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Date: April 29, 2026

To,

The General Manager,
National Stock Exchange of India Limited
Exchange Plaza, C-I Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai 400051
NSE Symbol: MAHEPC

The General Manager,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Fort, Mumbai- 400 001
BSE Scrip Code: 523754

Sub: Submission of Transcript of Earnings Call with Analysts/Institutional Investors/Funds – pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations")

Ref: Initiation of Analyst / Investor Meet vide letter dated 16th April, 2026.

Dear Sir,

This is further to our letter dated 16th April, 2026 wherein the Company had given advance intimation regarding the Earnings Conference Call held on 22nd April, 2026 with several Analysts/Institutional Investors/Funds.

Pursuant to the Regulation 30(6) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed the Transcript of the said earnings call, for your information and records.

We hereby further inform you that the aforesaid transcript is available on the Company's website at: https://www.mahindrairrigation.com/wp-content/uploads/2026/04/Mahindra-EPC-Earnings-Call-22-4-2026.pdf

Kindly take the same on record.

Thanking You

Yours faithfully,

For **Mahindra EPC Irrigation Limited**

RATNAKAR NAWGHARE
Digitally signed by RATNAKAR NAWGHARE
Date: 2026.04.29 19:18:12 +05'30'

Ratnakar Nawghare
Company Secretary and Compliance Officer
Membership No. A8458

Place: Nashik

"Mahindra EPC Irrigation Limited

Investors Conference Call"

April 22, 2026

MANAGEMENT: MR. RAMESH RAMACHANDRAN – MANAGING DIRECTOR – MAHINDRA EPC IRRIGATION LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Mahindra EPC Irrigation Investors Conference Call. As a reminder, all participant lines will be 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 an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ramesh Ramachandran, Managing Director, Mahindra EPC. Thank you and over to you, sir.

Ramesh Ramachandran: Thank you and a very good afternoon to all our listeners. On behalf of Mahindra EPC, I would like to sincerely thank you for joining this call. Thank you also for continuing to take a keen interest in your company. As is customary in my introduction, I'll start by touching upon some key insights and developments in the micro irrigation industry, our industry understanding, as well as some points on the company's approach to address challenges and opportunities. And following my introduction, we can have our Q&A session.

So let me start with a macro view of the micro irrigation industry in India. As there might be some first-time attendees, I will take up points related to the macro environment which you may have heard before and which may be of repetitive nature but are important nevertheless to set up the context.

India continues to demonstrate resilience as one of the fastest-growing large economies, supported by strong domestic demand, sustained public capital expenditure, and policy continuity. We all know agriculture continues to be the backbone of our nation, engaging nearly 65% of India's population and contributing around 18% to India's Gross Value Added, the GVA.

As per the Ministry of Statistics and Programme Implementation, the first advanced estimates of the GVA, the real GVA of agriculture and allied sector has been estimated to grow by about 2.4% during FY26 as compared to 3.8% witnessed during the last year which is FY25. Apart from meeting domestic requirements, India has also rapidly emerged as a net exporter of agricultural products in recent years. And in the last couple of years, the exports of agricultural products from India have been in the range of $48 to $53 billion.

The rural economy during FY26 continued to remain influenced by three things, extended monsoon distribution and intensity, input cost dynamics -- inputs in terms of fertilizers, power, labor -- as well as government support mechanisms. Rising cultivation costs and climate-related risks are increasing the relevance of solutions that improve input efficiency and productivity. Micro irrigation by enabling savings in water, in fertilizer, in energy, and labor, while at the same time improving yields, continues to be viewed as a value-enhancing investment by farmers rather than a mere capital expense.

The global outlook for the micro irrigation and agri-solutions sector over FY27 and beyond indicates a few critical areas. Firstly, structural demand drivers that arise from water stress, climate adaptation, and food security concerns. Secondly, near-term volatility in energy, polymer, and logistics costs driven by geopolitical developments. Thirdly, increasing policy and

institutional support for water use efficiency and sustainable agriculture, and fourthly, greater emphasis on productivity-enhancing investments in emerging economies.

While cost pressures may create short-term challenges, the IMF's assessment indicates that investment in water-efficient agricultural infrastructure is likely to accelerate globally, creating sustained opportunities for players with technology, scale, and execution capabilities. However, with 18% of the world's population, India has access only to 4% of global freshwater resources. Agriculture alone consumes over 80% of India's freshwater withdrawals.

