“Ganesh Consumer Products Limited Q4 FY '26 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to the Ganesh Consumer Products Limited Q4 FY '26 Earnings Conference Call hosted by Anand Rathi Shares and Stock Brokers Limited.

As a reminder, all participants' lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '*' then '0' on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Ajay Thakur from Anand Rathi Shares and Stock Brokers Limited for opening remarks. Thank you and over to you.

Ajay Thakur: Good afternoon, everyone. We are pleased to host Q4 and FY '26 Earnings Call of Ganesh Consumer Products Limited.

From the company, we have with us Mr. Manish Mimani – Managing Director, Mr. Amit Tapadia – CFO, Mr. Narendra Mishra – Company Secretary and Compliance Officer, and Mr. Sanjeev Sancheti – Investor Relations Advisor.

Without wasting much of our time, I shall hand over the call to Management for opening remarks and followed by Q&A session. Over to you, sir.

Sanjeev Sancheti: Thank you, Ajay. Good afternoon to all the participants.

Before I hand over the call to Mr. Manish Mimani for the opening remarks, I would like to draw your attention to the safe harbor statement in the investor presentation. I request each one of you to go through the presentation thoroughly before the Q&A starts so that you are aware of the same. Thank you and over to you, Mr. Mimani.

Manish Mimani: Thank you, Mr. Ajay and Mr. Sanjeev. And a very good afternoon, everyone. On behalf of Ganesh Consumer Products, I warmly welcome you to the Quarter 4 Financial Year '26 and a Full Year '26 Earnings Call and thank you for taking the time to join us today.

FY '26 has been a defining year for Ganesh Consumer for first full year as a publicly listed company and the results we are sharing today reflect discipline, foundation, building progress.

We delivered revenues of INR 8,714 million in FY '26, a 2.5% growth over the previous year. This modest headline growth was a conscious strategic choice as we prioritized structural health over short-term volumes. Our core B2C segment demonstrated a strong resilience to a competitive year, validating the brand equity and distribution architecture we have built over time.

More importantly, profitability expanded meaningfully alongside this growth. EBITDA stood at INR 856 million, up 16.8% year-on-year with margins expanding 121 basis points to 9.8%. This improvement was driven by strategic procurement, planning and a sharper portfolio mix and we view these as durable levers supporting profitability going forward.

A specific element of that portfolio mix is the spices category, which grew 19% year-on-year in FY '26. Spices carry structurally higher margins than our career portfolio and as this category scales, it makes a visibly accretive contribution to the consolidated profitability. This is a deliberate part of our diversification roadmap moving forward.

On the distribution and channel front, our e-commerce business grew 43% year-on-year and now contributes 14% of total B2C revenues. What was once an emerging channel for us is now evolving to be a core pillar for our multinational distribution strategy.

Alongside our strong general trade presence, e-commerce not only expands our consumer reach but also provides valuable real-time insights into evolving consumer preferences and buying behavior. Our distributor network also expanded from 972 partners a year ago to 1,076 this year, reflecting our continued and deliberate investment in strengthening market reach and deepening distribution penetration.

We are executing a focused, two-pronged growth strategy. On geography, we are moving decisively beyond West Bengal into Jharkhand, Odisha, Northeast and Bihar, being a continuous regional belt representing significant untapped opportunities.

Onboarding of Ravindra Jadeja as the Brand Ambassador of our Sattu portfolio marks a significant milestone. This partnership brings broader salience, strengthens consumer trust, and elevates the aspirational positioning of our Sattu products as a natural energy drink. Sattu is a category where we already hold leadership positions and this association will help us to take the brand and the category to a much wider audience.

Reflecting our confidence in the business and our commitment to shareholder returns, the Board has recommended a final dividend of INR 2.50 per share, taking our total dividend for Financial Year '26 to INR 5 per share, representing a payout ratio of approximately 48%.

Updating on the deployment of our IPO proceeds, the commissioning of our Sattu and Besan manufacturing facility has been delayed by approximately six to nine months attributable to global supply chain disruptions and geopolitical headwinds. We are working closely with our partners to ensure that the plant is brought on stream at the earliest without further slippage. The strategic rationale for this investment, which is to expand our high-margin grain-based portfolio, remains fully intact and we will continue to keep investors apprised of progress on this front.

I remain deeply grateful to all our shareholders, partners and the entire Ganesh family for their continued trust and support.

With that, I will hand over to Mr. Amit to take you through the financials in greater detail. Amit, over to you.

