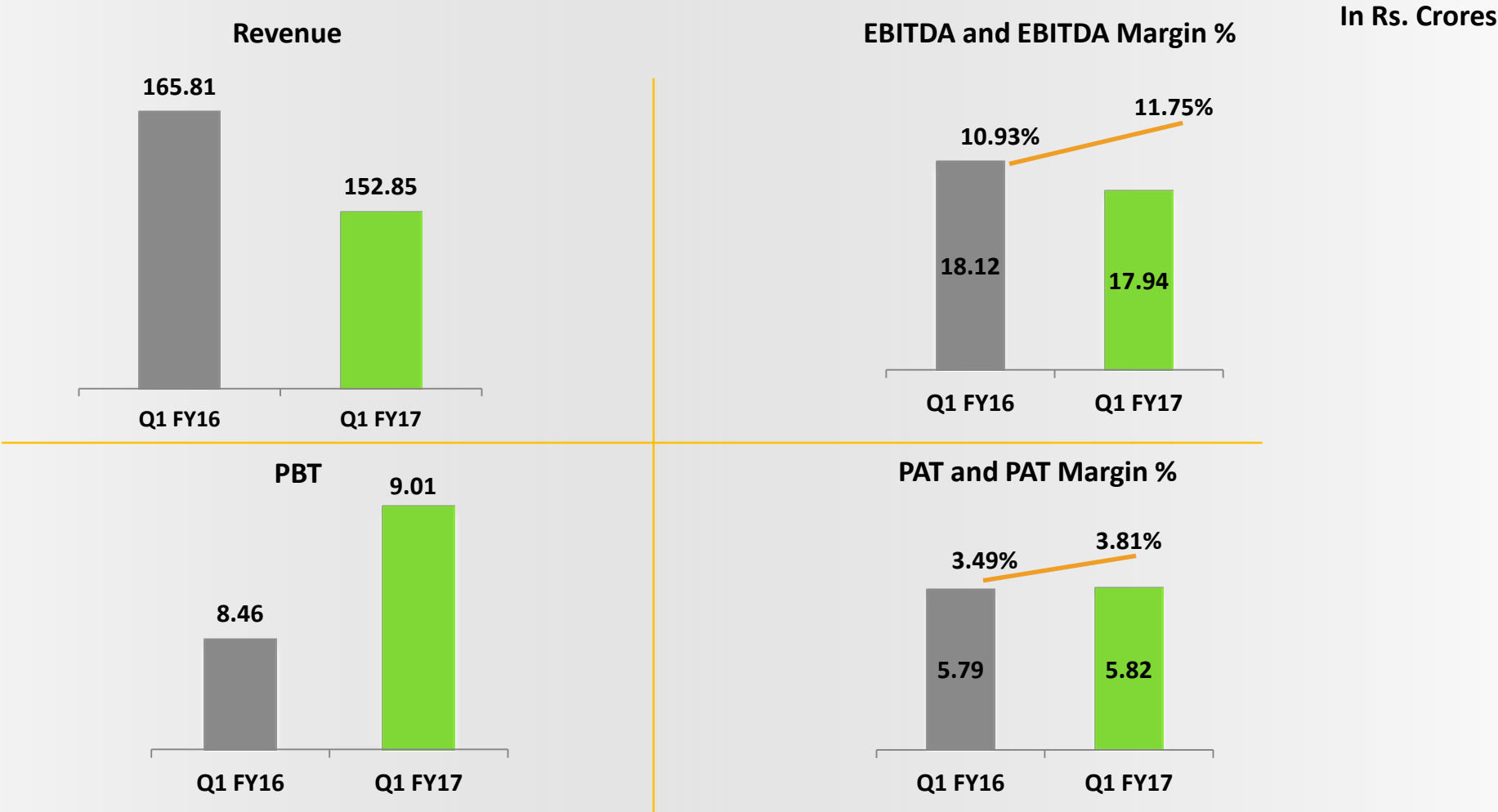
Rs. in Crore	Mar-16	Mar-15
Non-current Assets	259.32	270.78
Fixed assets	256.50	267.70
Long-term loans & advances	2.51	2.73
Other non-current assets	0.31	0.35
Current Assets	153.01	171.21
Inventories	69.27	82.34
Trade receivables	49.73	40.74
Cash & Cash equivalents	3.78	15.95
Short-term loans & Advances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



Quarterly Performance



Q1 FY17 Highlights



- Decline in Revenue, on account of sales realization - decreasing crude oil and cotton prices
- Improvement in Margins due to decline in raw material prices



Q1 FY17 Performance

Rs. in Crore	Q1 FY17	Q1 FY16	YoY %	Q4 FY 16	QoQ %
Total Income from Operations	152.85	165.81	-7.8%	158.01	-3.3%
Raw Materials	92.13	106.75	-13.7%	99.65	-7.5%
Employee Cost	10.26	8.98	14.3%	10.26	0%
Other Cost	32.51	31.96	1.7%	29.61	9.8%
Total Expenditure	134.90	147.69	-8.7%	139.52	-3.3%
EBITDA	17.94	18.12	-1.0%	18.49	-3.0%
EBIDTA margin (%)	11.75%	10.93%	82 bps	11.73%	2 bps
Interest	4.17	5.11	-18.4%	3.57	16.8%
Depreciation	5.02	4.99	0.6%	5.33	-5.8%
Other Income	0.30	0.42	-28.6%	0.31	-3.2%
Profit Before Tax	9.05	8.45	7.1%	9.90	-8.6%
Tax	3.23	2.66	21.4%	2.96	9.1%
Profit After Tax	5.82	5.79	0.5%	6.94	-16.1%
PAT Margin (%)	3.81%	3.49%	32 bps	4.39%	-58 bps

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