

December 08, 2025

Ganesha Ecopet Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Term loan	250.78	241.71	[ICRA]A- (Stable); reaffirmed
Cash credit	50.00	65.00	[ICRA]A- (Stable); reaffirmed
Bank guarantee	10.00	0.00	-
Non Fund Based – Others	0.00	6.29	[ICRA]A2+; reaffirmed
Unallocated	2.22	0.00	-
Total	313.00	313.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for Ganesha Ecopet Private Limited (GEPL) factors in the successful completion and ramp-up of its greenfield capacities that achieved full commissioning in July 2024. This improved its operating and financial performance in FY2025. The financial and business risk profile of the group and its parent entity - Ganesha Ecosphere Limited (GEL) – remains satisfactory, despite a moderation in business growth in H1 FY2026 at GEPL as well as GEL.

The ratings continue to draw strength from GEPL's strong parentage, with GEL having a comfortable operational and financial risk profile. GEPL is expected to receive significant operational, financial and management support from GEL. It is likely to benefit from the operational synergies as GEL has been operating in the industry for over three decades and has a large scale of operations, besides having a demonstrated track record of getting repeat business from a diversified clientele and access to raw materials from an established large supplier network. Its leading market position as one of the largest manufacturers of recycled polyester staple fibre (RPSF) in the country has been strengthened with the greenfield expansion under GEPL and Ganesha Ecotech Private Limited (GETL) in the recent past. This, together with the shared brand name, reflects GEPL's strategic significance to its parent. ICRA has also noted that the bank facilities of the subsidiaries are backed by a corporate guarantee from GEL, indicating the extent of financial support available from the parent during the operational phase.

The ratings are constrained by the weak performance demonstrated by both GEPL and GEL in H1 FY2026. GEPL suffered net losses of ~Rs. 6 crore in the first half of FY2026. Its revenue declined to ~Rs. 167 crore in H1 FY2026 from Rs. 441 crore in FY2025, while the EBITDA moderated to ~Rs. 29 crore from ~Rs. 86 crore during the same period. Parent GEL's revenue fell to ~Rs. 701 crore in H1 FY2026 from ~Rs. 1,466 crore in FY2025 and the EBITDA was down to ~Rs. 59 crore from ~Rs. 211 crore for the same period. This underperformance was driven by a sharp increase in raw material prices in Q1 FY2026 followed by a correction in Q2 FY2026 which the company was unable to pass on to the customers resulting in inventory losses, along with weak demand growth.

Raw material prices have since moderated, which is expected to ease the margin pressures, going forward. The demand offtake was also adversely affected following the draft notification issued by the Ministry of Environment, Forest & Climate Change (MoEFCC), in June 2025. The draft notification permitted entities to carry forward any shortfall in meeting the mandated recycled plastic content in packaging across categories for FY2026 over the subsequent three years. This provision resulted in lower procurement by the offtakers and brand owners in FY2026. A final notification on this matter is anticipated by December 2025 and remains a key monitorable for assessing the offtake risk for GEPL over the coming years.

The company is expanding its existing capacity for recycled pet granules by 22,500 metric tonnes per annum (MTPA) from the current capacity of 42,000 MTPA under GEPL, exposing it to execution related challenges. This capex is being fully funded

through internal accruals of the Group and is expected to be completed by March 2026. Also, the management has confirmed that their earlier plan of incurring a capex of Rs. 700-750 crore has been deferred for now and will be reviewed at a later stage, depending on the market conditions. A ramp-up in the capacity utilisation of the overall installed capacity base of GEPL remains critical. However, the capex is likely to boost the Group's operational strengths by expanding its market presence, widening its geographical footprint (for manufacturing capacities) and enhancing its product portfolio.

The ratings are further constrained by the declining revenue and the susceptibility of GEL's and GEPL's profitability to the volatility in virgin polyester staple fibre (VPSF) prices, particularly in a declining price scenario. Further, the company is exposed to raw material availability and pricing risks, which are heightened by increasing domestic recycling polyethylene terephthalate (PET) waste capacities, as well as the regulatory developments in recent years, such as the ban on importing PET waste.

The Stable outlook on the rating reflects ICRA's expectation of continued operational and financial support from the parent. Further, ICRA expects GEPL to demonstrate continued growth in its business as well as set up and stabilise the planned capacity addition, and remain self-sufficient in meeting its debt servicing obligations, while managing its liquidity position.

Key rating drivers and their description

Credit strengths

Strong parentage; parent entity has leading market position among Indian RPSF manufacturers – The ratings derive comfort from the strong operational and financial risk profiles of GEPL's parent entity, its established track record of over three decades and its leading market position in the domestic RPSF sector. GEL is one of the largest manufacturers of RPSF in the country with an installed capacity of ~96,600 metric tonnes per annum (MTPA) at a standalone level and 1,09,200 MTPA at a consolidated level. The Group has demonstrated healthy and range-bound profitability over the years, supported by its large scale of operations, which results in economies of scale and augments the bargaining power with suppliers. GEL's financial risk profile is characterised by comfortable leverage and coverage indicators and an adequate liquidity position. Despite a limited track record of operations for GEPL, the ratings draw support from the strong operational and financial inter-linkages of GEPL with its parent entity, its common management as well as the high strategic importance of the project for the Group.

