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To,
The Manager,
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051

Symbol: BASILIC
ISIN: INE0OCC01013

Subject: Transcript of Analysts/ Investors Earnings Conference Call for the half year and year ended March 31,2024 held on 08th May 2024, pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Transcript of analysts / investors Earning Conference Call conducted on 08th May 2023 at 03:00 PM to discuss the Company's performance for the half year and year ended 31st March 2024.

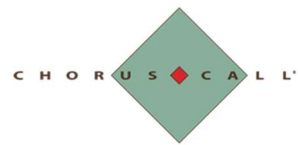
You are requested to kindly take the same on your record.

Thanking you.
For Basilic Fly Studio Limited

Balakrishnan
Managing Director
DIN:06590484



“Basilic Fly Studio Limited
H2 FY‘24 Earnings Conference Call”
May 08, 2024



MANAGEMENT: **MR. BALAKRISHNAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – BASILIC FLY STUDIO LIMITED**
MRS. YOGALAKSHMI – PRESIDENT, BUSINESS STRATEGY AND WHOLE TIME DIRECTOR – BASILIC FLY STUDIO LIMITED
MR. D. PRABHAKAR – WHOLE TIME DIRECTOR AND HEAD OF STUDIO – BASILIC FLY STUDIO LIMITED
MR. NIKHIL MIDHA – COMPANY SECRETARY AND COMPLIANCE OFFICER – BASILIC FLY STUDIO LIMITED
MR. SUDHARSAN – SENIOR VICE PRESIDENT, FINANCE AND ACCOUNTS – BASILIC FLY STUDIO LIMITED

MODERATOR: **MS. CHANDNI CHANDE – KIRIN ADVISORS**



Moderator: Ladies and gentlemen, good day and welcome to H2 FY '24 Basilic Fly Studio Limited Conference Call hosted by Kirin Advisors. As a reminder, all participants' lines will be on 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 touch-tone phone. Please note that this conference is being recorded. Please note that the duration of the call will be 60 minutes only.

I now hand the conference over to Ms. Chandni Chande from Kirin Advisors. Thank you and over to you ma'am.

Chandni Chande: Thank you. On the behalf of Kirin Advisors, I welcome you all to the conference call of Basilic Fly Studio Limited. From management side, we have Mr. Balakrishnan, Managing Director and CEO, Mrs. Yogalakshmi, President, Business Strategy and Whole Time Director, Mr. D. Prabhakar, Whole Time Director and Head of Studio, Mr. Nikhil Midha, Company Secretary and Compliance Officer, Mr. Sudharsan, Senior Vice President, Finance and Accounts.

Now I hand over the call to Mr. Nikhil Midha. Over to you sir.

Nikhil Midha: Thank you Chandni. Good afternoon and warm welcome to our H2 FY '24 Earnings Call, Basilic Fly Studio Limited. It's a privilege to have you join us today as we reflect on our journey and discuss our financial performance.

Welcoming the industry leaders, as we gather here, I'm filled with pride to share remarkable strides BFS has made since our IPO listing on the NSE Emerge platform in September '23. We are excited to update you about the onboarding of two exceptional individuals who will enhance our creative and operational capabilities. VFX Supervisor, Mr. Dan Levitan. With over 30 years of experience, this esteemed VFX Supervisor brings a rich depth of knowledge to BFS. His extensive background includes 85 feature films, over 100 television series episodes, numerous national commercials, and special venue projects. He has managed every aspect of VFX with credits in notable productions such as Ambulance, Hacks, Hail Caesar!, The Hangover Part 2 and 3, Veronica Mars, Sneaky Pete, and more.

Throughout his career, Dan has held various title roles at prestigious companies including Disney, DreamWorks, Warner Brothers, Paramount/CBS, Hammerhead, Cinesite, FuseFX, and Psyop. His proven ability to oversee all phases of visual effects from script analysis to final delivery will be crucial in advancing our creative objectives.

