Ganesha Ecosphere Ltd.
28TH ANNUAL REPORT 2016-17





RECYCLING FOR THE FUTURE

A MODEL BUSINESS

An Insight

The future belongs to those who sustain the present!

At Ganesha Ecosphere, we believe there's no such thing as waste – just resources put in the wrong place! Hence, we've dedicated ourselves to recycling so that we do not lose out on our potential resources, thereby reducing any negative impact on the environment. Sustainability has always been at the heart of our business philosophy and all our strategies focus on maintaining our status quo as a socially and environmentally responsible organisation.

Future is something that is always born out of the actions taken in the present. And recycling has been our way of building the safer, greener and better future that Earth deserves!



GESL is largest recycling Company of PET bottle scrap in India, pioneering in the manufacturing of recycled polyester staple fibre (RPSF) and yarn. Our business helps to provide our customers with value-added recycled products as well as ensure the wheel of recycling keep moving.

As PET usage continues to grow, the risk of PET waste unattended remains an important aspect to maintain the ecological balance. At GESL, we remain committed to deliver value to our stakeholders and emerge as a leading PET recycling organisation in India.

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www.ganeshaecosphere.com

Ganesha Ecosphere at a glance

Ganesha Ecosphere delivers a wide array of customized products recycled from PET waste.

Through our three operating facilities, we source PET waste from our wide network of collection centres, recycle and transform PET waste into several downstream products. Founded in 1987, today the Company is the largest and leading PET waste recycling company in India, ably led by its Chairman & Managing Director, Mr. Shyam Sunder Sharmma.

Headquartered in Kanpur, Uttar Pradesh, India, Ganesha Ecosphere today has robust collection network across the country, partnering with beverages companies and scrap dealers.

Read more about our business model on page 07

Net Revenue (₹ in crore)
2016-17
674.18
2015-16
647.29

PBT (₹ in crore)
2016-17
46.22
2015-16
34.38

Net Profit (₹ in crore)
2016-17
29.94
2015-16
24.86

EPS (₹)
2016-17
15.59
2015-16
12.84

Mkt Capitalisation (₹ in crore)
March 31, 2017
412.40
March 31, 2016
291.68

Net Worth (₹ in crore)
March 31, 2017
230.09
March 31, 2016
200.18

Key performance indicators

Statement of Profit & Loss

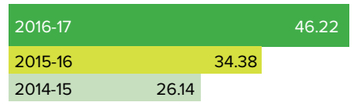
Net Revenue
(₹ in crore)



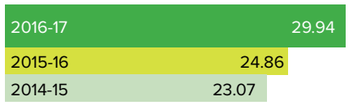
EBIDTA
(₹ in crore)



PBT
(₹ in crore)



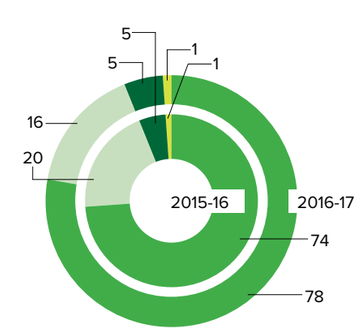
PAT
(₹ in crore)



EPS
(₹)



Revenue by products
(%)

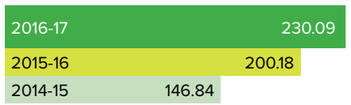


Balance Sheet

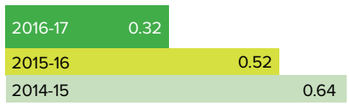
Gross block
(₹ in crore)



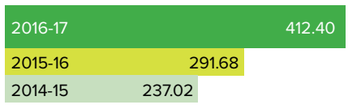
Net Worth
(₹ in crore)



Debt-equity



Market Capitalisation
(₹ in crore)



Capacities at a Glance

Locations	2015	2016	2017
Kanpur			
Twisted Filament yarn	3,000	3,000	3,000
RSPF	27,000	27,000	27,000
Rudrapur			
RPSF	39,600	39,600	39,600
Bilaspur			
RPSF	7,000	21,000	21,000
Recycled spun yarn	7,200	7,200	7,200
Total	**83,800**	**97,800**	**97,800**
Average Capacity utilization for the year	83%	87%	89%

* Capacities as on March 31 for each year
* Capacities in MTPA

Chairman's communiqué



Dear Shareholders,

FY2016-17 stood out as an important year in the history of Indian economy as a number of decisive economic measures were undertaken by the Central Government to keep the economic momentum of the nation unabated. It has been observed that although game-changing moves like the demonetisation and GST have resulted in an initial spell of volatility, over the long-term they are expected to bring in positive impact to the economic growth.