Amit Tapadia: Thank you. Thank you, Manish sir, and good afternoon, everyone.

As our MD has already taken you through our revenue and EBITDA performance, I will focus on the remaining elements of our financial performance.

Our PAT margin for FY '26 stood at 4.8%, an expansion of 69 basis points over FY '25. Our balance sheet has strengthened materially through the year, and Ganesh Consumer Products is now a net debt-free company with a net cash position of INR 643 million as on 31st March 2026. We delivered ROCE of 17.9% and ROE of 14.2%, demonstrating continued efficiency in capital utilization.

Our working capital cycle remains tightly managed with a cash conversion cycle of 23 days, a structural outcome of our cash-and-carry model in general trade, which minimizes receivable exposures and supports strong operating cash flows.

We expect the working capital cycle to remain broadly at current levels and do not anticipate any material increase in working capital intensity going forward. This strong working capital management has translated into an excellent cash conversion with our net cash from operating activity to operating EBITDA ratio standing at as high as 94%.

I would also like to draw your attention to a specific accounting treatment relating to our Jadeja Brand Association as it is relevant to interpreting our P&L. In accordance with the applicable accounting standards, the full production costs of the Jadeja campaign, together with the first-year ambassador fees, has been expensed in the last quarter of FY '26. This is the primary driver behind the increase in our advertisement and promotion expense from 1.3% of the revenue in FY '25 to 1.9% in FY '26. While this cost was incurred towards the close of the financial year, the benefits of this investment are expected to accrue through FY '27.

While we acknowledge the near-term headwinds on account of constrained LPG availability, which directly impacts our HoReCa segment, this global supply chain disruption could weigh on the 1st Quarter performance.

Our medium-term growth conviction remains intact. We are targeting a volume growth of approximately 7% to 8%, with improving momentum through the course of the year.

On profitability, we expect to sustain our EBITDA margin trajectory in FY '27 at broadly FY '26 equivalent levels.

With that, we are happy to open the call for questions. Moderator, over to you. Thank You

Moderator: . Ladies and gentlemen, we will now begin the question-and-answer session. We take the first question from the linen of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Sir, few questions. One, last year was a year where there was absolutely no inflation. Your revenue growth and your volume growth is quite similar. Any comment on the wheat inflation aspect in your revenue growth this year?

Manish Mimani: There will be no wheat inflation according to us this year currently because till now, the government has procured more than 34-million-ton wheat. And enough wheat storage is there with the government and in the pipeline. And I think that is the reason why we have said our working capital requirement will not increase this year. Looking forward, we see enough supply of wheat and very moderate inflation over wheat because already the MSP has been increased by the government of India by 125 per quintal.

So, net-net, the inflation over wheat, very high inflation over wheat, doesn't look for this year. Though I would like to point out there was a deflation on the wheat pricing last year in comparison to '24-'25. And that was one of the key reasons of our average selling price coming down last year in comparison to '24-'25.

Pritesh Chheda: Sir, on the Sattu salient and which is also a water one drink as well. So, any comment? Last year was not a great year in terms of the weather. So, what is the salience of Sattu in your revenue in Quarter 1 and for the full year? And what kind of impact was there last year and what kind of benefits can flow in this year on Sattu?

Amit Tapadia: So, I will take that question. So, again, for the entire quarter, that is a future looking statement. But going by the numbers which we achieved the previous month and the numbers going as of now, so considering that it is a harsh summer this time and we have also associated with Ravindra Jadeja for the Sattu category, we are seeing a green shoot in the Sattu category and we are very hopeful and working towards maintaining that green shoot during the entire quarter and the entire year.

Pritesh Chheda: But what is the salience of Sattu in your full year revenue? But how much business comes from Sattu for the full year and for the Quarter 1?

Amit Tapadia: So, for the entire year, it is close to 20% and for Quarter 1, it is close to 30% in terms of the top line.

Pritesh Chheda: And my last question is on the payout, CAPEX and interest expense. So, this year the payout was 50%. So, any formulation of a strategy and since your balance sheet has the cash as well. So, just wanted to know what would be and we have seen the interest expense coming down significantly. So, what will be the CAPEX and is it fair to assume that interest expense will largely be negligible next year? Next year means FY '27.

Amit Tapadia: So, taking the interest expense question first, so the interest expense was higher in the previous year. This year since we repaid and we raised INR 60 crores as a part of the IPO and we repaid a working capital facility out of that. So, this year the interest expense will be lower as compared to the previous year.