As per current estimates, per capita water availability in India is expected to drop from 1,545 cubic meters in 2011 to 1,140 cubic meters by 2050, which would then classify India as a potentially water-scarce nation. Additionally, India's likely to see faster growth rates in the secondary and tertiary sectors, including manufacturing, construction, electricity, utilities, etc.

And to support the actual rates of growth and the required rates of growth in these sectors, a larger share of water available in India needs to be provided to these sectors. Since there's a natural limit on sources of water, a lot of the water required for these sectors needs to come from reduced water consumption in agriculture.

This reduction will come from all types of water, all types of surface water, groundwater conservation and recharge projects, but also it will come from on-farm water management, which is where micro irrigation comes in, and which includes farm water use efficiency improvement. And this context puts micro irrigation at the very heart of India's sustainability and economic transformation initiatives. Now, micro irrigation addresses three of India's core goals, first, water use efficiency; second, productivity improvement; and third, doubling of farmer's income.

As I have mentioned in previous investor calls, there are various studies clearly proving that micro irrigation benefits the farmer by saving costs such as fertilizer, labor, and electricity in the range of 20% to 30%, while at the same time improving productivity by 30% to 40%. With this background, as we look at the potential and the existing penetration of micro irrigation in India, we see only about 17% to 18% penetration of the total identified current potential for micro irrigation, which is 72 million hectares. This estimated potential is based mostly on groundwater availability and some portion of surface water.

If most of the surface water is also assumed to be available for agriculture, then the potential for micro irrigation will just double from the 72 million hectares. In other words, there is a big upside for this industry. Let me now share some key trends and observations from Crisil.

Let me now share some key trends and observations from Crisil. The first is on policy-driven demand. Demand for micro irrigation is heavily guided by state and central government subsidies and budgetary allocations. While the sector has seen long-term growth, short-term demand can be volatile and impacted by election cycles, example, in fiscal 2025, and it can also be impacted by agricultural policy changes.

The second observation from Crisil is on working capital intensity. Companies in this sector, including key players, face high working capital requirements due to delayed payments from state governments, resulting in high receivables.

The third observation they make is on industry restructuring. Leading firms are shifting focus towards cash and carry models, reducing dependence on EPC projects with long payment cycles and expanding into non-subsidy-based products to improve their liquidity, which exactly is what your company is doing.

The fourth observation is on operating margins. Profitability is sensitive to fluctuations in raw material prices and the ability to pass on cost increases to government bodies. But as your company is demonstrating, there are ways to manage this through product mix and market mix.

The fourth observation is on market position. Crisil highlights a strong market position for key players with established dealer networks and strong parent support, and your company is a good example of one of them. With this in background, the government of India has therefore set an ambitious target of 2 million hectares annually, aiming to cover 10 million hectares over the next 5 years.

The commitment of the central government is evident from the fact that in FY26, for the first time, the central government has issued 43% of its annual fund allocations for the states in the form of mother sanctions, and that too by the month of May 2025. The same trend is likely to continue in FY27 as well, with a possible improvement.

However, it is important to note that achieving this requires not just central government push and central government policy, but consistent state-level execution, availability of state funding, and also price mechanisms that are linked to input costs. A synchronization of all these priorities at the central and state levels will show a positive impact.

Let's now talk about FY26. This year, as we know, was a year of La Niña and hence, the Southwest monsoon saw an above-normal rainfall, 107.9% of LPA to be precise. While this meant better groundwater availability in the longer term and assured a better rabi season for FY26, it has, however, posed challenges for the micro irrigation business in the first half of FY26.

The incessant rains from May to as late as October impacted micro irrigation demand as well as micro irrigation installations. On the other hand, H2 saw better industry demand, which your company took full advantage of. That said, H2 was negatively impacted by challenges on fund release by certain key states, and also in the last 2 months of FY26, the industry was impacted by extreme geopolitical disturbances.

Specifically, in Q4 FY26, raw material prices suddenly shot up, riding on geopolitical tensions in the Middle East. And just to illustrate the magnitude, in February 2026, on average, the PE pipe grades saw a 58%, 59% price increase. Additionally, at this high price, availability was also an issue. With limited supplies at OEMs, the industry also looked at traders for spot buying

options. Various OEMs had indicated the shift of priorities to LPG and other essential petroleum products.