New COO, Mr. Zameer. Bringing over two decades of expertise in the VFX and creative sector, our new COO has an impressive career characterized by his pursuit of operational excellence within creative settings. His leadership is expected to drive the flawless implementation of innovative visual effects across varied projects. His work includes significant roles in major productions like The Dark Tower, Pirates of the Caribbean, Dead Men Tell No Tales, and X-Men.



Underscoring his substantial impact on the industry, his notable associations with the leading VFX firms such as ILM, Iloura, Double Negative, MPC and BOT VFX further establish his reputation as a distinguished industrial leader. Upskilling the technical program. Acknowledging the rapid evolution of the entertainment industry, Basilic Fly Studio proactively upskills its workforce through upskilling technical programs.

This initiative focuses on equipping employees coming from 2D digital VFX background with cutting-edge proficiencies and nurturing their talent to grow as 3D concept artists by prioritizing continuous learning and knowledge acquisition. The studio ensures its talent remains at the forefront of technological advancement, enabling them to tackle complex projects with agility and finesse. Expansion and Project Portfolio.

BFS is expanding its project portfolio with new ventures originating from emerging markets such as Italy, Spain, and France, as well as experiencing assertive projects from the established markets of North America post the resolution of the writers' strike. This exciting development reflects BFS's growing presence in both emerging and established markets, showcasing the ability to adapt and thrive in the ever-evolving entertainment industry landscape.

Global Partnerships and Awards. Committed to pushing creative boundaries and nurturing global partnerships, Basilic Fly has reinforced its position as a front-runner in the global entertainment industry. The recent influx of projects from Italy, Spain, and France in their regional languages underscores the company's ability to attract collaborations with industry titans and esteemed talent from diverse regions. The studio's collaborative efforts yielded stunning results, captivating audience and judges alike with their remarkable contributions on the following categories at the VAM Awards recently held in 2024.

Best VFX TV Series International, Best VFX Shot in TV Series International, Best VFX Shot in Feature Film International. The VAM Awards 2024 hailed as India's most comprehensive VFX award ceremony, stands as a beacon of recognition for the exceptional creativity and innovation behind awe-inspiring visuals. Overview and apologies for the inconvenience caused by the wrong uploading of financial statement to the investors.

Before delving into the specific award financials, allow me to provide an overview of who we are and our core businesses. Established in 2016, Basilic Fly has emerged as a leading force in VFX innovation with our headquarters based in Chennai and a global footprint extending to Canada and the UK. Today, our team of over 400 plus dedicated professionals operates from strategic locations in Chennai, Pune, London, and Vancouver, reaffirming our commitment to delivering world-class VFX solutions across various mediums from movies and TV shows to web series and commercials.

Our journey rooted in creativity and propelled by cutting-edge technology has been nothing short of extraordinary. However, before proceeding further, I must address the issue regarding our financial statements. On behalf of BFS, I wish to apologize to the investors for unforeseen inconvenience caused due to typographical errors present in the uploaded documents of consolidated financial statements as of 31st March 2024, which we submitted on National Stock Exchange on April 30, 2024.



This was the most apt treatment as per Accounting Standard 21 consolidated financial statement. We identified this error after filing the results and immediately informed the NSE via email on May 1st, 2024. The above error occurred due to the UK holding of subsidiary financial numbers inadvertently typed while uploading the financial statement during consolidation.

We are committed to accurate financial reporting and are taking steps to ensure such mistakes do not occur in the future. Actually, a wrong attachment was mistakenly chosen while uploading on the NSE portal. We acknowledge the investors' disappointment due to this inconvenience caused and intend to stay committed to regaining the investor confidence by adding an additional layer of internal control, which will in turn ensure stricter internal control and corporate governance working in the interest of the investor fraternity.

Now, let us shift our focus to the operational highlights of H2 Financial Year 2024. As we reflect on the operational highlights of the second half of the fiscal year '24, it is with immense pride and excitement that I share with you the remarkable achievements and significant milestones of Basilic Fly Studio Limited. In financial year 2024, BFS demonstrated unwavering dedication to excellence and innovation in the VFX industry across various sectors.