HERE AT GESL 'RECYCLING FOR THE FUTURE' ISN'T JUST ANOTHER STATEMENT, IT'S OUR ABIDING PHILOSOPHY.



Despite the aforementioned uncertainties, Ganesha Ecosphere managed to perform reasonably well during the year under review. The growth of our topline and bottomline by 4.15% and 20.43%, respectively is a case in point. We made this happen by focusing on our core competencies to meet a host of anticipated (growth and expansion) and unanticipated (a volatile marketplace) challenges.

Although most of our key performance indicators registered visible improvements during the fiscal gone by, certain aspects made us go back to the drawing board and recalibrate our strategies in line with the changing circumstances. Our EBITDA rose by 8.27% on account of improved capacity utilisation, our PAT margin improved by 60 bps reflecting a better operational management and declining clamping down of overheads. We also processed a record number of PET bottles during the year, a whopping 4.52 billion, from 4.43 billion in FY2015-16.

Operational highlights

Here at GESL 'recycling for the future' isn't just another statement, it's our abiding philosophy. As such, we have over the years leveraged the strength of our business model and the depth and width of our pan-India network to emerge as one of the biggest names in this niche vertical of ours.

From an operational prospective, the fiscal gone by went more or less as planned despite regulatory overhauls and subsequent segmental instabilities. We increased our capacity utilisation to 89% by improving the plant efficiencies. We added value at the hands of our shareholders by clocking a healthy bottomline growth, and sustainable cash flow generation with visible reduction in manufacturing costs. We also revamped our product portfolio by increasing the proportion of value-added products in a bid to cater to the emerging needs of our clients. The result was that we were able to infuse our Balance Sheet with a fresh dose of capital – we grew our book value to ₹ 119.98 per share, repaid long-term debt worth ₹ 30.32 crore (total debt reduced by almost 39% since FY14, while revenue increased by 35% during this period) achieved a long-term debt-equity ratio of 0.32 and recorded a ROCE of 16.05%.

Meanwhile, our passion for improvement remains stronger than ever. Over the course of the year, we set new standards in developing value-added products with greater acceptability. With our state-of-the-art recycled spun yarn facilities, we have emerged as one of the pioneers in this field and become a namesake for innovation. In order to replicate our

OUR PASSION FOR IMPROVEMENT REMAINS STRONGER THAN EVER. OVER THE COURSE OF THE YEAR, WE SET NEW STANDARDS IN DEVELOPING VALUE-ADDED PRODUCTS WITH GREATER ACCEPTABILITY. WITH OUR STATE-OF-THE-ART RECYCLED SPUN YARN FACILITIES, WE HAVE EMERGED AS ONE OF THE PIONEERS IN THIS FIELD AND BECOME A NAMESAKE FOR INNOVATION.



successes in various parts of India, we invested substantial time and effort in strengthening our collection network across the country. Consequently, we were able to mobilise ~250 tonnes of PET waste per day, one of the highest in the industry, translating into adequate raw material availability to our production lines.

Recognising our responsibilities

With rising concerns over global warming, our role in society has never been more important than what it is today. We at GESL believe that through our people and our work we can address critical environmental challenges and help transform communities. We remain committed to the cause of making our planet a better place to live in for the present and the future generations.

Subsequently, we continued to shrink our carbon footprint by cutting down our energy usage and diverting more PET waste from landfills. For instance, we recycled a record 4.52 billion PET bottles, consumed nearly 90,000 tonnes of PET waste, saved nearly 6.02 lac cubic yards space from turning into landfills and eliminated 1.22 lac tonnes of CO_2.

Looking ahead

With increasing awareness, more and more consumers are shifting their preferences towards recycled PSF materials and government policies are also supportive of environment-friendly practices by the private sector. In-keeping with our strategy to remain the market leader in the segment, we will continue to enhance capacities in targeted geographies and at the same time focus on increasing utilisation rates at existing plants.

Your Company is on track towards completing its additional 21,000 MTPA plant which is expected to become operational during second half of FY2018. This additional expansion will enable us to recycle more than one lakh tonnes of PET bottles, strengthening our market leadership position in the organised recycling segment. The focus of your Company has always been to maintain high levels of quality in products through innovative research and technology development across processes, products and applications. We believe that our hard work, dedication and innovative technology will help us create sustainable value for all our shareholders.