Despite all these challenges, your company registered its highest ever revenue in FY26. This is a consequence of specific choices made by your company and outlined in earlier investor calls, including its diversification to shorter collection cycle revenue streams, such as irrigation projects and non-subsidy business, as well as its focus on certain key subsidy states.

In what we estimate, as an industry that may register a growth of 6% to 7% versus FY25, your company registered a growth of 14.8% with INR315.8 crores revenue versus FY25 revenue of INR275.1 crores. This growth was despite the challenges faced in Q4 FY26, a quarter which saw the highest ever raw material price in March, accompanied by the challenge of certain key states not releasing funds as planned. In the face of this, your company registered a Q4 growth of about 11%.

Coming to the full year bottom line, your company significantly improved bottom line and delivered a PBT of INR 16.99 crores for FY26 versus INR10.7 crores in FY25. This was despite the additional provision of personnel cost of INR2.1 crores towards past service costs owing to notification of the Code on Social Security, 2020.

The improvement in bottom line came through improved revenues, a slight improvement in variable margins riding on a 1% saving on material cost, which primarily came from an improved state mix, product mix, and business mix.

A couple of words on the bottom line of Q4 FY26, where the company registered a INR6.4 crores PBT versus INR9.4 crores last Q4. This is impacted by the steep rise of raw material prices in March as well as the heavy revenue skew of Q4 FY26 towards March.

I'd like to explain the impact of raw material prices in a little more detail as it might be on some of your minds. While raw material prices have been favourable for most of the year except March 2026, the sharp increase in raw material prices in March, amplified by our revenue skew towards March, did impact the full year. However, it was compensated for by the softer raw material prices for the major part of the year.

Net-net, the increase in material costs that we saw on account of all these factors coming together were also mitigated by our strategic sourcing initiatives and our conscious work on the state mix and the product mix.

And all this put together helped us manage the raw material cost increase in March and overall, for the full year versus last full year, we delivered a material cost saving of 1% expressed as a percentage of revenue. In Q4 though, our material cost did go up by 2% versus last Q4 because of the steep surge in raw material prices in March versus February.

A few words on receivables. As you know, this was an exceptional year from a receivables perspective, where despite a smoother process of the mother sanction release by the government

of India, key states took longer time to release the state mandatory funds and the state top-up funds.

This led to a pile-up of receivables for the industry in FY26, which significantly increased over the FY opening -- FY25 opening status for receivables. Further, your company demonstrated high revenue growth of 20% in the last four months of FY26, which has also impacted the closing balance of its receivables, taking your company's closing balance to a higher level than the previous year.

Your company did well to mitigate this number from increasing even further by improving the non-subsidy share of its business to an all-time high. Overall, while high receivables in key states is an industry-wide phenomenon, your company is happy to report that as per the past trends as well as, as per current health checks of receivables, most of these receivables have been acknowledged and are at final disbursement stages in these respective states. This endorses its recoverability as and when the funds are made available by the states.

The overall performance, to sum up, in FY26 was delivered through a combination of growth in irrigation projects business; number two, improved performance in certain key opportunity states; number three, improvement in product mix; number four, good commercial discipline; and number five, good cost controls.

Let me switch back to the state of the industry for a little bit. We do think that the industry is nearing an inflection point. After the challenges and slow-paced growth that we saw some years ago, some encouraging trends are visible. Number one; once these geopolitical crises get over, the raw material price environment is expected to stay balanced. Although these may not be enough to take us to FY20 material cost levels, they are likely to stay range bound. The only caveat here is that geopolitical events are difficult to predict and hence, we see reason to be cautious on this front for Q1 FY27.

Second; further, though FY27 is predicted by some agencies as an El Niño year, there is still a possibility of near-normal monsoon in FY27. And with the groundwater situation improved on account of successive years of good monsoon in the recent past, FY27 should not be very challenging on account of water availability for micro irrigation-led crops.

Third; riding on efforts by government and industry as well as the visible benefits of micro irrigation, we do believe that an increased number of farmers are getting aware of the benefits of micro irrigation and that may lead to improved demand. Fourthly; increasing sustainability awareness in urban regions will lead to improved usage of micro irrigation and is likely to improve demand in retail markets as well.

Fifthly; the policy environment is showing some encouraging signs. And to give you a couple of examples, the Honourable Prime Minister is pushing for 10 million hectares, to be covered in the next five years which translates to an average of 2 million hectares a year versus what we saw in FY25 of 1 million hectares. Also, key states such as Andhra Pradesh may get additional

assistance to cover larger areas under micro irrigation over the next four years, starting in financial year '27.

