Management Discussion

Dhruvi - Investor Relations, EquiBridgex Advisors
Thank you. A very good afternoon to everyone. Welcome to the H1 FY '27 earnings call of S A Tech Software India Limited. From the management team, we have with us Mr. Bharath Raj , the Chief Executive Officer; and Mr. Bhavin Goda, the Chief Financial Officer. We will have opening remarks from the management team, post which we will open the floor for Q&A session.

With that, I would like to hand over the call to Mr. Bharath and Mr. Bhavin for opening remarks. Over to you, sir.

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Hey, thank you, Dhruvi. So, good afternoon everyone. Thank you for joining this call today on the S A Tech Software India Private Limited's H1 FY '27 earnings. I'm Bharath Raj, Chief Executive Officer of S A Tech Software India Limited. On behalf of entire S A Tech team, I welcome you all, our investors, analysts, and stakeholders. Joining with me is Mr. Bhavin Goda, our Chief Financial Officer. I'll start with a quick introduction to the company and key developments of the first half in this year, and Bhavin will then take you through our financial performance as well.

So S A Tech is an AI-first and driven technology consulting and digital engineering company, and a subsidiary of S A Tech Technologies, Inc., USA. We help global enterprises establish and scale their operations in India. Our core offering is end-to-end global capability centers covering talent acquisition, infrastructures, operation management, and build-to-operate model. This is backed by our capabilities in AI, cloud technologies, consulting, product engineering, and managed services.

What really sets us apart is that we bring technology expertise, talent capabilities, and strategic advisory all under one roof through our specialized businesses: HonestAI, CRMTeam.ai , and SAT Leasing. We also extend our offering across AI, Salesforce consulting and IT infrastructure. For a global enterprise building in India, this means one partner can take them through planning, through to a running center.

Right now, with -- now a few key developments of this period in the six months, during the first half, we launched Axiado Corporation's Global Capability Center in Bangalore, which was formally inaugurated this April 2026. The center marks Axiado's expansion into India and adds to its global engineering footprint. It is an example of where S A Tech does well and helping global technology companies to start their roots in India and operate completely and independently from India. This is the model that we want to further enhance and repeat with more clients and at a larger scale, and our focus is building more GCCs in India, across India.

This half also marked my joining as the Chief Executive Officer of S A Tech. Having set up and led GCCs myself before and having worked with companies like Blackhawk Network, Intuit, and Inspera, I've seen firsthand experience of what a global enterprise looks forward to in their GCCs. So that is where I want to bring in my experience and help S A Tech grow towards this business model that we have.

We've also made certain investments in technology, in AI tools, technology leaders joining in S A Tech. And what we're seeing here is a clear shift in how global enterprises think about India and S A Tech as well. We want capability centers that are AI-led from start and trusted with core engineering and product work. Looking ahead, I'm primarily working on certain priorities where winning larger GCC mandates and repeating models of Axiado, Inspera are one of our goals. Second is around deepening our AI capabilities across our GCCs, consulting, and engineering offerings. And finally,

building the momentum of this half so that our growth continues to translate into better margins in the second half of the year.

So that's kind of an introduction I wanted to give you all in this meeting. And before I hand over, I want to thank our team for all their hard work, our clients for their continued support, and all of you, our shareholders, for standing with us and support.

With that, I'll just hand it over to Bhavin to take you through the financial updates.

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Thank you, Bharath. Good afternoon, everyone. Let me quickly give you a brief on the H1 performance for FY '27. I'm happy to share that H1 of FY '27 has seen a strong half for us. That total income has grown 37.2% to INR69.25 crores compared to INR50.48 crores in FY '26 H1. And EBITDA has more than tripled, it has gone up 204% to INR2.71 crores from INR0.89 crores. And EBITDA margins has also grown doubled to 3.92% from 1.77%. Our margins are still modest, but they are clearly moving in the right direction as the business grows.

I would like to thank again to all of you for being the part of S A Tech journey, and we can open the floor for the questions.