I express my sincere gratitude to our shareholders, investors and banks who continue to support us and without whom we would not have remained the largest and oldest company in India to recycle PET bottles into valuable products. Hence, I wish to express my appreciation to our employees and my colleagues on the Board for their tireless efforts and continued confidence in your Company. Let me assure you, we continue to stay focused on building a strong and sustainable business at Ganesha and enhance stakeholders' values in every possible way and we solicit your support for the years to come.

With warm regards,

Yours Sincerely,

Shyam Sunder Sharmma
Chairman

A model business

At Ganesha Ecosphere our business philosophy revolves around recycling – for a better today and tomorrow.

Our PET recycling business value-chain involves a number of stakeholders, from *kabadiwallahs* to small traders to PET consumers. The recycling business model forms an integral part of this value-chain, with particular focus on how to maximize the PET waste sourcing, improve efficiency in processing and reduce non-PET contamination in recycling streams.

Pet recycling business

1 Sourcing

First, we collect discarded PET waste through our effective collection network

2 Sorting

PET waste comprising bottles, caps and different colors is sorted and kept separately

3 Processing

Post the sorting, different waste are processed into customized fibre

4 Spinning

Spinning unit process the fibre into yarns of different quality

Ganesha Ecosphere's competitiveness

90,437
Tonnes of PET waste Consumed in FY 2016-17

20+
Collection centres across the country

20+ years
Experience in recycling Business

₹ 227.47 crore
Invested in last Five years in building state-of-the-art Production capacities

27%
CAGR growth in revenue during last ten years

300+
Customers in our portfolio

100+
Product variants manufactured

What makes us market leader

We believe that key to building a sustainable business is protecting long-term interests of our shareholders. By recycling PET waste, we are not only leaving a positive footprint on the environment, but also generating jobs, investments and helping local communities.

Our goals	How we deliver	In action 2016-17
Develop strong business edge	An eco-friendly business model helping turn waste into value. Our distinctive capabilities have helped create value across the value-chain of our recycle business model.	**Largest** PET waste recycler in India **90437** tonnes PET waste recycled
Be proactive	With evolving industry and market trends coupled with changing regulations, we stay on-course and adapt to make our business competitive.	**89%** Capacity utilization of RPSF **62%** Capacity utilization of DT/TF* yarn **100%** Capacity utilization of Recycled spun yarn
Create value	We have registered CAGR growth of 32% in profits during last ten years with a healthy debt-equity ratio of 0.32 as on March 31, 2017. We have been creating shareholder value by generating sustainable free cash flow over the long-term.	**4.11x** Interest coverage ratio **₹1.20** Dividend per share

*Dyed texturized / twisted filament

Our operations

Focus on value-added products	We continue to produce value-added products in our three business segments – RPSF, Dyed texturized yarn and Spun yarn.	**25%** Revenue generated through value-added products
Quality infrastructure	We continue to invest in strengthening our infrastructure to produce finished products for downstream industries like automobiles, geo-textiles, medical and packaging, textiles and non-woven applications.	**0.25%** Rejection levels in product manufactured
Collaborative partnerships	Ganesha Ecosphere has been collaborating with leading beverage makers, traders and vendors for effective collection of PET waste. This has helped us create a wide distributed network across the country.	**200+** Vendors, partners tied-up for PET waste collection

Our capabilities

Experience	With more than two and a half decades of existence, we have leveraged our knowledge to emerge as market leader in the industry.	**50%** Customers associated with the Company since last 5 years
Intellectual capital	Our workforce forms cornerstone of our success. Their commitment, dedication and dynamism drives the organization ahead.	**₹ 0.33** crore Revenue generated per employee
Product development	With more than 100 product variants in our portfolio, we have the expertise to develop products that meet the requirements of our downstream partners.	**20+** Member R&D team working on new product development/quality improvement

Profile of Board of Directors



MR. SHYAM SUNDER SHARMMA
Chairman-Cum-Managing Director

Mr. Shyam Sunder Sharmma, founder of the Company, aged 74 years, is a post-graduate in commerce. He is a first generation entrepreneur and textile technocrat having management experience of over 53 years including 25 years with various Birla Group Companies in senior positions.

He is associated with the Company as Chairman-cum-Managing Director since 1989. He is responsible for looking into the overall management, strategic planning and development of the Company.



MR. VISHNU DUTT KHANDELWAL
Executive Vice-Chairman

Mr. Vishnu Dutt Khandelwal, aged 68 years, is post-graduate in commerce and his area of expertise includes marketing and financial management. He possesses a rich experience of over 44 years in textile yarn trading.