And also, several of the currently active states like AP, Telangana, Gujarat, Tamil Nadu are active, giving a positive push to the industry. We also think that the recent GST changes, such as the reduction of GST from 12% to 5%, is likely to have a positive demand impact in the medium term to the long term.

The sixth point is that industry bodies are pursuing with the government of India and key states for reforms in the fund disbursement process. The effect of this we started to see from FY26 with a smooth release of the government of India mother sanctions to the states and this will be pursued further for better central and state government synchronization.

So all-in-all, putting these points together, we see early signs of a positive environment. However, to unlock the opportunity, we also need strong coordination between the central governments and the state governments and the regularizing of fund disbursement. And as the business environment gets favourable, we do believe the industry could show good growth.

While that is good for the long-term prospects of the industry, how are we as Mahindra EPC geared to tap these opportunities? As we have mentioned in previous investor calls, your company is learning from the past and working on shock-proofing itself by reshaping its business.

In the last 24 months, the industry has seen many events, such as the Election Code of Conduct, the temporary market impact of GST change, unseasonal and extended rain-imposed challenges, geopolitical crises, etcetera. In fact, the industry was a bit subdued and pegged at 1 million hectares in FY25 versus 1.1 million hectares in FY24.

This, of course, is estimated to improve by about 6% to 7% in FY26. Despite these challenges, your company has shown consistent growth better than industry both on the top line as well as the bottom line, with a 14% compounded annual growth in the last 4 years and solid bottom line improvement.

Steadily improving the foundations of the business leading to consistency and predictability is very important for us. And so we've done a lot of groundwork in the following areas. First of all, in the subsidy business, we have recalibrated our presence in various states to reduce business concentration risks.

Secondly, as an internal effort to make growth smoother, we have strengthened processes and defined a tighter commercial policy for optimizing revenue, profitability and working capital. Thirdly, we have continued to improve cost efficiency and productivity. To quote a few examples, manpower cost in the last 4 years has gone up only at a compounded growth rate of 5.3% versus a 14% revenue growth despite inflation.

Also, manufacturing rejections are at sub-2% levels, which is much better than industry average. Fourthly, for a better control over freight and processing costs over the last few years we've been

efficiently managing distributed manufacturing with satellite units, while our main unit continues to be in Nashik and this has also improved our asset utilization.

Fifthly, we have started improving our coverage in emerging markets such as the North of India, where we have seen some early success in states like UP and here I would like to mention that after an exploratory 2 years, we now have a stable base in the state of UP and we've grown by about 28% in the FY 26 versus last year.

Sixth, we have strengthened internal capabilities to address non-subsidy segments, such as the thin wall business, institutional sales and irrigation projects of the small and middle size. In fact, you will be happy to note that we reached a 35% contribution of non-subsidy business for FY26 from a mere 3% in FY20.

Today, we have good unrecognized work order pipeline for irrigation projects. And besides this, we're also exploring exports markets in coordination with Mahindra & Mahindra's tractor business's international operations.

As we create a more stable, more consistent and steadily growing revenue base, we will also look at margins. With the improvement in the subsidy business, no doubt our margins will improve, particularly through our business in the higher margin states. In the non-subsidy business, as our brand gets more established like it is in the subsidy business, we will also start commanding a better price and better margins.

As I come to the end of my information sharing session, I'd like to briefly touch upon one more point and that is the M&M parentage of Mahindra EPC. As you know, M&M is a blue-chip company with the highest standards of corporate governance and transparency, which we as Mahindra EPC benefit from.

M&M also has a strong track record of manufacturing and marketing excellence, which will benefit your company over the next few years. And recently, we have developed a few projects also in collaboration with M&M sustainability as well as our CSR teams.

To summarize and conclude, we feel that the micro irrigation industry will like any industry, go through some ups and downs, but the long-term outlook is compelling. And in the medium term, we as Mahindra EPC are well placed to take advantage of both our unique advantages as well as emerging opportunities to deliver above-industry performance. And that brings me to the end of my session. Thank you very much for listening patiently. I will now open this up to questions.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We'll take our first question from the line of Disha Chordiya from Sapphire Capital. Please go ahead.