However, considering that the wheat and chana cycle starts from the month of April, mid-March to April, again we will strategize our procurement basis the price trend which we feel will be there in the market and accordingly there will be interest expenses in this year also, but it will be significantly lower as compared to the previous year.

It is also evident from the fact, if you see the Q4 numbers for FY '26, it is around INR 7 million only compared to the last quarter of the previous financial year which is FY '25 which was INR 18 million.

Pritesh Chheda: So, should we take 7 million as a reference number?

Amit Tapadia: No.

Manish Mimani: I do not think that is correct because the working capital cycle can be different in different quarters. This is a bit of a quarter-based business, but what you can take as a benchmark is that the kind of reduction you are seeing in the quarter, probably that kind of reduction can be seen through the year in terms of percentage.

Amit Tapadia: On the CAPEX front, we are working on the pulses, Sattu and besan plant which we are going to out of the proceeds from the IPO. Apart from that, we are working with a couple of consultants on the product development front. We want to introduce adjacent categories which goes well with the existing ones and which are margin accretive also. So, once the product development exercise continues, we look forward to introduce those products with the existing ones.

Again, to highlight, those products will not have a heavy CAPEX. So, we plan to introduce those products only which has a raw material which we are manufacturing. So, that way, the CAPEX amount will be apart from the besan and chana plant, it should be in the range of INR 15-20 crores in the coming year.

Pritesh Chheda: My question on payout was there.

Amit Tapadia: Payout, dividend payout, right?

Pritesh Chheda: Yes.

Amit Tapadia: So, as a policy, we have maintained a dividend payout ratio of around 25% to 50% and we will continue doing it going forward because we want to reward our stakeholders and balance with the growth opportunity.

Moderator: We take the next question from the line of Praveen Sharma, an individual investor. Please go ahead.

Praveen Sharma: My first question is on this Ravindra Jadeja's fees. I think it is 0.6% of revenue. So, it is around INR 7-8 crores. So, it is fully booked in Q4?

Amit Tapadia: Firstly, it is not INR 7-8 crores. But whatever that spend is, it has been booked in Q4 only because the shoot and the onboarding happened in Q4 of this year.

Praveen Sharma: No, my purpose of asking was the INR 7-8 crore delta is there in the results of Q4. And going forward, how much is the ad spend we are targeting as a percentage of revenue?

Amit Tapadia: As a percentage of revenue, it should range between 1.6% to 2%.

Praveen Sharma: So, instead of 1.3, it will be elevated one, 1.6.

Amit Tapadia: So, in the current year, it is higher. But yes, it should be in the range of 1.6% to 2% in the coming year.

Praveen Sharma: Which is currently in last year, how much was it? If I may ask again.

Amit Tapadia: In FY '25, is it?

Praveen Sharma: Yes, FY '26 is gone.

Amit Tapadia: So, FY '26, the overall spend is around 1.9%.

Manish Mimani: There is a presentation and we said it in the opening remark as well.

Praveen Sharma: No, I just, you know, okay, there was some confusion. So, next question is on this, the forecast of dry weather, El Nino. Based on our past experience, how do you see it impacting, you know, previous occurrences of these dry weather and lack of rain targeting our margins and inflation and things like that based on our past experience?

Amit Tapadia: No. So, the better part is we are dependent on the Rabi crop. Both our main raw material is wheat and gram, which is a Rabi crop. El Nino is going to affect more on the Kharif crop. One.

Second, any which way, if the water level is down, it is going to impact the next year Rabi crop.

Manish Mimani: So, I think for this year, the risk is not there because enough wheat is there in the supply chain along with government and along with open market sources also. But then on the speculative side, there may be inflation on the wheat and arhar. This will be evident post H1 only.

Praveen Sharma: And based on our past experience, do we see a demand compression because of weak rural demand and things like that or it doesn't affect much since it is a staple product, consumer staple?

Manish Mimani: So, on the demand side, the better part of the staples is the, beyond the point, it cannot go a level down because the consumption, it is essential. So, consumption is going to occur.

But then due to supply chain issues, due to LNG, gas and higher inflation on the petrol, the HoReCa segment is going to get a hit, which is getting evident to us from April onwards because though we are a branded category, we are also being used by the HoReCa segment at large. So, I think there the shortfalls will come in first quarter.

And some sort of challenges are also there in the public consumption because gas supply is restricted, which is being given once in a month only. But then how this is going to impact in the longer tenure, I think it is a matter to be seen. Any which way the freight cost and laminate cost is not going to impact too much to us.