He has been serving the Company since inception and was appointed as Executive Vice-Chairman of the Company in 2008. He is responsible for overseeing the marketing and business development of the Company.



MR. SHARAD SHARMA
Joint Managing Director

Mr. Sharad Sharma, aged 51 years, is a commerce graduate and having more than 30 years experience in marketing and distribution.

He has been associated with the Company since inception and was appointed to the Board in 1992 as a Director. He was appointed as Joint Managing Director of the Company in 2004. He is responsible for overseeing day-to-day management and overall operations of the Company.



MR. RAJESH SHARMA
Executive Director

Mr. Rajesh Sharma, aged 48 years, is a commerce graduate and has rich experience spanning over 27 years in plant administration and operations.

He is associated with the Company since inception and was appointed as an Executive Director of the Company in 2008. He is responsible for looking after the administration and operations of the Company's Rudrapur and Bilaspur units.



MR. GOPAL SINGH SHEKHAVAT
Director (Administration)

Mr. Gopal Singh Shekhavat, aged 64 years, is a bachelor in arts. He has rich experience spanning over 44 years in textile industry.

Presently, he looks after the Administration and HR of the Company. He was appointed to the Board of the Company as a Director (Administration) w.e.f. 1st June, 2013.



MRS. SEEMA SHARMA
Non-Executive Director

Mrs. Seema Sharma, aged 44 years, is a bachelor in arts and having administrative experience of approx. three years.

She was appointed to the Board as a Non-Executive Director on 8th September, 2016



MR. VISHWA NATH CHANDAK
Non-Executive Independent Director

Mr. Vishwa Nath Chandak, aged 80 years, is M.Com., LL.B. and has experience of over 40 years of working as a Senior President in Eastern Spinning Mills & Industries Ltd.

He had also been associated with Kesoram Industries Ltd. (a B.K. Birla Group Company) as a President of its divisions namely Kesoram Rayon and Hindusthan Heavy Chemicals for several years.

He was appointed to the Board of the Company in 2009.



MR. PRADEEP KUMAR GOENKA
Non-Executive Independent Director

Mr. Pradeep Kumar Goenka, aged 63 years, is a member of the Institute of Chartered Accountants of India. He brings a rich professional experience of over 41 years in the field of finance and related consultancy services.

He is a practicing Chartered Accountant. He has served on the Board of several listed and non-listed companies from various industries including manufacturing and financial consultancy.

He was appointed to the Board of the Company in 2006.



MR. SURENDRA KUMAR KABRA
Non-Executive Independent Director

Mr. Surendra Kumar Kabra, aged 73 years, is B.Com., LL.B. and is also a member of the Institute of Chartered Accountants of India. He brings rich professional experience of over 49 years in the textile industry.

He had been the Managing Director for over 11 years in Shree Manufacturing Company Ltd. and has over 25 years experience of working in various capacities in Birla Group Textile Companies. He has been running his own textile business for the past several years.

He was appointed to the Board of the Company in 1994.



MR. ANOOP GUPTA
Non-Executive Independent Director

Mr. Anoop Gupta, aged 59 years, is Chartered Accountant and Cost Accountant, with additional qualifications in Law and Company Secretarial. He has more than three decades of diverse International experience in areas of Business Development, Corporate Finance, Strategy, Banking, Fund Management, Investment Product Engineering, Auditing and broad-spectrum Business Consulting. Mr. Gupta founded Concept Management Consulting Limited in 1998, and is presently the Managing Director of the company.

He was appointed to the Board in 2012.



MR. ABHILASH LAL
Non-Executive Independent Director

Mr. Abhilash Lal, aged 52 years, is a mechanical engineer and a post-graduate in management from Indian Institute of Management (IIM), Bangalore. He has rich experience of more than 26 years in all aspects of financial services including banking, consulting, insurance, investments, advisory etc. and had worked with HSBC for more than 11 years.

He was appointed to the Board of the Company as a Non-Executive Independent Director w.e.f. 29th September, 2014.



MR. NARAYANAN SUBRAMANIAM
Non-Executive Independent Director

Mr. Narayanan Subramaniam, aged 56 years, is a graduate from Indian Institute of Management, Ahmedabad (IIMA), Chartered Accountant, Cost & Management Accountant and Company Secretary. He has rich experience in funding start-ups as well as Control transactions in listed entities. He has served on the Board of several companies with distinction. He is also the Founder Chairman of the Venture Capital Association of India (VCAI).

He was appointed to the Board of the Company as a Non-Executive Independent Director w.e.f. 29th September, 2014.