Questions & Answers

Operator
Thank you very much, sir. We will now begin the question- and- answer session. [Opeator Instructions] The first question is from Ananya Sharma, an Individual Investor. Please go ahead.

Ananya Sharma - Analyst, Individual Investor
Hi, sir. Congratulations for your H1 results. Thanks for the opportunity. So I have a few couple of questions. So my first question is, the total income has grown by around 37% in H1 '27. So what are the major contributions to its growth, and which business segments do you expect to drive growth in the coming quarters?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Okay. Thanks for that question, Ananya. So, definitely we have grown about 37% from the last H1 of '26 to here. This has been a key success measure that our current relationship with our existing customers have been very strong, and we are trying and enhancing our business with them where the opportunities are coming through. The reason being the deliveries that we have provided them and the quantity and the quality that we have delivered that has increased our trust with our existing customers, and that has helped grow this income.

Secondly, we have acquired some solid customer base in the first half, like almost 18 to 19 new customers, and they have started with us. That is also adding to our income, and this possibly will also increase more in the second half of the year. And we have been making good investments in terms of AI and people around technology. But at the same time, we are looking at cutting down our overhead costs that has helped ensure that we do well on our incomes. So these are the prime factors that are actually adding to the rise in our income.

Ananya Sharma - Analyst, Individual Investor
Okay, okay. Okay, I understand very well. So my next question is GCC setup appears to a key growth opportunity for S A Tech. So how strong is your current pipeline of GCC mandates?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yeah. So, we are under discussions with a couple of prospect customers. While they're all looking healthy, our sales strategies has been in front line to put across our GCC strength as a core competency. So we're looking healthy there. We are talking to at least three to four prospects, and we look forward to converting them in the second half. But yes, there are a lot of efforts going around it.

Ananya Sharma - Analyst, Individual Investor
Okay. And what revenue potential do you see from this segment over the next two to three years?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yeah. Specifically, from the GCC model or the vertical that we are looking at, we look at upticking year- on- year, at least, 15% to 20% on our revenue generation. That realization takes a little slower because setting up GCC is a kind of a time-consuming aspect of things where we start from the requirements, building their office, real estate, then building the team, then delivering things. So it's a process by itself. So while we can look at monthly incomes there or monthly revenues there, but the kind of final potential outcome will take its due course of six to eight months. So that's how we look at it. So spending constant time and efforts around this is the key to make it a success. Like I said, we look forward to give more focus around this and ensure year- on- year we are running through above 15% around this. 10% to 15%.

Ananya Sharma - Analyst, Individual Investor
Yeah, okay. Okay, sir, understood. And thank you for this opportunity, and once again, congratulations for H1 results.

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Thank you. Thank you very much.

Operator
Thank you. Next question is from the line of Aniket Shinde , an Individual Investor. Please go ahead.

Aniket Shinde - Analyst, Individual Investor
Hello? Hello am I audible?

Operator
You are audible.

Aniket Shinde - Analyst, Individual Investor
Yeah. Firstly, the congratulation to management for their result and thanks for giving me this opportunity. Sir, so I have the couple of questions. So my first question is that we have achieved more than a 37% of revenue but what was the reason gained [22:57]**

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
I think, Aniket, Ananya had a similar question and I answered it, but I'm glad to answer it again. The reason for our uptick in our growth of 37% has been our constant efforts with our current customer base where we are enhancing our business. The reason being of the quality and the quantity that we have been delivering, and every customer that we are having, we are looking at increasing the business share with them.

Second one is around the investment that we have made on technology and AI that has given us a lot of productivity, and we are acquiring good amount of new customers which have added to our revenue this year, and we look forward to enhancing that further in the second half. And we are also looking at cutting our overhead costs at certain levels, and that helps us manage our uptick on the growth perspective.

