



GANESHA ECOSPHERE LTD.
29TH ANNUAL REPORT
2017-18



Recycle



Responsible



Remunerative

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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The world over, two of
the most lifestyle-
transforming words are

'Ban plastic.'

At Ganesha Ecosphere, we have
responded with two alternative
words instead:

'Recycle plastic.'

* In view of this, we expanded our capacity to 1,18,800 TPA

At Ganesha Ecosphere, the more we produce, the more we recycle; the more we grow, the lower the carbon footprint; the more we sell, the larger the value generated from waste.

300

Million tonnes of plastic waste generated annually the world over

9

% of all plastic waste recycled globally a year

With growing consumption, plastic waste is growing significantly and with only 9% of them being recycled, there is a significant amount plastic waste for landfilling. This provides immense opportunity for recycling and generating revenue from trash.

7.4

cubic yards required to landfill one tonne of PET waste

1.5

Tonnes of CO₂ saved by recycling PET to produce one tonne of recycled PSF

With a significant amount of PET waste, the world would require a substantial amount of land to accommodate PET waste. Recycling would not only help in reducing landfill but also help in carbon emissions reduction.

450+

Years usually taken by PET to decompose

12

Million tonnes of plastic waste entering oceans each year

With PET taking long for decomposing, it will remain on the earth for a longer time and continue to pollute. Plastic waste disposed in the ocean is and will continue causing irrevocable harm to marine life.

2.67

Kgs of global per capita PET consumption

0.55

Kgs of per capita PET consumption in India

With India lagging in per capita PET consumption, it is expected that a marginal rise in consumption will drive significant PET consumption volumes, generating more PET waste for recycling.

Our objective is to leave the world a better place.



At Ganesha Ecosphere, we are demonstrating that green business is also good business.



Recycle. Responsible. Remunerative.

11 things you need to know about Ganesha Ecosphere Ltd.

► Our ethical pedigree

Vision: To become a Global Corporate citizen committed to recycle every PET bottle which is thrown into waste with world-class recycling facilities and to create wealth for our stakeholders through conducting business around social and environmental concerns.

Mission: With an increasing growth and rapid progress in technology, we focus on to give our clients the best we can in terms of recycled products.

Our Mission is -

To be a high-performance organisation by making the best use of resources and empowering people.

To be the preferred choice of our customers by providing world class customer services.

To maintain high levels of quality in our products through innovative research and technology development in our processes, products and applications.

To build relationships with stakeholders based on trust, transparency and ethical business conduct.

To contribute to the cause of making our planet a better place to live in for the present and future generations.

Values

Excellence in whatever we do.

Delivering innovative products.

Results through teamwork.

Uncompromising integrity.

Trust and respect for everyone.

► Background

Ganesha Ecosphere embarked on its journey in 1987 and over the years has emerged as one of the leading Polyethylene Terephthalate (PET) Recycling company in India. As a responsible PET bottle recycling company, we strive to maximise the collection of PET waste with the objective to transform it into a productive resource. The Company's

products find application in the manufacture of textiles (T-shirts, body warmers etc.), functional textiles (non-woven, air filter fabric, geo textiles, carpets, car upholstery) and fillings (for pillows, duvets and toys), giving waste a useful second innings.

► People

The Company has been



promoted and is being presently managed by Mr. Shyam Sunder Sharma (Chairman-cum-Managing Director) along with a team of competent, technically qualified and experienced professionals.

► Location

Headquartered in Kanpur (Uttar Pradesh), Ganesha Ecosphere has manufacturing

units in Kanpur (Uttar Pradesh), Rudrapur (Uttarakhand) and Bilaspur (Uttar Pradesh) with a cumulative manufacturing capacity of 1,18,800 tonnes per annum of RPSF and Yarn.

► Capacity

The installed capacity comprises 1,08,600 tonnes per annum of RPSF, 7,200 tonnes per annum of RPSY and 3,000 tonnes per annum of Dyed and Texturised/ Twisted Filament Yarn. This installed capacity of RPSF is the largest PET waste recycling capacity in India.

► Footprint

Ganesha Ecosphere employed 2,007 individuals and operated through a pan-India network of >400 customers and >200 scrap dealers. The Company's products are exported to more

than 10 countries.

► Quality assurance

Ganesha Ecosphere focuses on producing quality products. The Company has been certified for ISO 9001:2015, and received the Oeko-Tex Standard 100, Product Class 1 certification from Hohenstein Textile Testing Institute (Germany) testifying that the Company's products address human-ecological requirements established for baby articles.

► Environmental compliance

Ganesha Ecosphere complies with stringent norms to protect the environment. The Company's ISO 14001:2015 certification testifies that GESL is completely environment-compliant across processes, practices and products. The Company was granted compliance certificate for Global Recycled Standard (GRS) from the CU Inspections & Certifications India Private Limited.

► Safety compliance

Ganesha Ecosphere is OHSAS 18001:2007-certified, stating that the Company is compliant with the occupational health

and safety management norms.

► Listing

Ganesha Ecosphere is listed on National Stock Exchange (scrip code: GANECOS) and Bombay Stock Exchange (scrip code: 514167). The Company enjoyed a market capitalisation of ₹643.77 crore as on 31st March, 2018.

► Ownership

As on 31st March 2018, the promoters held 45.35% and public held 54.65% [comprising institutional holding of 7.72% and non-institutional (including private equity) holding of 46.93%] of the Company's shares.

Recycled polyester staple fibre



Milestones

1987-88

Incorporation and commencement of business.

1989

Creation of dyeing and doubling facilities of 360 TPA.

1991

The Company went public; dyeing capacity expansion to 1080 MT.

1992-93

Creation of texturing capacity of 216 spindles.

1993-94

Rights issue of 34.50 Lakhs shares.