Disha Chordiya: Yes. Thank you so much for this opportunity. Sir firstly coming onto this raw material price increase. So although this year we only saw this impact for only one month for March, but this remaining year what sort of expected price increase, what sort of price increase are you expecting and just wanted to get a sense on how much of that will be able to pass on and what sort of impact will it have on our EBITDA margins?

Moderator: I'm sorry to interrupt Disha. Can you use your handset mode, please? Your audio is coming muffled.

Disha Chordiya: Yes. Should I repeat the question, sir?

Moderator: Hello.

Ramesh Ramachandran: Yes.

Moderator: Sir, do you want her to repeat her question?

Ramesh Ramachandran: I don't think I need her to repeat her question. Disha, just tell me if I got it right. Your question would be the impact of higher raw material prices in the coming year, given that in the FY26, we experienced it only for one month. Is that your question?

Disha Chordiya: Yes. And just like on what sort of impact will it have on our margins?

Ramesh Ramachandran: Yes. So we definitely see the volatility in raw material prices as one of the risks for FY27. There are ways in which we are looking to mitigate the risk by way of our own company strategy in terms of which specific products we focus on within our mix, which particular markets we can selectively look at price increases in.

How and when do we procure raw material, etcetera. But overall we do think that raw material prices is an industry risk. As a result, the Industry Irrigation Association has also made a representation to the government requesting for a price increase, and the government may consider the industry's representation. I hope that answers your question.

Disha Chordiya: Okay. So, you mentioned that we're looking for some specific products that we're targeting and some market. Could you just elaborate a bit more on that?

Ramesh Ramachandran: Yes. So, I mean, as our business and every business will have its own dynamics, we have a range of products and we are selling in multiple states with a strong presence in the south and the west of the country. And if you look at our product portfolio and you look at our geography portfolio, there will be areas where our margins are higher for specific products in specific geographies.

So, we will look very carefully at what is the right mix for us to pursue given the inflated level of raw material prices. And we will structure our approach in the coming months to maximize our margin opportunities, at the same time drive our top line as well. So, I think that is something that every company will form its own approach on, and ours looks like what I just described. So, product mix intelligently chosen, geography mix intelligently chosen, and the timing of our raw material prices also chosen carefully.

Disha Chordiya: So, any sort of number as to what EBITDA margin, you'll be targeting? Will we be able to maintain what we have done in FY '26?

Ramesh Ramachandran: We, so Disha, we don't tend to give outlooks. I mean as of now what we would say is that our approach will broadly follow the lines that I described. We don't have a control on what happens

to raw material prices, but as an organization we will use the levers at our disposal to manage our business and deliver the best results we can in these circumstances. And we are positive that we have identified some levers that we can manage, but we do see raw material prices as a risk in the immediate future.

Disha Chordiya: Okay. Fair enough, sir. And just the last question on we saw a huge jump in the other expense. What was the reason for that?

Ramesh Ramachandran: Sorry, can you please repeat? We saw a huge jump in?

Disha Chordiya: Other expenses?

Ramesh Ramachandran: Yes. So that has a few components. The other expenses has a few components, as you know. So, if I were to just look at, you know, some of the things that went into it. The first is project expenses. So, in our revenue mix, like I said earlier, we have a subsidy revenue stream, we have a non-subsidy revenue stream. And the non-subsidy revenue stream, the largest contributor of the non-subsidy revenue stream is our projects revenue stream.

Projects being government projects that we that are tendered and that we win. Now in that revenue stream, which is the projects revenue stream, the collection cycles are better for us and the revenue volatility is also lower. That has a higher level of variable expenses. And when we sell more as part of our total revenue in projects, then we tend to see lower raw material costs because they have lower raw material costs, but we tend to see higher variable expenses.

So, a large part of our other expenses is really the fact that the mix of business in Q4 was towards projects. So that's the number one reason. And we have also increased some costs. But the primary cost has come from the mix of projects revenue stream to the total revenues of the business.

Moderator: Next question is from the line of Aditya Shah from Vikram Advisory Services. Please go ahead.

Aditya Shah: The initial remarks, sir, you gave in your opening speech were, were great. It was, it was very informative. But there are certain things that I want to ask. One is Crisil obviously made great observations which obviously anybody in the industry would know, these are the burning issues of the industry.

But I would like to point out one more thing with it is that if we see our company on a one-year, two-year or even five-year basis in terms of cash flow, free cash flow, operating free cash flow generation, it is still negative. Let's say if I say three years, last three years it's minus INR18 crores. Last four years is total zero, and even five years if I ever were to take it's negative INR22 crores?

