Ganesha Ecosphere Limited

January 06, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	180.00 (Enhanced from 147.50)	CARE A+; Stable	Reaffirmed
Short-term bank facilities	30.00 (Reduced from 62.60)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Ganesha Ecosphere Limited (GEL) derives strength from its healthy revenue profile, successful stabilisation and ramp-up of operations in the subsidiaries. Ratings continue to take comfort from its experienced promoters, GEL's dominant position in the recycled polyester staple fibre (RPSF) segment with integrated operations across fibre and yarn, established procurement and distribution network, and diversified clientele.

Ratings also take cognisance of improvement in operational performance in FY25 (Audited; FY refers to April 01 to March 31), characterised by healthy revenue growth of ~30% in total operating income (TOI) to ₹1,464.85 crore in FY25, supported by successful stabilisation and ramp-up of operations in its subsidiaries, and healthy demand for its products, particularly in the recycled Polyethylene Terephthalate (rPET) granules segment. The company also reported improvement in profitability margins, with profit before interest, lease rentals, depreciation, and taxation (PBILDT) and profit after tax (PAT) margins to 14.35% and 7.04% in FY25. However, the profitability witnessed moderation in H1FY26 (Unaudited; refers to April 01 to September 30), due to increased raw material costs and subdued demand in the B2B segment, following the draft amendment to the Plastic Waste Management Rules, 2016 in June 2025, allowing shortfalls in recycled plastic usage for FY26 to be carried forward for three subsequent years. The final notification on this matter is anticipated by January 2026 and will remain monitorable over the near term.

Ratings also continue to derive strength from the comfortable capital structure and strong liquidity position of the group, post successful completion of fund-raising initiatives — ₹149.97 crore through preferential issue of warrants in January 2024, with full receipt of warrant money in July 2025 and earlier raised ₹350 crore through QIP in February 2024. The net proceeds were largely utilised for debt reduction and funding greenfield projects, resulting in comfortable gearing and debt coverage indicators, despite higher working capital requirements.

However, ratings continue to remain constrained by the working capital intensive operations, exposure to volatility in finished goods prices linked to virgin polyester staple fibre (PSF), and risks associated with further scaling up profitably and stabilisation of operations under subsidiaries.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in PBILDT margin beyond 14% and above while maintaining the scale of operations above ₹1,650 crore on a sustained basis.
- Improvement in return on capital employed (ROCE) and return on net worth (RONW) beyond 12% and 14%, respectively, on sustained basis.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

- Overall gearing below 0.30x and total debt/PBILDT of lesser than 2.50x on a sustained basis.

Negative factors

- Decline in scale of operations below ₹1,000 crore and PBILDT margin below 9% on a sustained basis.
- Elongation in operating cycle beyond 150 days adversely impacting the liquidity position of the company on a sustained basis.
- Any higher-than-envisaged debt-funded CAPEX resulting into weakening of financial risk profile of the company.

Analytical approach: Consolidated (including three wholly owned subsidiaries, Ganesha Ecotech Private Limited [GETPL], Ganesha Overseas Private Limited [GOPL] and Ganesha Ecopet Private Limited [GEPPL]). Subsidiaries considered for consolidation are given in Annexure-6.

Outlook: Stable

The stable outlook reflects CareEdge Ratings' opinion that GEL would continue to benefit from the experienced promoters with long track record of operations and its dominant market position with integration in both fibre and yarn.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with long track record of operations in textile industry

The Ganesha group and flagship entity, GEL, is promoted and managed by Shyam Sunder Sharmma (Chairman, GEL) having extensive experience of over five decades in the textile industry. He is further assisted by his son, Sharad Sharma (Managing Director), who has an experience of over three decades in marketing and distribution and looks after overall operations of the company and well-qualified and experienced professionals having rich experience in the textile industry. The long-established presence of the company has helped in maintaining its dominant position considering presence in both fibre and yarn segments, as GEL is one of the leading RPSF players in the country and expanding the products basket through backward integration through subsidiaries.

Dominant market position of GEL with integration in both fibre and yarn

GEL has been able to maintain its dominant position considering presence in both fibre and yarn segments. GEL is one of the leading RPSF players in the country with a total installed capacity of 96,600 MTPA and 10,200 MTPA for yarn as on March 31, 2025. The company uses ~7%-10% of own RPSF produce to manufacture spun yarn at Bilaspur plant. Due to partially integrated nature of operations, the company saves on the overhead cost. GEL has capacity for converting PET bottles to PET flakes, which are processed to make fibre, and eventually yarn.

Established relationship with diversified clientele base

The top 10 customers contributed ~28% of total income in FY25 (PY: 17%), thus indicating diversified customer profile in terms of revenue. The company supplies to B2B clients only across a diverse set of industries including original equipment manufacturers (OEMs) to automobile industry, spinning mills, geo-textiles, medical and packaging, textiles (T-Shirts, body warmers, and others) and non-woven applications (non-woven air filter fabric, geo textiles, carpets, car upholstery, fillings for pillows, duvets, toys, and others).