1994-95

Expansion of dyeing capacity to 1150 TPA, texturing capacity to 432 spindles and creation of recycled PSF capacity of 6000 TPA.

1996-2007

Expansion of dyeing capacity to 1800 TPA and recycled PSF to 10800 TPA. Equity capital expanded to ₹9.37 crore.

2006-07

Set up Rudrapur unit for recycled PSF with a capacity of 7,200 TPA and expanded dyeing capacity to 2,400 TPA.

2007-08

Expanded RPSF capacity to 21,600 TPA at the Rudrapur unit; Revenue crossed ₹100 crore.



2008-09

Expanded RPSF capacity of Kanpur unit to 18000 TPA.

2009-10

Expanded capacity of Rudrapur unit by 18000 TPA. Designated as 'Star Export House' by Ministry of Commerce & Industry.

2010-11

ICAI award 'Silver Shield' for excellence in financial reporting. IFCI Venture Capital Funds Ltd., under its Green India Venture Fund, subscribed to 1.5 million optionally convertible debentures. Revenue crossed ₹250 crore.

2011-12

Won 'Business Today – Yes Bank Star SME Award' in overall medium category for the year 2011.

2013-14

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

2014-15

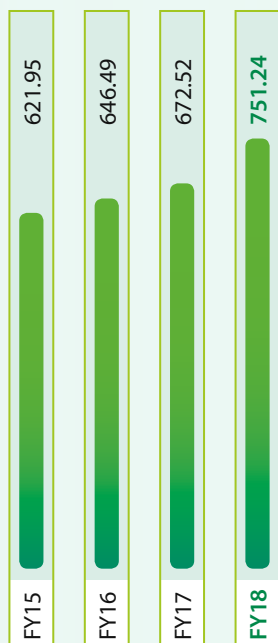
Set up RPSF Capacity of 21,000 TPA at Bilaspur (Uttar Pradesh), taking aggregate RPSF capacity to 87,600 TPA; revenue crossed ₹500 crore.

2017-18

Expanded RPSF capacity of Bilaspur unit by 21,000 TPA, taking aggregate RPSF capacity to 108,600 TPA; crossed revenue of ₹750 crore.

How we have enhanced shareholder value over the years

Net Sales (₹ crore)



Definition

Growth in sales net of taxes and excise duties.

Why is this measured?

It highlights the product acceptance and reach of the Company in the market.

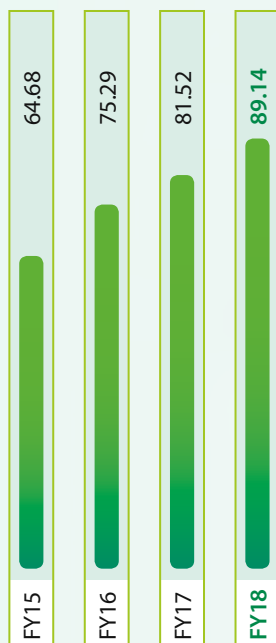
Value impact

Creates a robust growth engine to build profits.

Performance

Aggregate sales increased by 11.70% to reach ₹751.24 crore in FY2017-18 due to increasing demand for existing products and improved footprint.

EBITDA (₹ crore)



Definition

Earning before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

Why is this measured?

It is an index that showcases the Company's ability to optimise business operating costs despite inflationary pressures and can be easily compared with retrospective averages of sectoral peers.

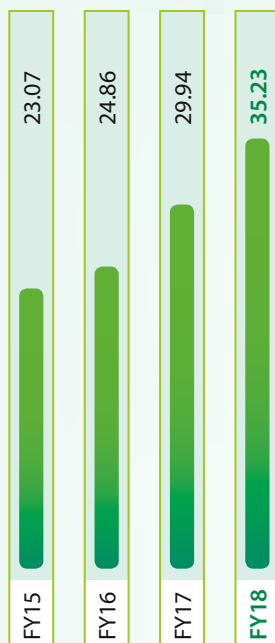
Value impact

Indicates operational efficiency and adequate buffer in the business.

Performance

The Company reported a 9.35% increase in its EBITDA in FY18 – an outcome of team engagement in enhancing operational efficiency.

Net profit (₹ crore)



Definition

Profit earned during the year after deducting all expenses, provisions and taxes.

Why is this measured?

This highlights the strength in the business model in generating value for its shareholders.

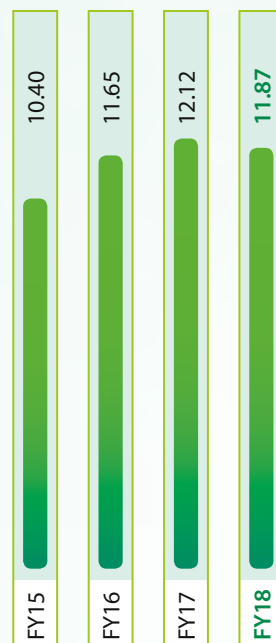
Value impact

Ensures that adequate cash is available for reinvestment and allows the Company's growth engine to not run out of steam.

Performance

The Company reported a 17.67% increase in its net profit in FY18 over FY17 – reflecting the robustness and resilience of the business model in growing shareholder value despite external challenges.

EBITDA margin (%)



Definition

EBITDA margin is a profitability ratio used to measure a company's pricing strategy and operating efficiency. Higher the operating margin, the better for the Company.

Why is this measured?

The EBITDA margin gives an idea of how much a company earns (before accounting for interest and taxes) on each rupee of sale.

Value impact

Demonstrates adequate buffer in the business, which, when multiplied by scale, enhances surpluses.

Performance

Slight decrease in EBITDA margin in FY 18 while enriching its product basket with superior products and improved operating efficiency amidst challenges during new tax regime.