Praveen Sharma: So, sir, any guidance for FY '27, top line and margin?

Amit Tapadia: We have already given in the opening remarks. Probably you joined late, but if you want we can repeat.

Manish Mimani: So, for this year, that is '26-'27, we are expecting a growth of 7% to 8% on the volume terms.

Praveen Sharma: And margin, sir?

Amit Tapadia: So, margin, as we highlighted that the margin which we have achieved in FY '26, we are going to stay in the equivalent levels in FY '27 as well.

Praveen Sharma: So, sir, next three years, this last question, how do we see ourselves standing out in terms of growth in top line with the adjacent states? Is there any vision and how do we see ourselves going towards INR 2,000 crores, INR 1,500 crores and then INR 2,000 crores? Is there a vision towards that and how do we look at that?

Manish Mimani: So, I think though I will not like to give exact numbers, I will not be able to comment on the exact numbers, but we are very optimistic and bullish in our category and look forward to a double-digit growth in the longer term. And I think we are going to reach in all segments where we are today, we will grow in a double digit, and we are also trying to move into adjacent categories with a higher accretive margin. And we are also trying to move into newer geographies.

But in the medium term, short term, there are geopolitical tensions. The freight costs for moving to the further geographies can be a challenge. But look forward, we are optimistic to look forward to grow into new geographies as well as new adjacent categories as well as growth in our core categories.

Praveen Sharma: That's all from my side.

Moderator: We take the next question from the line of Ajay Thakur from Anand Rathi Shares and Stock Brokers Limited. Please go ahead.

Ajay Thakur: Sir, I had the continuation of what you had kind of enumerated some time back. Just wanted to understand a bit more in terms of your plans to kind of enter into new categories. Obviously, you had indicated that you are kind of already venturing to a few of the new categories.

But what are our plans for entering more new categories in terms of broad basing our growth prospects? And also, what would be the contribution of these new categories to our overall revenue currently, if you can share any of the details around the same?

Amit Tapadia: So, as I highlighted, we are working with a couple of consultants who are helping us develop products that goes well with the existing category. When I say goes well, I mean we are a household brand widely used in the kitchen, right?

So, we feel that if we introduce categories, which firstly goes well and are used widely in the kitchen, that will give a good brand persona to the consumer. So, in that case, we are working to introduce blended masalas to the existing plate of masalas.

Apart from that, since we control a wide range of products of cereals and pulses, we feel a value addition to this category can be done with a thorough exercise on the product development front. So, we are working to develop recipes for instant mixes for dalia and upma.

So, it adds to the convenience of the household and it is the need of the generation because they look forward for convenient products so that they get the best quality taste with a minimized workload.

Ajay Thakur: Secondly, I would want to understand a bit more in terms of diversification into new geographies and what are plans to broaden the geographical spread of ours from West Bengal to maybe other states. If you can share some insights into that.

Manish Mimani: So, we want to spread our wings in the other Eastern states of Bihar, Jharkhand, North East and Odisha. So, we have manufacturing units situated near to farm as well which is in UP. So, that way we will be able to gain advantage of supply chain when we ship the products from those plants to these newer geographies. So, firstly that.

And secondly, we also want to strategize our ATL and BTL activities in those areas so that we gain the benefit as a new entrant in those geographies.

Ajay Thakur: Just one last bit from my side before we again pass it on to the other participants. What is the price increase that we have taken so far or what is the kind of price increase that we expect for the current year given the cost inflation that we are already seeing in terms of the input cost, be it in terms of packaging or otherwise?

Manish Mimani: No, as we have said till now, we have not increased or passed on the prices of this due to this geopolitical tension to our consumers. We are absorbing as of now. But then, I think from the month of June if this trend continues, we will be forced to pass on some bit of inflationary prices to our consumers due to increase in the laminates, that is plastic and freight.

Ajay Thakur: Quite helpful.

Moderator: We take the next question from the line of Naman Maheshwari from Singularity AMC. Please go ahead.

Naman Maheshwari: Sir, on this volume growth front, when we have guided for 7% to 8%, if you could give some clarity between value-added flour and because I think last year because of weak summers or intermittent rains, we had a poor value-added volume growth. So, how should we get this growth of 7% to 8% between value-added and others?

Amit Tapadia: So, I will take that question. So, in terms of the category, so obviously the growth rate will be higher in the emerging category which includes spices.