Among our standout projects are iconic titles like *Wonka*, *Mission Impossible*, *The Guardian of the Galaxy*, *Holiday Special*, *Genie*, *Loki Season 2*, and commercials for the brands such as *Vodafone*, *Lego*, *Audi*, and *Blade*, featuring the memorable *Messi 1000 Votes* campaign, among many others. Our workforce adds a testament to our commitment to achieving our goals. As of March 2024, we employ around 500 individuals.

A robust team dedicated to driving success following our IPO, we've experienced significant growth expanding our employee count. Despite the industry standstill caused by the writers and actors strike in the Hollywood from May 23, resulting in this delay and disruption across the industry, we are happy to announce that we have navigated through these challenges very successfully. The resolution of these issues has played a crucial role in facilitating the industry recovery.

We experienced a significant surge in the new projects from North America, covering various genres. This surge reflects our growing presence in established markets driven by our reputation for delivering high quality visual effects and our ability to adapt to changing industry dynamics. Moreover, we are expanding our project portfolio into emerging markets like Italy, Spain, and France as already communicated, showcasing our global appeal and ability to thrive in diverse market landscapes.

Our commitment to nurturing our workforce through learning and development initiatives remains unwavering. With programs focusing on soft skill training, leadership empowerment, and technical upskilling we ensure that our employees are equipped to excel in their roles. The remarkable 100% participation rate among all our employees reflects our dedication to continuous growth, employees' faith in us and development, solidifying our position as a premier VFX studio.



Our proactive measures, including expanding into new markets and languages, have not only strengthened our resilience, but have also positioned us for sustained growth and leadership in the global VFX arena.

Additionally, our strategic investment in senior level talent, both domestically and internationally, are already yielding promising results, enhancing our connections with the studios and the directors globally. Our goal remains ambitious and our vision expansive as we continue to push the boundaries of creativity, technology, and innovation.

Let's delve into the financial highlights of H2 24, Financial at 24. In FY24, Basilic Fly Studio Limited showcased exceptional performance, financial performance, with significant growth across key metrics compared to the previous year. Consolidated financial. Total revenue surged by 33.75% amounting to INR105.79 driven by strong operational efficiency, EBITDA and profit before tax increased by 34.35% and 34.95% respectively reaching INR 52.18 crores and INR50.61 crores.

The growth in EPS was 9.38% reaching INR17.85 indicating a need for sustained efforts to maximize value in the future. Standalone financials. In our standalone financials for fiscal year 24 total revenue impressively increased by 46.34% to INR103.19 crores underpinned by strong operational efficiency, EBITDA rose by 40.69% to INR51.68 crores And profit before tax increased by 41.64% to INR50.18 crores.

Moreover, profit after tax improved substantially, rising by INR 36.19 crores to INR 26.44 crores. Our EPS stood at INR17.69 per share reflecting our commitment to delivering value to our shareholders. These results underscore our effective management strategy and solid operational performance positioning us well for the sustained growth and success in the future.

The outstanding figures of the receivables in the standalone financials amounting to INR63 crores can be broken down into INR15 crores being more than 180 days of debt and the remaining INR48 crores is less than 180 days of debt. Out of this amount, INR1.83 crores is related to the amount receivable from the Canadian subsidiary. The amount due for more than 180 days are on declining pattern.

After discussion with clients, we have arrived at a model where they pay up in parts and fractions ensuring timing recovery. It is important to note that all these clients and studios are production houses of repute. Such arrangement has been aligned in short term due to the industry downtime.

Moving forward to the business overview. India's media and entertainment industry is a thriving landscape with immense potential investors. Now let us dive into the exciting world of India's media and entertainment industry. This sector is experiencing phenomenal growth projected to reach INR3.1 trillion by 2026 according to the FICCI EY report. Here are the key drivers for this upward trend. Affordable internet access, wider internet reach fuels the content consumption across the nation.

Rise of OTT platforms, subscription-based streaming services are booming, offering a diverse content, flourishing gaming market. The Indian gaming industry is witnessing significant growth. A dive into the animation and VFX sector. This segment is particularly promising with



a projected CAGR of 17.5% reaching 185 billion while there was a temporary slowdown in 2023 due to the international strike a strong resurgence is expected in the second half of 2024.