Demonstrated ramp-up of recent expansion even though performance may weaken in the short term in FY2026 – The greenfield expansion under GEPL and GETL has been fully completed in July 2024, enabling the Group to diversify and expand into the manufacturing of various recycled products like RPSF, recycled PET granules (food grade, bottle grade and textile grade), recycled PET filament yarn, virgin PSF and washed PET flakes. A large part of this capacity addition was towards recycled PET granules of 42,000 MTPA, which is the largest contributor to GEPL's top line and has better margins as it is used in the food and beverages, textile and packaging industries by renowned brands such as Pepsi, Coca Cola, Marico, Ikea, and Varun Beverages.

The capacity utilisation of recycled pet granules facility under GEPL for FY2025 has been healthy at 87% (adjusted for 9 months as COD achieved in July 24) and declined to 67% in H1 FY2026 on the back of a slowdown in demand. The Group has been able to improve its earnings in FY2025 compared to FY2024, wherein it reported an operating profit of Rs. 1.465.5 crore in FY2025 against Rs. 1,122.9 crore in FY2024. Despite the near-term headwinds in the business as seen in its performance till H1 FY2026, the newly established business is expected to provide benefits of diversification and may surpass the profit from the legacy business of manufacturing RPSF in future years. A healthy ramp-up of the capacity, however, remains critical from a credit monitoring perspective.

Eligibility for fiscal incentives to lower effective cost of debt – Apart from the long repayment tenure and step-up repayment schedule, the projects under GEPL and GETL are eligible for fiscal incentives in the form of interest subsidy of up to ~75%. This lowers the effective cost of debt and supports the debt coverage metrics.

Credit challenges

Project execution risk arising from capacity expansion under GEPL – At present, the company is expanding its rPET capacity to 64,500 MTPA from 42,000 MTPA. The capex is expected to be completed by March 2026. This exposes the company to project execution risk. However, comfort can be drawn from a strong execution track record of the Group and the cash flows from the existing capacity. Completing the announced capex without any time/cost overruns remain a monitorable.

The project also remains exposed to operational risks as the company's ability to profitably ramp up its operations after the ongoing rPET capacity expansion remains to be seen. Nevertheless, GEL's existing track record in the industry and its established supplier network and customer base are likely to partially mitigate risks related to raw material procurement and marketing risks, respectively, for GEPL. The marketing risks are also partially addressed by the favourable prospects of recycled materials owing to the increasing focus on reducing plastic waste and the growing commitments of large brands towards the use of recycled materials in various end-product segments. However, any large debt-funded capital expenditure in the future will remain a monitorable.

Moderate financial risk profile – GEPL's revenue declined to ~Rs. 167 crore in H1 FY2026 from Rs. 441 crore in FY2025, while the EBITDA moderated to ~Rs. 29 crore from ~Rs. 86 crore for the same period. GEL's revenue fell to ~Rs. 701 crore in H1 FY2026 from ~Rs. 1,466 crore in FY2025 while the EBITDA has declined to ~Rs. 59 crore from ~Rs. 211 crore for the same period. This has been on account of increase in raw material prices in Q1 FY2026 followed by a decline in Q2 FY2026 resulting in inventory losses as well lower-than-anticipated demand from its key offtakers. This is expected to temper the leverage and coverage indicators of GEPL as well GEL for FY2026.

The total debt/OPBITDA for GEPL and GEL is now estimated to be ~ 10 times and ~ 4x times, respectively, in FY2026. However, comfort can be drawn from the fact that the long-term business drivers for the Group remain intact, and it has been able to demonstrate a healthy ramp-up in capacity under GEPL in FY2025. Further, a key driving factor for the business are the regulations under Plastic Waste Management Rules that mandate the use of recycled plastic across various packaging categories over the future years.

Susceptibility of profitability to raw material procurement cost and volatility in realisations – GEPL's product profile comprises RPSF, filament yarn and recycled PET granules/chips/resin, which are manufactured from PET bottle waste. Recycled PET granules/chips/resin are expected to contribute majorly to the revenue followed by RPSF. The raw material for recycled PET granules/chips/resin and RPSF is PET waste, which has its own demand-supply dynamics. Further, RPSF realisations are driven by the movement in VPSF prices (which in turn are dependent on crude oil and cotton prices). Hence, the company's profitability will remain susceptible to the volatility in VPSF prices, particularly in a declining price scenario. Thus, the profitability will remain vulnerable to GEPL's ability to manage raw material costs as well as the spread between the realisations and raw material costs.

Raw material procurement and pricing risks – The company is exposed to increasing raw material procurement and pricing risks, given the growing capacities for recycling PET waste in the country as well as GEPL's own manufacturing capacities. The risk is heightened by regulatory developments such as the ban on the import of PET waste, PET flakes, etc, which affected domestic PET waste availability. Nevertheless, GEL's large scale of operations allowing bulk procurement as well as its organised and extensive sourcing network partially mitigate the risk.