Growth in revenue and profitability margins in FY25, however, moderation in profitability in H1FY26

The company reported growth in TOI to ₹1,464.85 crore in FY25, compared to ₹1,121.92 crore in FY24, reflecting growth of ~30.56%. Profitability also improved, with PBILDT and PAT margins rising to 14.35% and 7.04% in FY25, compared to 12.20% and 3.62% in FY24. This growth was primarily driven by successful ramp-up of operations in subsidiaries, GETPL and GEPPL, with higher capacity utilisation, and improved market positioning and healthy demand for the company's products, particularly for rPET granules under the bottle-to-bottle (B2B) segment. Performance was also supported by consistent contributions from the company's legacy business.

However, in H1FY26, GEL reported TOI of ₹709.16 crore with a PBILDT margin of 9.49%. Moderation in profitability was primarily considering increased raw material costs in Q1FY26, driven by elevated export to European countries, though prices normalised in Q2FY26 after the European Commission clarified that only rPET produced from plastic waste generated within the European Union (EU) qualifies toward the 25% recycled content target under the Single Use Plastics Directive. Additionally, subdued demand in the B2B segment also contributed to the decline, following the draft amendment to the Plastic Waste Management Rules, 2016, issued on June 3, 2025, which allows shortfalls in recycled plastic usage for FY26 to be carried forward for up to three subsequent years. This amendment created uncertainty, leading to delays in procurement of food-grade rPET. A final notification on this matter is anticipated by January 2026 and shall remain monitorable going forward.

Comfortable financial risk profile

The financial risk profile of the company continues to remain comfortable, marked by healthy net worth base, comfortable overall gearing, and debt coverage indicators. GEL has a healthy net worth base of ₹1,095.35 crore as of March 31, 2025, improved from ₹1,051.75 crore as of March 31, 2024, owing to healthy internal accruals in FY25. Overall gearing stood comfortable at 0.48x as on March 31, 2025, from 0.38x as on March 31, 2024, despite slightly moderating as the debt levels increased from ₹401.98 crore in FY24 to ₹556.15 crore in FY25, due to increased working capital utilisation to support the growing operations. Earlier the company successfully completed its fund-raising initiatives — ₹149.97 crore through preferential issue of warrants in January 2024, and ₹350 crore through QIP in February 2024. In H1FY26, the company received ₹103.93 crore upon the warrant conversion, leading to improved net worth base to ₹1,262.17 crore and overall gearing to 0.43x as on September 30, 2025.

The total debt/ PBILDT improved from 2.94x in FY24 to 2.65x in FY25. The interest coverage improved to 5.52x in FY25 from 3.05x in FY24 considering improved profitability margins in FY25. The company has comfortable debt coverage indicators with total debt/gross cash accruals and total debt/PBILDT of 3.67x and 2.65x, respectively, as on March 31, 2025.

Successful ramp-up of operations in subsidiaries

The subsidiaries, GETPL, GEPPL, and GOPL showed successful ramp-up of operations in FY25, with higher capacity utilisation. This scaling up of the newly commissioned facilities enhanced the operating profile by increasing market presence, broadening the geographical footprint, and enriching the product portfolio. Consequently, the consolidated financial performance is anticipated to improve significantly, driven by higher efficiency of the new facilities and a better margin-driven product portfolio. Going forward, further scaling up of operations profitably and stabilisation thereafter remains monitorable.

Key weaknesses

Working capital intensive operations

Operations of the company remain working capital intensive with high inventory holding as average inventory period stood at 99 days as on March 31, 2025, though improved from 112 days as on March 31, 2024, while GEL mainly procures its raw material ~80% of the total requirement from vendors/scrap dealers across India either on cash basis or on credit period of 5-7 days. Average collection and creditor days improved slightly to 39 days and 22 days, respectively, as on March 31, 2025 (PY: 43 days and 27 days), resulting in improved though elevated operating cycle at 116 days as on March 31, 2025 (PY: 127 days).

Exposure to volatility in finished goods prices

PSF is a synthetic man-made fibre made directly from purified terephthalic acid (PTA) and mono ethylene glycol (MEG) or polyethylene terephthalate (PET Chips), while RPSF is made from recycled PET Chips, polyester waste, or post-consumer PET bottle flakes. RPSF's price is benchmarked against the prices of virgin PSF, which in turn, is linked to the prices of PTA and MEG (derivatives of crude oil). RPSF's prices remain at a 10-20% discount to virgin PSF prices. Any downward movement in crude oil prices makes RPSF less attractive against virgin PSF, as the spread between the two gets narrowed. However, the risk is mitigated to an extent as PET waste does not have other significant usage apart from RPSF manufacturing. Hence, RPSF manufacturers have ability to negotiate input raw material prices in times of declining RPSF prices as evident in resilient margins of GEL over the years.