So now unless we address this issue, even though the margins look great and everything is fine and becoming more stable, how do we plan to make this part of the business stable which will, you know, keep us more cash and, and not be borrowing more and more?

Ramesh Ramachandran: Yes. So yes, Aditya, thank you for your question and good to hear from you. It is a good question and no doubt as Mahindra EPC we are also focused very much on that goal. The pressure on cash flows, as you know, in this industry is almost entirely due to receivables. And while we have managed our working capital very actively through tighter inventory control, receivable build-up has tended to happen in a few key states where the margins are good, there is a lot of demand in terms of farmer-level demand as well as in terms of the state push, and where in the period from FY'24, '25, '26 there has been a real build-up of the pendency.

And we are seeing a lot of coordinated efforts at both the central level as well as the state level. As an industry, we're making concerted representations. As M&M, we are making concerted representations. And there is a positive feedback coming from those states. And there's also a possibility of some centrally funded interventions, NABARD interventions to release funds. So we do believe that as collections normalize, the cash flows will improve.

But I think as things stand, we do acknowledge that in this industry investment in working capital is required to drive growth. And what is important and what we are looking at is to balance the business across revenue streams which might have higher margin but more requirement for working capital, and other revenue streams which might require lower working capital but might also lower margins. So I think this is about getting the balance of your revenue streams. And that is something that will evolve over time.

Aditya Shah: Correct sir. No I appreciate that sir. But the pain point -- real big pain point is that okay, we can understand that one year or two years can be negative. But entire five years being negative. So if we were to project the future five years. So like as an investor if I have to think if the company is still making negative cash flow five years from now. I will never get returns. So even the business will never get returns because ultimately cash is the thing which the business needs to make to you know, for use it for growth.

Currently what it looks like is that the last five years, even the previous -- now I'm sure that it has nothing to do with you or your company it's the industry. I appreciate that. But what I'm asking is that when do we see the subsidy part going or the ratio inverting like let's say it's 35% now the non-subsidy part. When do we see the subsidy going to 35 because that is the dragger. That's a very important question for me. Second is out of the trade receivables of this INR217 crores, how much of it is attributed to non-subsidy business?

Ramesh Ramachandran: Yes. So good questions Aditya. The first question is in terms of the business mix. Now as you know and as we shared on this call. And we're very proud of it. Shared in previous calls as well. Our share of the non-subsidy business has increased from 2% in FY20 to 35% in FY26. And this is a conscious choice that the business has made -- followed by some very good execution on part of the team on the ground. And this is broad-based the non-subsidy revenue.

While a larger part of it comes from our projects business which we see as a good growth opportunity for your company in the years to come. Some of it also comes from selling ISI grade products in to farmers who buy outside the subsidy. Some of it comes from sales to institutions.

So it is a more broad-based revenue stream. And it has grown significantly in the last five or six years. And we are very focused on continuing with that journey.

So without giving you a date. What I will say is that you have essentially summarized the strategy of our company which is to increase the contribution of the non-subsidy revenue stream in the total. What I will also say is that -- again without putting a timing to it -- that there is cyclicality in payments with two states in the south and one state in the west.

As they start regularizing their payments and start paying which we expect imminently. Then we will see good cash flows. And while at the same time our revenue mix will also be improving. So we do see possibilities of going back to some of the earlier years where there was a positive cash flow. But I mean in summary that is our focus and our strategy as well.

Aditya Shah: That's good to hear sir. Thank you for that. But the first question that I asked about was how much of the INR217 receivables is attributed to non-subsidy?

Ramesh Ramachandran: Yes, sorry I forgot to answer that question. Yes, you did ask two questions. And the second question was how much of our total outstanding's comes from the subsidy and the non-subsidy business. So I would say that about 80% to 90% of it comes from the subsidy business. So it is predominantly coming from our subsidy business.

Aditya Shah: Correct. So it looks like the strategy that we're doing has played out because if 65% of revenue contributes 90% of outstanding then yes obviously the trajectory is fine. So yes, let's hope that this 35% reaches 50% next year and onward from there?

Ramesh Ramachandran: Yes, that is exactly the strategy in a nutshell, which I will give the management team credit for. And the credibility comes from the fact that the needle has moved from 2% to 35% which is not an easy thing to do in the last five or six years despite all the challenges. And the business is fully focused on continuing that trajectory with all its positive consequences.