Aniket Shinde - Analyst, Individual Investor
Okay, sir. Another, we have onboarded 19 new clients within the H1. How many of these clients have already moved into the revenue generation engagement and what kind of the revenue contribution we are expecting from them in H2?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yeah. So, almost out of this 19, we have about 10 to 11 where we have started small because all new businesses will start small while the deal sizes are kind of a progressive approach that we look at. The deal sizes usually starts with INR 1 crore, INR2 crore in the bracket of such kind and we tend to them over a period of time. So at this moment, we have started on this out of 19, about 10, 11, and the rest of them are in agreement signed states, and also just discussions around the requirements, what we need to do, and how these discussions are happening there.

Aniket Shinde - Analyst, Individual Investor
Okay. And another one is, yes, set up our revenue target for FY '26, INR150 crores. So in H1 , our -- we booked about INR 68 crore revenue, so what is the management confidence to achieve this target and how much revenue already backed by the confirmed project?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yeah. Bhavin, do you want to take that or I can go?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Yeah, I can take it. So the current order book we would be reaching roughly INR142 crores, INR145-odd crores. There is a gap of around INR5 crores from the previous projections. But we are fighting hard to ensure that we reach around INR150-odd crores as we previously estimated or projected.

Aniket Shinde - Analyst, Individual Investor
Okay, sir. And another one is that we are expecting our gross margin 27% to 30%. So what is our current gross margin level and by when we does expect this -- achieve this target range?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Sorry, I didn't get you.

Aniket Shinde - Analyst, Individual Investor
Sir, we are expecting our gross margin 27% to 30%. So this is our current gross margin, and when we expect this margin to we can achieve.

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
So the gross profit margins are roughly around 25 to 30-odd percent only, and currently also, and we are certain to maintain these levels of the gross profit margins of between 25% to 30%.

Aniket Shinde - Analyst, Individual Investor
Okay, sir. And another one is, I have seen the significant portion of the expenses are employee-related expenses. So how does that we are planning to improve the employee productivity and optimize the cost of the structure?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
So as Bharath has mentioned, we are working on two to three different things on this thing. And let me also give you a brief idea. One of the biggest reasons in the employee cost increases, the provision of a gratuity, due to the new wage code that has been implemented by the government, which has increased the gratuity provision for the company by INR1.2 crore compared to what we had in the previous exempt financials. So, INR 1.2-odd crore is the gratuity provision that has increased in the current cost.

Secondly, as Bharath has mentioned, we have been investing into the AI sales and marketing for the better futurement. And with the AI implementation in-house also, we are increasing the productivity. So definitely we would see a bigger or a better team utilization and increasing the profit margins, PAT level margins going forward.

Aniket Shinde - Analyst, Individual Investor
We are also planning to reduce our finance cost?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Sorry?

Aniket Shinde - Analyst, Individual Investor
We are also planning to reduce our finance cost?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Finance cost won't be reduced because as the business grows, the working capital cycle would definitely increase and more financial -- f inance would be required for that. So I don't think the financial cost would be reduced. The overhead or the team utilization efficiency would increase, so that would help in the bottom line.

Aniket Shinde - Analyst, Individual Investor
Okay. And sir, now we are increasingly focusing on the GCC services with the current business comprising 60% from -- I think 60% from the consulting and 40% offshore range and GCC, right sir?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Yes.

Aniket Shinde - Analyst, Individual Investor
So what is our target and mix over the next two to three years and what is the conclusion of some GCC settlement make in overall profitabilities?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Bharath, would like to take it?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yeah. So for the next two to three years while GCC has been our core competency now, we are looking at expanding that business and that comes with, like I told, it is a time-consuming activity

because we need to look at end-to-end solutions there. We want to continue in this range of 60%-40% to maintain the stability for next two, three years and then look at getting it up to 50-50 later on. But for now, I would like to strengthen our current business models and try and brand ourselves as furthermore as a GCC builder in India. That will help us grow exponentially thereafter, after two, three years.

Aniket Shinde - Analyst, Individual Investor
Okay. So we have launched our -- successfully launched our Axiado Corporation Limited GCC in Bengaluru. So are there any similar GCC mandate currently under discussion?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Like I told, there are two to three prospects that we are discussing with, especially for a GCC setup in India. So yes, we have pipeline around that.