Liquidity: Strong

Liquidity is strong marked by healthy buffer available between expected cash accruals of ~₹105 crore in FY26 against repayment obligations of ₹27.02 crore. With a comfortable overall gearing of 0.48x as on March 31, 2025, GEL has sufficient gearing headroom, to raise additional debt for exigencies in future. Its unutilised bank lines of ~₹60 crore on September 30, 2025, are more than adequate to meet its incremental working capital needs over the near term. Liquidity is further aided by free cash and bank balance of ~₹92.40 crore on September 30, 2025, low working capital utilisation of ~37% for period of last 12 months ending on September 31, 2025, and current ratio of 2.52x in FY25. The company has received the balance 75% (₹776.25 per warrants on 13.38 lakh warrants), amounting to ₹103.93 crore from the warrant holders on July 17, 2025, supporting the liquidity position of the company.

Environment, social, and governance (ESG) risks

Environmental	With recycling plastic waste into useful products, GEL brings a difference to businesses, environment and communities. The packaging waste, hazardous waste, and e-waste are sold to authorised vendors for safe disposal. The Company has set up an Effluent Treatment Plant (ETP) for the responsible discharge of waste. Regarding other types of waste, such as ash and sludge, GEL employs a sustainable practice of landfilling for disposal, with 75.11 lakh Cubic yards of landfill space saved in the last one decade ~40% of plant's total energy demand is powered by renewable sources. The company converted 125,000+ MTPA PET waste and recycled 7.5 billion+ PET bottles. The company's Warangal facility has been zero liquid discharge with recycling and reusing ~90%, only ~10% fresh water needed at Warangal facility. The company shifted towards renewable energy plants across its production facilities in Temra, Rudrapur, Bilaspur, and Kanpur, with a total installed capacity of 16.53 MWp of rooftop solar power installations and partnered with an independent power producer for supply of solar power and purchased 17.43 MW for captive consumption.
Social	The company has expended ₹1.73 crore in FY25 (PY: ₹1.55 crore) towards CSR activities for promoting education among children, women and differently abled, promoting healthcare including preventive healthcare and rural development.
Governance	The company's board of directors comprise of four non-executive and independent directors. The company also conducted (one) meeting of Independent Directors of the Company held on March 24, 2025, to evaluate the performance of Non-Independent Directors and the Board of Directors as a whole with the quality, content and timeliness of flow of information.

Applicable criteria

Policy on Default Recognition
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Assigning 'Outlook' or 'Rating Watch' to Credit Ratings
Rating of Short Term Instruments
Consolidation & Combined Approach
Manmade Yarn Manufacturing
Manufacturing Companies

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles and apparels	Other textile products

GEL was incorporated in 1987 by Shyam Sunder Sharma (Chairman) and Sharad Sharma (Managing Director). GEL is engaged in manufacturing RPSF, dyed yarn, and spun yarn with an aggregate installed capacity of 96,600 tons (RPSF) and 10,200 tons (Yarn) per annum respectively through its three manufacturing facilities at Kanpur (Uttar Pradesh), Rudrapur (Uttarakhand), and Bilaspur (Chhattisgarh). GEL has three wholly owned subsidiaries, GETPL, GEPPL based in South India, and GOPL based in Nepal.

Brief Financials (₹ crore)- Standalone	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	972.25	983.82	480.82
PBILDT	96.65	95.77	31.07
PAT	62.48	75.48	15.48
Overall gearing (times)	0.01	0.09	0.08
Interest coverage (times)	6.37	20.01	8.33

A: Audited UA: Unaudited; Note: these are latest available financial results

Brief Financials (₹ crore)- Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	1121.92	1464.85	709.16
PBILDT	136.85	210.20	67.28
PAT	40.57	103.12	10.25
Overall gearing (times)	0.38	0.48	0.43
Interest coverage (times)	3.05	5.52	3.18

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based-Long Term		-	-	-	180.00	CARE A+; Stable
Non-fund-based-Short Term		-	-	-	30.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based-Long Term	LT	180.00	CARE A+; Stable	-	1)CARE A+; Stable (06-Jan-25)	1)CARE A; Stable (01-Dec-23)	1)CARE A; Stable (10-Oct-22)
2	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (06-Jan-25)	1)CARE A; Stable (01-Dec-23)	1)CARE A; Stable (10-Oct-22)
3	Non-fund-based-Short Term	ST	30.00	CARE A1+	-	1)CARE A1+ (06-Jan-25)	1)CARE A1 (01-Dec-23)	1)CARE A1 (10-Oct-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based-Long Term	Simple
2	Non-fund-based-Short Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr. No.	Name of the Company	Extent of consolidation	Rationale for consolidation
1.	Ganesha Ecotech Private Limited (GETPL)	Full	Subsidiary
2.	Ganesha Ecopet Private Limited (GEPPL)	Full	Subsidiary
3.	Ganesha Overseas Private Limited (GOPL)	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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