Now, post that this value-added category will come in because particularly for Sattu, as the base is lower for FY '25 because of the reasons we discussed, the growth rate will be higher as compared to wheat flour, which is atta.

Naman Maheshwari: So, that essentially means because of the mix impact, revenue growth will be higher than volume growth for sure this year.

Amit Tapadia: So, again, so volume growth, we thoroughly track the volume growth in our category. Somehow the value growth is dependent on the RM prices because RM contributes around 70% to 75% of the overall cost. Yes, so the volume growth which we are targeting and working towards is between 7% to 8% in the FY '27.

Naman Maheshwari: Yes, but sir, pure mathematics, I mean, the mix, when it moves in favor of value-added, the mix impact should be positive on revenues, right?

Manish Mimani: So, let us appreciate that in a business where 70% to 75% is raw material cost, okay, your constant value-add may be same, but your percentage value-add will change if the raw material prices change. Mix will impact largely the margin, but it may not be reflective of a value growth, right?

So, it is very difficult mathematics to be able to sit today and tell you a volume, value growth. So, the best thing is to look at the volume growth and see whether we can be able to move and shift the mix over a period of time. Mix again cannot happen overnight. So, please understand that wheat is a very, very dominant category. So, while you will see other categories moving faster, but the percentage change takes time to be largely and conspicuously visible.

Naman Maheshwari: Maybe we can take this offline, sir. I am still not very clear on this. But coming to the second question, sir, Bengal has been 93% of our revenue this year. So, non-Bengal is obviously then 7%. How should that change in the next 1-2 years, sir?

Amit Tapadia: So, over a 2-year time, right, so that 7%, 6% to 7% should go up to around 10% to 15% with the kind of strategy we are working towards or we are working in.

Manish Mimani: So, we would like to here mention also that you need to be aware and appreciate. At the same time, we would like to grow geographically and we would like to grow top line also. But then we are very conscious about the bottom line also. We do not like to burn money.

There are interruptions. Last year also, there was an interruption in our intense competition was there. Because that category is growing from unorganized to organized, so that category as a whole is being looked by all the bigger companies. And then due to our brand recall, good supply chain, and disciplined execution, and power pricing, at the same time, we would like, but not at our bottom line cost, which is reflected in our margins of EBITDA and PAT both.

Naman Maheshwari: So, basically, sir, for next one or two years, we do not have any major CAPEX plan. Our capacity utilization is quite good enough to sustain volume growth for next two, three years. Working capital is not increasing, which essentially means we will generate a lot of cash, maybe more than INR 100 crores in next two years, right. So, what is the plan on capital allocation going ahead for next, say, one or two years?

Amit Tapadia: Yes. So, as of now, if you ask me, on the CAPEX front, the first focus area is commissioning of Besan and Sattu plant, which is a part of the IPO objects. Our second is, as I said, we are working with consultants on development of other categories, right. And those categories will also require some CAPEX to be done. So, that is the second work area.

Now, you have to appreciate that the landscape is changing very fast, right. Now, considering that we are located in UP, which is near to the farm, and we are very much aspiring to serving the Bihar and Northeast market.

Now, if the freight cost, which is directly linked to the petrol prices, diesel prices, if that freight cost makes it viable to set up a small, maybe a atta unit in Bihar, so that can be looked at. But as of now, there is no plan. But yes, since we have enough cash in hand, we may look forward to set up a small plant in those areas, wherein we will get the supply chain benefits.

Manish Mimani: I would like to add here. So, there are two aspects to this. One, depending on the future course of oil cost, which depends on the freight, which is directly linked to the margins and viability and gaining the market share. So, though RM is 70%, but still freight, the inward freight and the outward freight is also a big cost to the product.

So, what I mean to say is, as of now, we are self-sufficient with our installed capacity to service another two to three years for entire Eastern India. But then if oil continues to go upward, we will be forced to think, rethink and change our strategy. We may be bound to move towards being near to the market also.

But again, the advantage here is the individual cost of setting up of a unit is not that big, which is going to impact the bottom line of the company. And it can be a blessing in disguise also, if we go near to the market, if it forces us.

Naman Maheshwari: All the best.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for their closing comments.

Manish Mimani: Thank you. Again, thanks, Mr. Ajay and thanks, Mr. Sanjeev. And once again, we are deeply grateful to all the shareholders, to all the investors, to all the partners and the entire Ganesh family. And we are hopeful for continuous partnership in our growth journey. Thank you.

Moderator: Thank you. On behalf of Anand Rathi Shares and Stock Brokers Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.