Aniket Shinde - Analyst, Individual Investor
And what revenue potential do such engagement offer?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Sorry?

Aniket Shinde - Analyst, Individual Investor
What revenue potential do such engagement offer?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yeah. That starts with initially as a INR1 crore, INR2 crore deal size, and slowly we need to build on top of it and then make it a revenue which increases 15 -- 10% to 15% year- on- year. That's the kind of target that we want to keep.

Aniket Shinde - Analyst, Individual Investor
Sir, can you elaborate the revenue outlook of GCC engagement like portion of revenue -- recurring revenue generated the ongoing operation and compared with initial setup services?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
So initial setup it works like this right? So what all what all we offer is basically the infrastructure, which is lile real estates, the assets. And then our people, we build the teams for them and then we start delivering the engineering outcomes to them. So this depends on the number of people that the GCC would want to hire. We would term a GCC of more than two to three teams of say 18 to 20 people and then start growing that over the years up to say 50, 60. We have teams built up to 60 to 70, right?

So the revenue in the first year, we could look at clocking anywhere between INR30 lakhs to INR40 lakhs per month t o begin with when it gets stabilized. And then you make around INR3 crores to INR4 crores in your first year and then increase 15%, 10%, 15%, depending on the investment that the GCCs do in India. So that's how the revenue model works there and the finance model works there. And we try to keep a minimum of 30% of margin in this business while we make the contracts.

Aniket Shinde - Analyst, Individual Investor
Okay, sir. Also sir, I have gone through our presentation, so I have seen that we are expanding our global operation into the Canada, Europe, and Middle East. Now our strategic presence in New York.

So what expect -- means, what is the expected time for this initiative to translate into the meaningful revenue contribution?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yes. So our immediate focus is in the North America side of the region, and we are working with our teams , building business there and revenues there. We have started on that. N ot very substantial, but yes, we are doing a good job there in the Americas. And while building Americas region, actually, building on one particular region helps start in the other region. So our focus initially is to capture the North America as much possible with our potential and then expand other places globally. The reason being that will add value where we go to the new region.

So now we are strong enough in India. We want to expand in America. We want to become strong enough in Americas and then look at Middle East or Europe and these kind of countries. So we are trying to build our case studies to help our marketing and sales in the other regions as well. So at this moment, what I can tell you is around, we have started good in Americas. We have generated substantial numbers there. But yes, we have larger investments in terms of our sales and marketing strategies going into Americas as well. We have a distinct team working on it.

Aniket Shinde - Analyst, Individual Investor
Okay, sir. And last one is -- last question is [Technical Issues]Mindpool Technologies . So what is the current status of this merger?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
I think, you could break. I could not hear. Bhavin, did you hear? Can you take that?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
No, I was not able to hear. Yeah.

Aniket Shinde - Analyst, Individual Investor
Sir, you have filed a merger petition with the Mindpool Technologies.

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Right.

Aniket Shinde - Analyst, Individual Investor
So what is the current status of this merger?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
So we have already received first stage of approval from NCLT. We -- they have ordered for the shareholders meeting, which we are planning to have it sometime in January. Notice for the same would be soon circulated among the members. And the advertisement would also be published. And once the EGM is concluded and the outcomes are submitted with NCLT, that would be another 4 to 5 months which NCLT would take for and in the mean process, we would be required to get the NOCs from all the statutory bodies like GST Department, Income Tax Department and all f or the final approval from NCLT. So, it is already cleared by SEBI and NSE, and it's now with NCLT. NCLT also, we have received the first level of approval.

Aniket Shinde - Analyst, Individual Investor
Okay, sir. Sir, last one, what are the key operational and financial synergy you expect from this

merger?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
So Mindpool, they are mainly into payroll routing as well as the web and mobile application development, and they have a similar service offering like JCC. And the combined, they -- if you go through their financial, they have done roughly around INR50- odd crores in FY '26, so that would add up as well as the reserves. They have reserves of around INR14 crores to INR15- odd crores, that would also add up to our reserves.