This is stated by the FICCI EY report. Here is what the report further highlights. VFX becoming industry standard. The average number of VFX shot in big budget films is expected to rise significantly making VFX a crucial element of theatrical releases. Impact of global disruption, the report acknowledges the challenges posed by international strike causing delay in over 48 films and 46 TV shows worldwide impacting outsourcing to India untapped potential for growth VFX in advertising. Extensive use of VFX in ad films offers promising avenues for further revenue generation.

At present, 5 to 10% of the VFX revenue comes from advertising. Advancement in technology, real-time rendering and integration of AI and machine learning will empower the artists and streamline the VFX creation process. India, a content creation powerhouse. India boasts an undeniable strength in content creation producing over 2 lakh hours annually. This captivating content transcends the borders resonating with global audiences due to its rich cultural tapestry and compelling storytelling.

Here is why India is poised to be a global leader vast talent pool. India has a wealth of creative talent fueling the content creation in India. Mobile-first approach. India's mobile driven market provides a unique platform for content consumption, relentless innovation. The Indian M&B industry is constantly innovating to stay ahead of the curve. Government support for the VFX segment. The Indian government is actively promoting the industry by offering attractive incentive schemes.

These schemes reimburse production companies up to 30% of their minimum project expenditure extending to INR10 million if they utilize Indian services. Additionally, a 5% bonus is available for projects with Indian content. This initiative will undoubtedly enhance India's VFX industry global competitiveness and foster international collaboration.

In conclusion, India's media and entertainment industry presents an exceptional investment opportunity. With its robust growth trajectory, talented workforce and government support, this sector is well positioned for continued success. Moving to Basilic's industry position and growth initiatives.

In alignment with the industry upward trajectory Basilic Fly Studio Limited has strategically positioned itself to capitalize on the emerging opportunities. Notably, we have secured domestic projects featuring industry superstars, signalling our strong market presence and creative acumen.

Additionally, our expansion initiatives include a diverse portfolio of key projects in the pipeline. Previs for video game cinematics commencing in the coming days, this project spans for 10 months. Coming from AAA level gaming company showcasing our commitment to long-term engagement and creative excellence this shall bring an expected revenue of INR25 million. A blockbuster sequel anticipated to generate significant revenue of INR180 million over the next 10 to 11 months.



This sequel underscores our ability to deliver impactful visual narratives. Exclusive vendor project scheduled for September 2024. This project spans 8 months to 10 months and comprises of 10 episodes highlighting our collaborative partnership and end-to-end service capability bringing the book value for INR340 million. June 24 project slated to begin early in June 24, this project encompasses approximately 500 shots and is projected to yield a revenue of INR 200 million showcasing our agility in adapting to evolving market demands.

Product modelling project running on the floor presently is a very non-routine project where we are working towards making hundreds of models per week for an eyewear brand. This project is expected to be here for 3 months to 4 months bringing the revenue of INR45 million. These initiatives present a snapshot of our visible pipeline before September 2024 reflecting our steadfast commitment to innovation, excellence, and client satisfaction.

As Basilic Fly Studio navigates the dynamic landscape of VFX sector we remain steadfast in our pursuit of excellence and innovation. We are excited about the opportunities on the horizon and are poised to chart new territories in the realm of animation and VFX. We extend our gratitude to our unwavering support to your unwavering support and look forward to continuing this journey for growth and success together. Thank you for joining us today.

Now I would like to open the floor for Q&A session. We are more than happy to address the questions you may have. Thank you for your patience and for being a part of our journey.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Agastya Dave from CAO Capital. Please go ahead.

Agastya Dave: Yes. Thank you very much for the opportunity. So I have two questions. One is you mentioned that all the logjams which are happening in Hollywood, they are now behind us and you're expecting an uptick in revenues. The new projects that you're expected to get what kind of - what are the trends of realization there in terms of hourly rates if you can give an apples-to-apples comparison?