Aditya Shah: Great to hear that sir. Last one suggestion before I end is, can the company think on the lines of some new product or probably related product in the field which gives you good cash flows? Just food for thought. Please do think about it. Because there are certain products in the segment in the irrigation segments which are cash and carry. And give good cash flows.

So which will take care of the -- so our borrowings are not needed and while we are winding down the allocation to from non-sub-subsidy to non-subsidy, this will enable it faster is what my suggestion is. Do consider it if you think it's right?

Ramesh Ramachandran: No definitely. And I think that you always make very pointed and valuable suggestions. And this is something that we fully take on Board. We have developed thin wall products which sell in the non-subsidy part of our business and have better cash flows. We also sell mulch sheets which is also related product but gives us better cash flows. And we do have other ideas in terms of products that we should introduce in time to come to both increase our top line as well as improve our cash flow and balance the whole thing.

Aditya Shah: That is exactly what sir I was targeting. Thank you. I'm happy to hear that.

Ramesh Ramachandran: Yes, definitely. So I think that we take your points very seriously. And work is ongoing and will continue.

Aditya Shah: And last observation is it's good to see onboarding of Ms. Mehta and the other person from this…

Ramesh Ramachandran: Yes. Balram Yadav right?

Aditya Shah: Yes, Balram Yadav. Yes. So looks like we're diversifying our board for a bigger agri play is what it looks like. The indications looks good.

Ramesh Ramachandran: Yes, so we are we welcome them and their representation on the board. They come as people with deep industry experience, and they will definitely add value to our discussions and our approach going forward. So thank you for acknowledging that.

Aditya Shah: Yes. Thank you, sir. Thank you.

Moderator: Thank you. The next question is from the line of Milan Shah, an individual investor. Please go ahead.

Milan Shah: So I wanted to know about any capex plans for FY27? Hello.

Ramesh Ramachandran: Yes, hi. I can hear you. Milan, you asked about whether we have any capex plans for FY27, is that correct?

Milan Shah: Yes, it's correct.

Ramesh Ramachandran: Okay. Yes. So we do have capex plans. We have capex plans every year and then obviously we manage our capex planning basis the requirements of the business, the financial requirements of the business. Most of our capex plans are focused on improving productivity and on capacity expansion they're focused on current product lines, and we choose them carefully.

So for example, we made an investment in some equipment which has delivered immediate benefits by way of savings in our electricity. And so when we look at capex, we obviously have plans for the year which we go through, basis the considerations of the business, but whatever we do execute have strong business cases.

So there will be an expectation that we get quick payback on whatever we spend. And as the other product lines improve, our new product lines that we were talking about earlier in the call, definitely investment will follow.

Milan Shah: Okay, okay. Thank you.

Moderator: Thank you. Next question is from the line of Rajan Shah an individual investor. Please go ahead.

Rajan Shah: Yes, good afternoon, Ramesh ji. How are you?

Ramesh Ramachandran: Very well thank you Rajan ji. How are you?

Rajan Shah: Yes, I'm fine, sir. Sir, I have a few questions actually. The first question was on the employee cost, sir. It's up 20% in this quarter. So normally whenever we see employee cost going up, you know, it gives us an indication that the company has recruited a lot of people and is aiming for higher growth. Is my analysis correct?

Ramesh Ramachandran: Well, I mean, your point that the company is looking for higher growth is absolutely correct but not by hiring more employees. So I'll just explain. So the employee costs have not gone up because we have hired a lot of people and it is also not gone up because we have increased any kind of variable pay. It is largely attributed to the labor code, the new labor code.

So it's largely attributable to the contractual alignment of the employee benefits in anticipation of the wage code.

Rajan Shah: Okay, right. And so this year there is a prediction of below-normal monsoon. They are talking about 90% to 92% of normal monsoon. So will it affect the demand or is it that because of poor monsoon probably farmers may go in for this system to see that their farm fields get proper water?

So how is it? I mean is good monsoon good for the industry? Yes, we understand. But is it a below-normal monsoon also equally good for the industry or will it affect demand?

Ramesh Ramachandran: So we see the impact play out more in the second half of the year, and it's something obviously that we will watch very carefully. For strong sales in micro irrigation, one tends to see that it happens best when there's a certain combination of easy availability of groundwater and at the same time uncertainty in terms of rainfall.