Aniket Shinde - Analyst, Individual Investor
Okay, sir. That is from my side and congratulations for this number. Thank you, sir.

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Thank you, Aniket.

Operator
Thank you. [Operator Instructions] Next question is from Sanfu from Dream Big. Please go ahead.

Sanfu Jain - Analyst, Dream Big Wealth Managers
Sir, my question is regarding like net profit of the company. So on September quarter it has dwindled too much. So when are you expecting to get it back to normal, like September 2024 level?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
So, it is how we conclude. So basically, as a management, we are of the opinion that we should keep investing into the innovations and the sales and marketing right now to strengthen the order book and maintain the healthy sales revenue cycle. And that is the reason why we have been continuously investing into the sales marketing as well as into the new innovations like the AI implementation and AI product teams. And I believe as a management, we would continue at least for another, one year in this investment pattern, b efore we start thinking on accumulating of profits in the books.

Sanfu Jain - Analyst, Dream Big Wealth Managers
Okay. Thank you.

Operator
Thank you. Next question is from the line of Himanshu, an Individual Investor. Please go ahead.

Unidentified Participant
Madam, but my questions were already being answered. Thank you for the opportunity.

Operator
Thank you. We will take the next question from Vimal from Puneet Capital. Please go ahead.

Vimal Modi - Analyst, Puneet Capital
Am I audible?

Operator
Yes, you are audible.

Vimal Modi - Analyst, Puneet Capital
My name is Vimal, I'm a public shareholder having large family shareholding in S A Tech. Let me first

congratulate you. Mr. Bharath sir, on the 37% revenue growth and 19 new clients, 19 is a big number. I note that one time -- I also note the one-time INR83 lakhs gratuity charge. Before my questions, I note for record that promoter Mr. Manoj Joshi, whose commentary leads this particular date that we are discussing and who is still listed as a CEO on slide 22, is absent today. As also Independent Director Mr. Mayur Chokshi, who was also absent on September 14th AGM.

I have three brief questions, Mr. Bharath Raj and the CFO. I would like to, I mean, briefly cover my questions because they are very small in number and request you to note down the same so that you can -- you do not miss them. Mr. Bharath Raj, you took charge on June 16, 2026, on a package of roughly INR4 crore against an H1 consolidated net profit of just INR26 lakhs and core operating EBITDA of barely 2.3% excluding other income.

And this package, I feel, is simply not sustainable at current profitability. What measurable revenue or margin milestones have you personally delivered in these five months? I would like to know. Also, to win shareholder trust that S A Tech is moving to institutional-grade zero-tolerance compliance, why haven't you addressed shareholders via email? And why did the company refuse to share your official email ID? Why my email to you remained unanswered?

Following up on my unanswered September 14 AGM question. Firstly, by what exact date will the INR473.99 lakhs FEMA overdue receivable from US Holding company be recovered? This is very crucial. Secondly, has the INR46 lakhs subsidiary loan been closed? I would also like to know the INR4.8 crore jump in short-term loans and advances. I mean, how we have spent, who has received, to whom we have paid it. This is in H1. now INR11.29 crores actually. And what is the status of pending employee dues?

The third one is on RPTs. Why is the slide nine showcasing executive of Mr. S A Technology Inc., our US subsidiary, when our own US subsidiary had a zero operation in H1? And what exact percentage of Mindpool's revenue and cost are intertwined with S A Tech through shared manpower? This is very crucial for me to know, sir. Basically, I would like to know all the related party transactions we have done during this H1.

Finally, slide seven guides for INR150 crores FY '27 revenue and 27% to 30% gross margin. Is this strictly standalone S A Tech or post-merger? And with S A Tech scaling this fast, how does the board justify pushing the 2:1 Mindpool swap ratio on a stale September 2025 valuation without a fresh valuation report? This is very hurting to me as my shareholding gets diluted, sir. Thank you so much, sir. All the best, sir.