Downstream applications



Management Discussion and Analysis

ECONOMIC OVERVIEW

The financial year 2016-17 witnessed a deceleration in global economic growth at under 3.0%, the slowest since 2009. Weakness in global trade coupled with low investment cycle and rebalancing of economic activity in China from manufacturing-led demand towards consumption and services-led growth contributed to the declining growth. Lack of political support for trade policies in advanced economies and gradual tightening of monetary policy in the United States kept the growth subdued.

However, with a boost from recent fiscal initiatives, notably in China and the United States, together with an easier stance in the euro area, the world has been witnessing improved momentum in economic activity around the turn of the year. Rise in consumer and business confidence in most advanced economies, cyclical uptick in global manufacturing and trade as well as better prospects for emerging markets have led to most forecasts predicting an improved outlook for global growth, seen at 3.3% in 2017 and 3.6% in 2018. Much of the demand in emerging economies is expected to continue to be driven by China, catalyzed by public and private investment spending.

Although growth is expected to strengthen, benefitting from recovery in commodity prices, protectionist policies by governments are increasingly being seen as risks to global growth. Headline inflation in most countries is rising as a result of higher oil and other commodity prices, but is expected to remain subdued until economic expansion gains significant robust traction.

On the domestic front, the Indian economy has, for a long time, remained in a sweet spot as compared with most other emerging economies, with the country's GDP growing at a robust 7.1% last year and expected to increase momentum in 2017-18. On the positive side, the economy was buoyed by government consumption, 7th pay commission salary payments and recovery in demand for exports to advance economies. Headline inflation, however, rose during the early part of the year due to higher international oil prices. While the overall inflation, both headline and core inflation, have remained below 5%, the risks to upside remain as rising input costs feed into output prices in the wake of rising demand.

Last year also witnessed significant international political changes and radical domestic policy actions, which have brought about need for substantial shifts in the underlying growth drivers, namely demonetization and passage of the transformational Goods and Services Tax (GST).

Demonetisation of large currency notes signaled a regime change, aimed at penalizing illicit wealth and so-called 'black money'. While the move is expected to create short-term pressures on cash flows for most businesses, especially small and medium-sized businesses, the long term benefits are expected to accrue to India's economic growth as more income gets accounted within the formal economy. Furthermore, the government has taken several initiatives to encourage a shift in consumer behavior towards adoption of digital instruments for various transactions, away from the informal cash system, which is expected to eventually lead higher GDP growth, better tax compliance and tax revenues.

The Goods and Services Tax (GST) is targeted towards creating a common Indian market, with uniform and simplified taxation regime, which in turn is expected to boost investment and growth for the economy.

The government also enacted a package of measures to assist the clothing sector that by virtue of being export-oriented and labor-intensive could provide a boost to employment, especially female employment. Other structural reform measures such as solidifying the legal basis for Aadhaar, overhaul of bankruptcy laws and easing foreign direct investment rules cemented India's reputation as one of the few bright spots in an otherwise tempered global economy. India is among the world's fastest growing major economies, underpinned by a stable macro-economy, lower-than-before inflation and interest rates and improving domestic consumption demand.The Economic Survey has forecast India's GDP growth between 6.75% to 7.5% for FY17-18.

GLOBAL PET INDUSTRY

Polyethylene terephthalate (PET) is the building block of the common polyester chain. Polyester resin manufacturers create PET from mono-ethylene glycol (MEG) and purified terephthalic acid (PTA), which is derived from fossil fuels such as crude oil and natural gas. PET is a strong, stiff synthetic fibre and resin which is also clear, tough, lightweight and shatterproof making it ideal for use as packaging material across a wide array of product applications such as bottled drinking water, carbonated soft drinks, edible oils, juices, jars, tubs and trays for food items, sheets and films for packaging.

The global retail consumption of PET bottles in food, beverages, personal and home care industries amounted to 488 billion in 2016, comprising 14% of the total sales in the retail packaging industry. Most of the demand continues to come from Asia, particularly China, apart from Africa and the Middle East. Due to its light weight which reduces fuel consumption in transportation, and its barrier properties which keep food fresh longer and reduce food waste, plastics are increasingly replacing other packaging materials. The global consumption of PET bottles is set to reach 21.1 million tonnes by 2021, fuelled by further technological developments such as packaging for milk, hot sauces and cooking preparations.