So when these two things come together along with an immediacy that the farmer has for irrigation, and if it's at a critical phase in the crop cycle where irrigation is a must, rainfall is uncertain, groundwater is easily accessible, then there tend to be good conditions for the micro irrigation industry.

So when all these things align is what is best. So right now we see an impact if it does happen more in the second half of the year and it's something that we will continuously and very carefully monitor.

Rajan Shah: Okay. Sir you also mentioned in your opening remarks that the industry has made a representation to the government for taking up a price hike because of the 40% to 50% rise in the raw material cost. So when can we expect the government to act, sir, because last time they took a long time and, in that process, we had suffered a huge loss also. So can we expect it in next three months or something like do we get some indication that when can we expect that?

Ramesh Ramachandran: Yes. That is something that is work in progress, honestly Rajan ji, and from an industry association perspective, it is happening every day in various different forums at various different levels, top to bottom. And it's something that is a daily matter of discussion to be quite honest. Difficult to call, a point in time when the discussions will conclude, but I can assure you that this is something which is a top priority for pretty much everybody who is operating in this industry including us.

Rajan Shah: Okay. So this will basically, sir, impact the 65% of revenue, right? 35% is non-subsidy, so there we can take a price hike on our own. We don't need government approval for that?

Ramesh Ramachandran: Yes, so the way it would work is that there is the government which is the price giver in the case of the subsidy market and obviously that depends on the government. But in the non-subsidy part, it is the farmer who will decide what is the right price.

So and this is not just in the case of micro irrigation industry but in all industries, wherever there's going to be a raw material price increase, the question is how much of that raw material price increase will be comfortably absorbed by the consumer. And that question applies to our industry as well. And so, we have to do it in a judicious way. So yes, we will selectively take price increases, but we have to do that in a way that is calibrated.

Rajan Shah: Okay. And sir projects, we have been taking projects of INR5 crores, INR10 crores, INR15 crores, INR20 crores. Any plans to go little higher, INR35 crores, INR50 crores, INR100 crores, something like that?

Ramesh Ramachandran: Yes, so that's a good question Rajan ji, and it is something that has been discussed internally for some time and we are preparing for maybe not a significant increase in the size of projects that we manage, but for a sort of step-up from where we are. It requires us to have to align certain internal capabilities, have certain types of experience and we're building on that.

Rajan Shah: Fine, and sir, last question. The project business is currently how much of the subsidy business? 65% is subsidy business, right? So how much is the project business of the total turnover of INR315 crores?

Ramesh Ramachandran: So it would be about a quarter of our total business.

Rajan Shah: Okay. So about INR75 crores is project business. Okay. And what is the order book position, today as of now? I mean last year we had disclosed that I think it was INR73 crores or something. So this year, do we...

Ramesh Ramachandran: So this year we have an opening pipeline of about INR55 crores. And we see a further upside so that is very clear to us that INR55 crores and then we see a possible upside of another INR20 crores on top of that as we start the year.

Rajan Shah: Okay. So around INR75 crores by the end of this month we can expect?

Ramesh Ramachandran: There is definitely visibility for the INR55 crores, it's actually INR54 crores. And the remaining upside is in process and sort of get clearer in the next few weeks.

Rajan Shah: Okay. Fine, sir. It was very informative opening remarks and thank you for answering all the questions, sir. All the best and we look forward to a year where we report at least INR350 crores, INR360 crores of top line and with little bit of price hike we are in profit for the year because last time in '21-'22 I think we reported about INR12 crores of loss because of crude going up to 100.

So this time if we can just breakeven also for this year, my expectations are a little low, but at least if we can report good top line and breakeven and maybe report a little nominal profit that would be good. Thank you so much and all the best sirs.

Ramesh Ramachandran: First of all thank you for your very insightful questions and comments and thank you also for your good wishes. We definitely want to -- with your good wishes, we will definitely deliver numbers that are something that make everybody happy. So that's our focus.

Rajan Shah: Thank you so much. Thank you. It was good to hear that, sir. Thank you.

Ramesh Ramachandran: Likewise Rajan ji.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Ramesh Ramachandran, Managing Director for closing comments. Over to you, sir.

Ramesh Ramachandran: Thank you for all the questions to the investor community. We look forward to speaking to you again in a few months' time. Till then, all the best. Thank you. Bye-bye.

Moderator: Thank you, sir. On behalf of Mahindra EPC Irrigation Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.