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Thank you, Mr. Vimal. Thanks for your questions and a very detailed one. Appreciate your attention to details and a lot of interest on our growth. Thank you for that. So first of all, I think you did send an email to me and I responded to you. Maybe we thought we will meet, but time did not permit. But during my next visit, certainly, I'll plan and meet you when I'm at Pune, sir. So we'll certainly do that.

Other point around, Manoj and Mayur not being on this call, the reason being both of them are in US right now and we timed our call at this point in time. And Manoj currently is working primarily as a promoter and coach of the company. He is not the CEO. So that clears his role. And I, Bhavin, and other leadership team closely work with him and he is very much active in terms of guiding us and providing us strategic directions as a coach for the company. So that is his involvement level at this moment.

On your first thing around a couple of things, I think Bhavin can cover on the loans and stuff. I would

look at answering your other questions around the INR150 crores plus and 27% to 37% margin is specifically on S A Tech India that we are talking about. We have not considered Mindpool in these numbers at all. This is specifically S A Tech India. We are not even adding the North America business that we are going to do.

The other question you had was on slide nine, Mr. Modi. I think that was around having S A Tech Inc. I'm not sure if I'm pointed to the wrong slide here because slide nine on the presentation is about company overview. So basically we were talking about entire S A Tech as a unit in the presentation there. If you can clarify that question again, I can possibly answer you, sir.

Vimal Modi - Analyst, Puneet Capital
Few more are remaining, sir. INR473.99 lakhs FEMA award you received, but it's a very serious matter, sir.

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
That will come in. Bhavin, could you provide an update on the FEMA thing?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
So, Vimal ji, as you are aware that previously it was around INR5.5 crores or INR5.75- odd crores. We received around INR1 crores of debt in the first half of FY '26-'27, and we are expecting another INR2 crores to INR3 crores to be received in this financial year itself. We are working with the parent company to close the AR by March itself, but I am confident of at least INR2 crores to INR3 crores to be received in this financial year itself another additionally.

Relating to the related party transactions. So, the related party transactions are very limited. I believe you have been referring more to FY March '26 financials compared to the September '26 financials. But relating to the related party transaction, the related party transactions between the Opalforce, Mindpool and SINC, it has been very limited, mainly towards the rent of the shared office premises and a few procurement here and there. Nothing major. The total volume of the entire related party transaction purchase, sales, rent, and everything together is not more than, I believe, INR2 crores in the entire operations. That would include both the sites, purchase, sales, everything.

Thirdly, I believe you are related to the subsidiary loan. So that loan has been closed as on today, after the -- I believe in September -- somewhere around October, November itself, the loan has been closed.

Fourth, on the short-term capital -- short-term loans, that has been increased. So as I mentioned, as the revenue cycle increases, the short-term capital requirement would continue to increase. And -- so basically, you need to understand on the how the working capital cycle for the company works. It is purely two or three months of our salary cost which goes into the working capital cycle before the revenue, the invoices which is raised gets realized into the account. So two to three months of working capital cycle is basically required. So as the revenue would increase, the correspondent cost for the employee benefits also will increase, and eventually the working capital cycle will also increase.

Third, one of the questions you had is what is the dues, employee dues as on date. So there are no dues. What you see in the balance sheet is on the 31st. Our salary dates are 1st of every month, and that is the reason on the last day of the financial year closing or half-yearly closing, there will be a provision in the books for the salary payments which would be made -- paid to the employees on 1st of the month.

Operator
Thank you. Next question is from the line of Ruchika Shah , an Individual Investor. Please go ahead.

Ruchika Shah - Analyst, Individual Investor
Hi sir, congratulations first of all. I'll start with my question first about guidance. If I'm not wrong, FY '27 revenue target is about INR150-plus crore. Is that correct?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Right. Yeah, that is what we had projected. And as I have already commented on that, that we are for sure closing over and above INR140-odd crores. The gap between the initial projection and today's pipeline, we are working hard to ensure to give our best to close it to what we initially projected. But for sure we are going to close above INR140-odd crore for this financial year, unless there is something here by that grows on.