The global polyethylene terephthalate (PET) market was worth US$25.11 bn in 2016. Rising at a 5.80% CAGR, the market's opportunity is expected to US$39.16 bn by the end of 2024. (Source: Research and Markets)

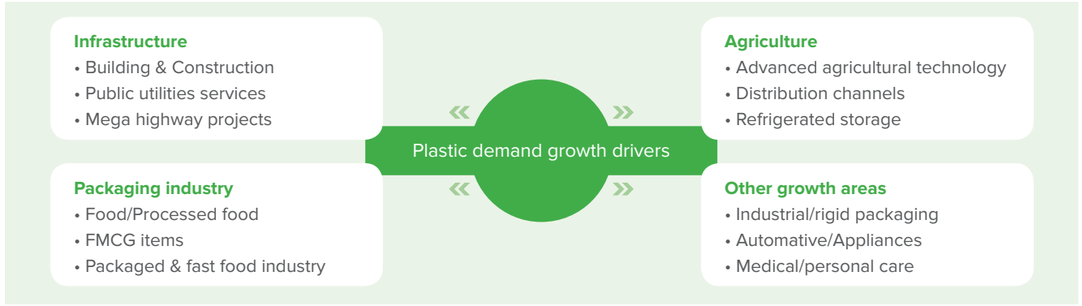
INDIAN PET INDUSTRY

Plastic recycling is a process of cleaning, sorting and processing of pre-consumer or post-consumer plastic waste into resins for various applications. This plastic scrap can be rigid, like bottles, containers, furniture etc., or non-rigid, like films, wrappers, pliable sheets etc. The plastic recycling market is also segmented based on resin type as PET, PP, HDPE, LDPE, PS, PVC, and others. PET is largely recycled into PET fibers and yarns for textile applications.

Globally, India is one of the fastest growing markets for PET resins. Robust growth in packaging sector, rapid industrialization and growing urbanization are the major factors fuelling the country's PET resins market. Moreover, emerging economy, new capacity additions and increasing consumption of packaged food & beverages are further expected to aid the Indian market of PET resins during 2016-2025. The PET resin market in India is pegged at around US$1 billion and expected to grow at a CAGR of 8.6% between 2014 and 2019. The market of PET resins in India is anticipated to cross US$ 9.1 Billion by 2025.

The Government of India has also introduced the plastic waste management rule recently with an extended responsibility for recycling plastic scraps on all the manufacturers, producers and bulk generators of plastic. Therefore, this will have a good and positive impact on the industry in the time to come.

Growth drivers

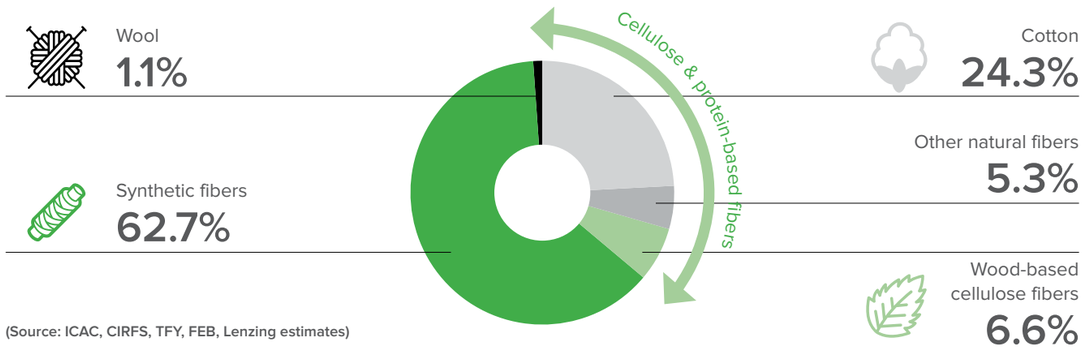


(Source: Tata Strategic)

GLOBAL FIBRE MARKET

The increase of the world fiber market consumption was 1.5% up to 99 million tons in 2016 according to preliminary calculation. Oil-based synthetic fibers had the biggest share with 62.7%. Cellulosic and protein-based fibers consist of cotton (around 24.3%), wood-based cellulose fibers (around 6.6%), other natural fibers (around 5.3%) and wool (around 1.1%).

Global fiber consumption in 2016 by type of fiber in percent (basis = 99 mn tons)



(Source: ICAC, CIRFS, TFY, FEB, Lenzing estimates)

The year 2016 will always be remembered from textile perspective as historic milestone. The world market size has surpassed the incredible volume of 100 million tonnes. Fiber production on global stage has grown 3% to 100 million tonnes due to 8% rebound in cotton production after disastrous contraction in the 2015-16 season. The world market has even arrived at 101 million tonnes when taking into account the cotton consumption which was fairly unchanged to the preceding year. Manmade fibers now occupy 70% of the global market. While synthetic fibers have suffered from their slowest growth in eight years at below 2% cellulosic fibers have expanded at a rate above 3%.