R. Balakrishnan: Thank you for your question. In terms of strikes and the projects that is coming in and the strike was over around end of October and November and December has been Thanksgiving holidays and Christmas and things really picked up around the end of January. That is those are projects for which the production were kept on hold after I mean the production I think the shoot got completed and the further development kept on hold.

Those were the projects that came on floor around January end and it went up to like April, end of April and May 1st week. So those are the projects that we were working on for the second half. And for the second half, the projects that are under development were those projects where it has been started from end of March and some of the projects started around later around April end and some of these other projects are about to start by end of this month.

So these projects would be ideally be coming to floor that is on to post production by around the end of July, August and September. So that is where the timelines are and this is very much based upon the reports and the official confirmation of release date being announced by studios



like Marvel, Disney, Warner Brothers, the biggest studios and these dates are primarily around that is towards the June, July 2025.

So there are bigger movies and if you take in the last 23 and the year 23 and 24 particularly there wasn't much of a bigger slate as in there are very few movies that have been released in this year 24, but if you look at the majority of them has been pushed back to 25 July and August, 25 June, July that is the year 25. So that is where [inaudible 23:00] if you take for example the movies like Jurassic Park and Superman, Spiderman, Fantastic Four, all these movies and likewise Thunderbolts, Captain America and Passion of Christ. So these Batman 2. So all these movies are down to 25 release.

So if you take it's 25 heavily packed with movie releases from May to June. June, July is where most of them are getting for the summer and primarily to October as well.

Agastya Dave: So that was not exactly what I was asking. So my question was because of the lockdown that happened and all the movies are now getting bunched up in 2025. What happened to the realization because across the board VFX studio has increased capacity, right? So the supply has increased but the demand was not there. So the new projects which are coming in, are they coming in at good rates? Will we be able to maintain our margins?

R. Balakrishnan: You mean at this moment, what rates that you've been working on?

Agastya Dave: Yes, compared to so you have a standing guidance that a better margin should be around 35% pack margins. So will you be able to maintain those?

R. Balakrishnan: Yes, yes, I got it. Currently, what we've been working on is as a company, we also have a major presence here in India. And also we have executives based out of those locations as well. So one is what we've been doing is we've been working on and providing discount rates to clients based upon the current situation for the work that come to India primarily. And there are other work where we've been working on is the work that comes out of that involves the work comes out of these overseas region, where they are pretty much compared to competition to the smaller and middle level studios in overseas location.

Those are the projects where it is getting a better margin. But the ones that we would primarily work on India is where we've been giving discounts. If you look into maybe 75% of what we work in India is discounted, but 25% what it comes out of these overseas locations would add to our margin. So that is where we've been balancing out this current situation.

Agastya Dave: Okay. So you maintain your margin guidance?

R. Balakrishnan: That is how we've been working on, yes.

Agastya Dave: The second thing on this financial reporting part, so I was a bit confused. First of all, it was like the most unprofessional thing that I've ever seen in the markets. Second, I see that you have signed the financials.



It's not just that a random attachment was added. You signed those wrong financials. And I don't know whether the board saw the right copy or the wrong copy of the financials. And if you are uploading another set of financials, I didn't see any information about another board meeting. I don't know whether the new financials have been approved by the board through the proper process or not. Second sub part to this question is the financials which were initially uploaded.

I don't understand exactly what has happened there. You mentioned something about a UK subsidy. I didn't really understand what the explanation is. I was just wondering, I mean, there are some additional costs. Because the profits were down by some INR 10 odd crores. And where are those expenses?

I mean, to be very honest, I'm slightly blunt. I don't know which set of numbers to actually trust because this was not a typographical error. This was a line item which was extremely bloated. There were at least two line items which were extremely bloated. And I don't know whether I can trust the numbers. And the third sub part to the same question, have you heard anything from SEBI?

Is SEBI looking into all this? What exactly happened? Because you published something, you're saying that you integrated NSE on the first, which was a holiday, but other companies were reporting their P&Ls those days and NSE was looking those numbers.