Ruchika Shah - Analyst, Individual Investor
Perfect. And how much of that depends on Mindpool being merged in time? How much is organic?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
This is all organic. And Mindpool has not been considered till the time we don't get the final order from NCLT, which will be somewhere around in July, August of '27. Till that time, the Mindpool revenue is not considered in the books.

Ruchika Shah - Analyst, Individual Investor
Got it, sir. Can you also give us a revenue guidance for coming three years?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Bharath, your take.

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Sorry, please come again.

Ruchika Shah - Analyst, Individual Investor
Sir, can you also give us a guidance for revenue for coming three years, guidance of revenue and PAT margin?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yeah. So we are looking at year-on-year growth at 30%. While we want to stabilize this 30% as our consistency, we also work on an uptick plan to enhance from 30% to 35% as much possible by acquiring and sustaining our current business and trying to get larger share with our current customers and also with new customers. So 30% is where I would say to be consistent and have an uptick plan for another 5% year-on-year.

Ruchika Shah - Analyst, Individual Investor
Got it. Sir, why did margins fall from 12% to 5%? [Technical Issues] and now it's 5%. Was it a few contracts or investment in US and AI hires?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yes, like we have told, to acquire new businesses we need to be more relevant, and we have been investing on people, on technology, tools, licenses, and then those kind of costs which will definitely

provide us results after the investment is made and we spend sufficient time around it, working towards it to make it profitable and monetize it. So that's the reason we look to reduce there. But yes, we are making meaningful investments with that money.

Ruchika Shah - Analyst, Individual Investor
Okay. So the fall in margins is due to investments and others?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yes. Everything we are putting, or investing is to grow the company's business and strategically grow it on the verticals that we believe will benefit us.

Ruchika Shah - Analyst, Individual Investor
What do you expect for this to sustain? When do you expect this to stabilize? And what is the sustainable margin?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
I think you went a little on and off. I could not hear the last part of your question. Please come over?

Ruchika Shah - Analyst, Individual Investor
Yeah. I am asking that when do you expect this margin to stabilize and what is your sustainable margin as per your expectations?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yes, sustainable margin, we want to keep it, 25%, 30% for sure, and we are doing right exactly that at this point in time. Plan is to get better. So stability will definitely continue with the efforts that we are putting in. More efforts will be put to enhance this. So stability is around 25% to 30% for sure.

Ruchika Shah - Analyst, Individual Investor
Okay. Sir , I was going through the deck and it shows 60% consulting and 40% offshore and GCC. So I would like to know what is the target mix and timeline? What gross margin does each segment earn today?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Yeah. So with the consulting, which has been our predominantly the major part of the business, which is generating 60%, we look at 30% there. And with GCCs, managed services, digital engineering aspect of things which contribute to the 40%, there we're looking at because this particular vertical takes time in generating that kind of revenue and making margins. So here also we look at 25%, 30% on a consistent basis. Once we have furthermore use cases, usage studies, and our case studies built with stronger GCC foothold, that can be improvised later on. That will help in our scaling, that will help in our marketing and sales, and that is when we look at more uptick in the margins there. But for now, to answer your questions, we're looking at 30% in both the particulars to stabilize it.

Ruchika Shah - Analyst, Individual Investor
Got it. Can you help me with the working capital cycle and cash conversion cycle?

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Bhavin?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Yeah. So I already discussed it that the working capital cycle is roughly around two to three months of the cost for us in any of the revenue generation models. So, , generally all the invoicing happens on monthly basis in both this segment that we are doing, and the invoicing happens in the subsequent month once the month end is completed based on the man-days or man-hours or the utilization of the manpower. And from there the payment terms are 45 to 60 days for the clients. So overall the investment cycle in the working capital cycle would be around two to three months.

Ruchika Shah - Analyst, Individual Investor
Okay. Sir, your target mix is also two to three months?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Yes.

Ruchika Shah - Analyst, Individual Investor
Got it. Sir, one last question about this investing outflow. In FY '26, around INR19 crore was invested. What was it spent on?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Sorry?