(Source: The Fiber Year)

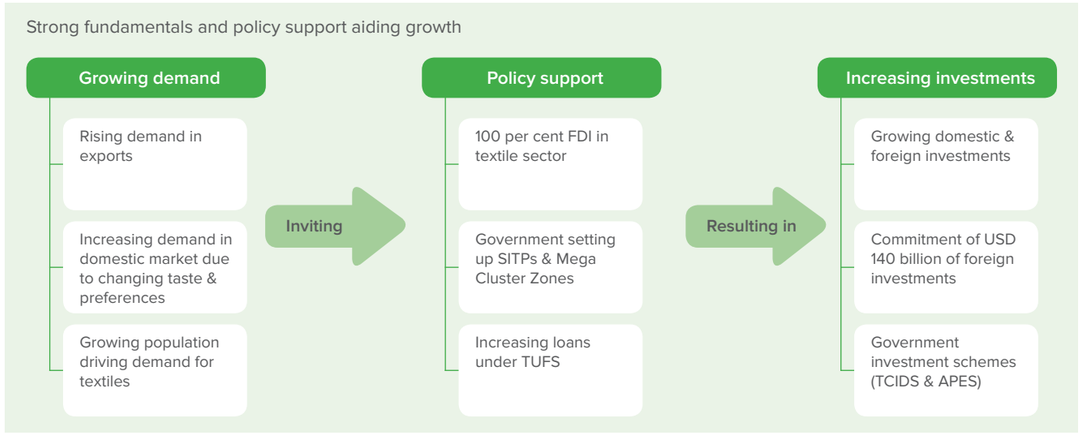
INDIAN FIBRE MARKET

The fundamental strength of the textile industry in India is its strong production base of wide range of fibre / yarns from natural fibres like cotton, jute, silk & wool to synthetic / man-made fibres like polyester, viscose, nylon & acrylic. India accounts for about 14 per cent of the world's production of textile fibres & yarns (largest producer of jute, 2nd largest producer of silk & cotton; & 3rd largest in cellulosic fibre). India is the 2nd largest producer of Manmade Fibre & Filament, globally, with production of around 211 million kg in 2016- 17.

Production of man-made fibre has also been on an upward trend. Production stood at 1.347 million tonnes in FY16 with the figure reinforcing a recovery from 2009 levels. During FY17, production of man-made fibre in India stood at 1.36 million tonnes.

CRISIL Research expects overall PSF demand to continue growing at 4.5-5.5 per cent CAGR as against 5.3 per cent CAGR in the last five years. Demand from blended yarn and other applications, which account for 58 per cent of PSF demand, is expected to increase at 3-4 per cent till 2018-19 driven by demand for blended fabric because of the expected price differential vis-a-vis cotton fabric.

Growth drivers



Source: Ministry of Textiles, TechSci Research
Notes: TCIDS - Textile Center Infrastructure Development Scheme, APES - Apparel Park for Exports Scheme

ABOUT THE COMPANY

GESL recycles PET into "RPSF" (Recycled Polyester Staple Fibre) that finds application in clothing, technical textile, fibrefill, automotive etc. The Company has been into sustainable business of PET recycling since 1995 and recycles more than 4 billion PET Waste today.

GESL pioneered the manufacture of Recycled Polyester Staple Fibre (RPSF) and Recycled Polyester Spun Yarn (RPSY) from pre and post consumer PET Bottle scrap under the leadership and visionary farsightedness of our illustrious Chairman cum Managing Director Shri Shyam Sunder Sharmma. Ganesha is headed by a team of dynamic professionals.

Being into sustainable business of PET bottle recycling, the Company aims to collect maximum PET waste through its 20+ collection centres across India and minimize its environmental impact by turning it into resource.

Having its manufacturing units at Kanpur (Uttar Pradesh), Rudrapur (Uttarakhand), and Bilaspur (Uttar Pradesh), Ganesha has a cumulative capacity of 97800 Tonnes per annum (87,600 TPA of RPSF and 7200 TPA of RPSY and 3000 TPA of Dyed and Texturised/ Twisted Filament Yarn) of RPSF and yarn.

The collected waste PET bottles are compressed and packed into bales that are shipped to manufacturing facilities. These bales are sorted to remove non PET stuffs, which are further cleaned, chipped to small flakes and converted into RPSF through high speed extruders in a non-chemical process. The products (fibre/yarn) manufactured by GESL find application in some or the other form to manufacture textile (T-Shirts, body warmers etc), functional textiles (non-woven air filter fabric, geo textiles, carpets, car upholstery) and fillings (for pillows, duvets, toys).