So, where was the delay in uploading whatever you posted to NSE? So, that is there. And then there's another thing that I noticed is that on seconds, your clarification to the exchange has a timestamp, at least what we can see.

The timestamp is, to be very exact, it was 12.21 PM. And there was clearly a lot of buying in the stock at around starting 10.30. So, there was clearly some sort of a leak which happened. So, has SEBI approached you? Have they questioned you? What exactly happened? Have you asked for a clarification from NSE why there was a delay from their side in uploading whatever you had sent them? So, this is like such a big fiasco. And I'm just afraid. And I genuinely don't know what to trust here.

Because this has, there have been instances where companies have made mistakes in their financials. First of all, the rectification comes in much more than what you guys said, what happened in this case. And second, the issues have been very, there have been like decimal places, related mistakes, or there was typographical errors. But here it doesn't look like a typographical error. Yes, so that is my like long question on this entire thing.

Nikhil Midha:

I'll come forward to address this question. Nikhil, this is the company Secretary. The financials approved at the board meeting were the correct financials. As you are aware that after the board meeting, it is a very less span for us to upload the documents 30 minutes alone are there. So, a set was already prepared one day in advance. But before it went to the board for final submission, we were going through a mock run and we realized that an accounting standard treatment has not been done correctly in the draft accounts ready, which were to be presented to the board on the next day.



That is the reason before the board meeting itself, the changes were done. And it was just the treatment done in one head, which was supposed to be done in another head, because of which the changes in the figures were visible. And the correct financials were approved in the board meeting.

But at the time of uploading, somehow inadvertently, the attachment, which was wronger one which had the earlier document was used to affix the signatures and that is what which was used and uploaded. That is where the problem actually happened. Talking about the accounting treatment, I would request the accounts team, finance team to kindly jump in and help us give a clarity on the treatment of it.

Sudharsan:

Adding to the point of Mr. Nikhil, I am from the accounts department side. So, during the time of board meeting, the financial results was properly displayed and that has been discussed and approved. As Nikhil rightly said that the statement while we are attaching well within the stipulated time period, it has gone into wrong.

So, this has been noticed within an hour from the date of and from the time of it has been uploaded. And we will try to reach the NSE how to retrieve on this. But unfortunately, next day falls on a holiday.

So, instead of waiting for them to come and give an answer on second, so first itself we have put up a mail to NSE saying that there is an error in terms of attachment. And on the second day, we will try to reach the NSE before the market opening, but we were unable to get them online, but we will try to reach them by 10.30 or 10.45. By the time they said that they will have to discuss internally with the legal team and come back. And while coming back, it took times.

So, other than that, there won't be any intentional delay from our side or there won't be any error from the financial statement. It's purely on a clerical error while it has been attachment. And as a company, we really apologize for that task or the loss which has been taken by the stakeholders.

Agastya Dave:

The thing is here, this is the market or the operating performance of the company. This is completely an error which has happened.

Moderator:

Sorry to interrupt, Agastya.

Agastya Dave:

You can't, ma'am. Here you cannot interrupt because this is a very important issue. And I'm pretty sure everyone on the call wants to ask this question. So, let me just continue. And this is the last thing I'm saying. After that, I'll rejoin the group.

So, my only thing is the error has happened from your end. NSE may have compounded the error. But the entire brunt has been borne by anyone who was holding the shares those days.

So, I don't know what exactly has happened between you and NSE because I've never known NSE or BSE to commit such a mistake. And now there is actual tangible loss. And the biggest bigger thing is that 10.30, the circuit opened, there was huge amount of buying in the stock. Clearly, somebody knew what was happening. And it's a very tangible loss, which has nothing to do with market. So, I don't know what you guys...



I mean, there is obviously a liability on your head. So, in US, I know this would have led to a class action lawsuit. I don't know whether you guys are prepared for that, whoever gave you that legal advice. I mean, I don't understand why a simple statement on NSE saying that please disregard our real financials, there is a mistake, we'll upload the financials as and when. Just a simple one line statement on NSE could have like helped the shareholder, but you have screwed everyone over. So, I don't know what is happening, but you should seriously consider reimbursing the people who have lost money.