Liquidity position: Adequate

GEPL's liquidity profile is adequate, supported by its cash flow from operations that are expected to remain adequate for covering the debt obligations for FY2026 and FY2027 coupled with a healthy liquidity of its parent entity, GEL. GEL's liquidity position at a consolidated level is adequate, backed by a cushion of ~Rs. 150 crore in its fund-based limits and free cash and bank balances of ~Rs. 120 crore combined as on September 30, 2025. ICRA expects GEL to support GEPL in case of any cash flow mismatches for debt servicing. Also, the cash flow from operations of GEL at a consolidated level are sufficient to meet the debt repayment obligations of the Group for FY2026 and FY2027.

Rating sensitivities

Positive factors – Continued healthy capacity utilisation leading to a sustained increase in the scale of operations and a timely completion of the proposed capex within budgeted costs, resulting in a sustained improvement of the company’s financial risk profile, would be the positive triggers for an upgrade. Further, the ratings may be upgraded if the credit profile of the parent entity strengthens.

Negative factors – A sustained pressure on revenue and profitability, impacting the return and coverage metrics, could constrain the ratings. Any delays or execution-related challenges due to the proposed capex resulting in cost overruns, or an increase in the working capital intensity putting pressure on the leverage metrics and liquidity position could be the other negative triggers. Further, weakening of linkages with GEL or weakening of the credit profile of the parent entity would be a negative trigger for the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent/Group Company: Ganesha Ecosphere Limited ICRA expects GEPL’s parent, GEL, to be willing to extend financial support to GEPL, should there be a need, given the high strategic importance of GEPL for the parent to meet its diversification objectives. Both GEL and GEPL share a common name, which in ICRA’s opinion would persuade GEL to provide financial support to GEPL to protect its reputation from the consequences of a Group entity’s distress
Consolidation/Standalone	The ratings are based on the standalone business and financial risk profiles of GEPL, factoring in the support from GEL, as mentioned above

About the company

Ganesha Ecopet Private Limited (GEPL), a wholly-owned subsidiary of Ganesha Ecosphere Limited, was incorporated in November 2019 for setting up a greenfield project for manufacturing recycled polyester staple fibre, recycled partially oriented yarn and recycled PET granules/resin. The project has been set up at Kakatiya Mega Textile Park, Warangal, Telangana, with an installed capacity of 66,840 tonnes per annum.

Key financial indicators

GEPL’s Standalone Financials	FY2024	FY2025
Operating income	105.1	441.0
PAT	-12.7	26.1
OPBDIT/OI	11.5%	19.4%
PAT/OI	-12.1%	5.9%
Total outside liabilities/Tangible net worth (times)	291.1	4.8
Total debt/OPBDIT (times)	42.0	6.4
Interest coverage (times)	0.7	2.5

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

GEL's Consolidated Financials	FY2024	FY2025	H1 FY2026*
Operating income	1122.9	1465.5	700.5
PAT	40.6	103.2	10.3
OPBDIT/OI	12.3%	14.4%	8.4%
PAT/OI	3.6%	7.0%	1.5%
Total outside liabilities/Tangible net worth (times)	0.5	0.7	0.6
Total debt/OPBDIT (times)	2.9	2.6	4.7
Interest coverage (times)	3.1	5.5	2.8

Source: Company, ICRA Research; * Unaudited; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	FY2026		FY2025		FY2024		FY2023	
		Amount rated (Rs. crore)	Dec 08, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based - Cash credit	Long term	65.00	[ICRA]A-(Stable)	Sep 26, 2024	[ICRA]A-(Positive)	Jun 30, 2023	[ICRA]A-(Stable)	-	-
				Feb 11, 2025	[ICRA]A-(Stable)	-	-	-	-
Unallocated limits - Unallocated limits	Long term/Short term	0.00	-	Sep 26, 2024	[ICRA]A-(Positive)/[ICRA]A2+	-	-	-	-
				Feb 11, 2025	[ICRA]A-(Stable)/[ICRA]A2+	-	-	-	-
Fund based - Term loan	Long term	241.71	[ICRA]A-(Stable)	Sep 26, 2024	[ICRA]A-(Positive)	Jun 30, 2023	[ICRA]A-(Stable)	-	-
				Feb 11, 2025	[ICRA]A-(Stable)	-	-	-	-
Non-fund based - Bank guarantee	Short term	0.00	-	Sep 26, 2024	[ICRA]A2+	Jun 30, 2023	[ICRA]A2+	-	-
				Feb 11, 2025	[ICRA]A2+	-	-	-	-
Non-fund based - Others	Short term	6.29	[ICRA]A2+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based - Cash credit	Simple
Long term – Fund based - Term loan	Simple
Short term – Non-fund based – Others	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term – Fund based limits/TL	2020	NA	2033	241.71	[ICRA]A- (Stable)
NA	Long term – Fund based limits/CC	NA	NA	NA	65.00	[ICRA]A- (Stable)
NA	Short term – Non-fund based – Others	NA	NA	NA	6.29	[ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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