FINANCIAL PERFORMANCE

(₹ in Crore)

Particulars	FY 2016-17	FY 2015-16	y-o-y growth (%)
Revenues from operations (net)	674.18	647.29	4.15
Operating profit (EBIDTA)	81.52	75.29	8.27
Profit before tax	46.22	34.28	34.83
Profit after tax	29.94	24.96	19.95
Cash profit	50.37	45.91	9.71
Earnings per share (₹)	15.59	12.84	21.42

SHAREHOLDERS' FUNDS

The Company's equity authorised share capital is ₹ 2400 lac with an equity share of ₹ 10/- each, which remained the same throughout the year. The paid up share capital for the year ended 31st March, 2017 was ₹ 1917.69 lac. The reserves and surplus of the Company as on 31st March, 2017 was ₹ 21090.94 lac.

NET WORTH

The Company's net worth was ₹ 23008.63 lac as on 31st March, 2017, which increased by 14.94% compared to the previous year's ₹ 20018.04 lac as on March 31, 2016.

The capital employed increased by 4.89% in FY17 to ₹ 38056.22 lac from ₹ 36283.03 lac in FY16. The return on capital employed changed to 16.05% in FY17 from 14.95% in FY16.

The long-term debt-equity ratio stood at 0.32 in FY17 as compared to 0.52 in FY16 and the long-term borrowings reduced from ₹7174.80 lac as on 31st March, 2016 to ₹ 3676.56 lac as on 31st March, 2017.

GROSS BLOCK

Fixed assets (tangible and intangible assets) stood at ₹ 35650.27 lac as on 31st March, 2017, increased marginally on account of maintainance capex.

ANALYSIS OF PROFIT AND LOSS ACCOUNT

The Company's total revenue for FY17 was ₹ 67643.25 lac as compared to ₹ 64,875.15 lac in the previous year. The other income increased to ₹ 225.51 lac in FY17 and as a proportion of the total income, it stood at 0.33%.

The raw material expenditure cost in FY17 was ₹ 41124.46 lac leading to a change of 5.29% compared to FY16. The Employee welfare costs increased from ₹ 3,932.13 lac in FY16 to ₹ 4,403 lac in FY17.

Depreciation and amortization expenses changed from ₹ 2,104.90 lac in FY16 to ₹ 2,043.12 lac in FY17. The Finance Cost during the year decreased by 25.13% from ₹ 1,986.22 lac to ₹ 1,487.12 lac and the interest coverage ratio showed an improvement of 4.11x in FY17 over 2.73x for FY16.

EBITDA was ₹ 8,152 lac at 12.12% margin in FY17as compared to the EBITDA of ₹ 7,529 lac at 11.65% margin of the previous year. The Company has earned a Profit before Tax (PBT) of ₹ 4,622 lac in comparison to ₹ 3,438 lac in the previous year. Profit after Tax (PAT) for the year was ₹ 2,994 lac at 4.45% margin compared with ₹ 2,486 lac in FY16 at 3.85% margin. EPS for the year was ₹ 15.59 compared with ₹ 12.84 in FY16.

WORKING CAPITAL MANAGEMENT

Current assets stood at ₹ 18,743.28 lac in 31st March 2017 compared to ₹ 15,301.21 lac in 31st March, 2016. Current ratio was 1.16 as on 31st March, 2017 against 1.23 as on 31st March, 2016. The current ratio slipped marginally due to higher repayments of term loans as well as ongoing expansion project.

Inventories in FY17 increased by 33.18% from ₹ 6,926.88 lac in FY16 to ₹ 9,225.41 lac in FY17. The closing inventory as on 31st March, 2017 represented 57 days of turnover compared to 45 days of turnover in 31st March, 2016.

Debtors as on 31st March, 2017 stood at ₹ 5,605.49 lac against ₹ 4,973.54 lac as on 31st March, 2016, leading to a change of 12.71%. The debtors' cycle changed to 30 days of turnover as against 28 days in 31st March, 2016. Cash & Bank Balances changed from ₹ 377.64 lac in 31st March, 2016 to ₹ 1,118.10 lac during 31st March, 2017.

Short term borrowings changed from ₹ 4,647.62 lac in 31st March, 2016 to ₹ 6,252.93 lac in FY17. Trade payables also stood at ₹ 3,386.15 lac during 31st March, 2017.