Ruchika Shah - Analyst, Individual Investor
I wanted to know about the investing outflow in FY '26, investing outflow was about INR19 crores was spent on.

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
So that INR19 crores is towards the capex that we did in our new office in Pune. Head office in Pune. That is the major investment that has taken place in FY '26.

Ruchika Shah - Analyst, Individual Investor
Got it. All right, sir. That's it from my side. Thank you very much. All the very best for future.

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Thank you.

Operator
Thank you. Next question is from Harsh, an Individual Investor. Please go ahead.

Vimal Modi - Analyst, Puneet Capital
Am I audible?

Operator
Yes, you're audible.

Vimal Modi - Analyst, Puneet Capital
This is actually Vimal Modi. I was -- I'm really -- I'm feeling a little upset. EquiBridgex, why I was dropped down? Anyways, never mind. You have to later on figure it out what exactly happened.

See that question, FEMA related thing, you said you partly received. Now, I have a specific question. As of 30th September 2026, have we cleared all the employee dues and statutory dues of Employees' Provident Fund? Please give me a answer.

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Yes.

Vimal Modi - Analyst, Puneet Capital
So we do not have any pending outstanding statutory dues in terms of salary to employees as well as Provident Fund?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Right.

Vimal Modi - Analyst, Puneet Capital
Okay. Thank you.

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
There is, again, I believe you are misleading the question. The 30th September, for the month of September, the salary is paid on 1st of October. So on 30th of September, the book closure, you would see the provision for the salaries and PFPT. PFPT, the due date is 15th of October for the payment. So anything related to September is shown as a liability in the books as on 30th September. But if you want to consider anything previously to that, like till August, everything has been paid before the book closure. I hope it is clear now.

Operator
Thank you, sir. Next question is from Lalith Agarwal, an Individual Investor. Please go ahead.

Lalith Agarwal - Analyst, Individual Investor
Thank you for allowing me to ask a question. My question is, can you please tell us the status of this proceeding before the Patna Court and how this -- its decision will impact our financial?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
So for the Patna, there was an arbitration award that has been given in our favor, in the company's favor, and wherein the total base value of the invoice is around INR3.2 crores and -- somewhere around INR3.5-odd crores, and there is an interest component of around INR7 crore. In the books, as you have seen the auditor's comment, we have only considered INR3.5 crore, whatever is the exact amount in the books as our work in progress, and the INR7 crore of interest has not been considered in the revenue at all right now. Once the same has been received, that would be like considered as another income as and when it is realized for the interest component.

Regarding the base value, that is considered as an income in the books. So if there is any reversal to that, that would definitely impact the books based on the outcome of the Patna court. Right now we have filed for the execution of the arbitration award to get these funds realized and received by the company.

Lalith Agarwal - Analyst, Individual Investor
Okay. Thank you, sir. Thanks a lot. And my other question is, the Mindpool Technologies Limited, can you please tell us the revenue and the bottom line of this company in this financial year and what will be the expectation for the next financial year its top line and bottom line of Mindpool?

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
So we don't have their projections available here, since it's under the NCLT provisioning. H owever, I

believe they are also growing at a rapid speed. F or March '26, I believe they had done roughly around NR50-odd crores. They are also listed on MSCI Exchange, so their financials are also available on the public domain, if you can see their results and outcomes there itself.

Lalith Agarwal - Analyst, Individual Investor
Okay, got it, sir. Thanks a lot.

Operator
Thank you. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to Ms. Dhruvi for closing comments.

Dhruvi - Investor Relations, EquiBridgex Advisors
Thank you. On behalf of S A Tech Software India Limited and EquiBridgex Advisors, I thank everyone for taking the taking the time to join today's earnings call. If you have any queries, you can connect to us at info@equibridgex.com. Once again, thank you for joining the conference. Thank you, Bhavin, sir. Thank you, Bharath, sir.

Bhavin Goda - Chief Financial Officer, S A Tech Software India Limited
Thank you.

Bharath Raj - Chief Executive Officer, S A Tech Software India Limited
Thank you all.

Operator
[Operator Closing Remarks]