So, that's it from my side. I don't know how this will like pan out. And I don't know if the state is even looking into all this. This is a very tangible hit that every shareholder has taken in your company. And this leaves a very bad taste in the mouth. But thank you very much for your time.

All the best. Ma'am, I'm done.

Moderator: Thank you very much. The next question is from the line of Yeshwanti from Kojin Investment. Please go ahead.

Yashwanti: Thank you, sir. You mentioned a couple of your projects. So, I just wanted to know as of today, what is the order book that is executable in FY'25?

R. Balakrishnan: Hello, the question is not audible. Can you please come again?

Yashwanti: Yes, I just wanted to know what is the order book executable in FY'25?

Management: Yes, if you can just repeat again.

Yashwanti: I just wanted to know what is the order book to be executable in FY'25?

R. Balakrishnan: You mean the order book for FY'25?

Yashwanti: Yes, what is the current order book that is executable in FY'25? And anything that would be executable in FY'25?

R. Balakrishnan: Yes, in FY'25, we are expecting and likewise, we do have a confirmed order of previous as in with the Nikhil statement, we have a previous video, previous video game cinematics of INR25 million that is that would span around for 10 months time that is start around May and by end of February it would go around and likewise we have another project where without naming it the movie project where we have worked on the previous sequel of that movie as well. For that, we are aiming at around 10 months to 11 months time to work on this project.

Yashwanti: Yes, I just wanted to know what is the total order book size like?

R. Balakrishnan: Total order book would be roughly around INR75 crores. This is the visibility of the first half.

Yashwanti: Yes, so we are already talking about a record mark in the current year and what kind of growth then we can expect for FY25 with this size of the order book and likely potential post Hollywood strike your expansion, expansion in a team. So what kind of growth you foresee for FY25?



- R. Balakrishnan:** Currently, we are estimating a growth of around 30% each for FY25 and also from September onwards, from August, September onwards we do see a surge in the market based upon the confirmed release dates of the movie project that has been announced by the major production networks.
- So compared to 23 last quarter and likewise our 24th overall year that 25 looks to be a confirmed release of major projects lined up for the year. And that is where we've been expecting and overall media industry, for example, based on FICCI EY report of the revenue for the VFX industry it looks like it's around INR5,400 crores for the overall for India VFX industry, around INR5,400 crores for the last year, but it's expected to grow to INR6,300 crores for this year. So our growth is pretty much aligned to all the growth of industry.
- Yashwanti:** Okay. And can you just throw some light on your EBITDA margin?
- R. Balakrishnan:** Yes EBITDA margin is something that would be able to maintain what the EBITDA margin that we have maintained for the previous year.
- Moderator:** Thank you very much. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.
- Deepak Poddar:** First of all, thank you very much for this call. I would just wanted to understand currently what's the mix of our direct production versus subcontracting and how do we see that moving forward?
- Management:** In terms of direct production initially were around 30% and we have increased to 35% now. And from the studios it's around 65%.
- R. Balakrishnan:** The source of contract work comes from 65% and 35% is direct studio resources.
- Deepak Poddar:** And how do we see that moving?
- R. Balakrishnan:** Pretty much from the second half of 2024 is where things would really move forward in the direction of where we get more direct orders. And from 2024 onwards we would love to see that moving from 35% to 45%, 50% by around maybe first half of 2025. That would move around to 50%.
- Deepak Poddar:** So by what 2025, your voice was not audible by when?
- R. Balakrishnan:** By first quarter of 2025.
- Deepak Poddar:** By first quarter of 2025?
- R. Balakrishnan:** First quarter in the sense, January to March.
- Deepak Poddar:** By March 25, maybe yes?
- R. Balakrishnan:** Yes March 25.



- Deepak Poddar:** And then when you mentioned about the revenue growth of 30% but you do expect surge only from September to October onwards -- from September, October onwards. Will it be fair to say that first half of 2025 your growth will be much lesser than 30% and which you expect to maybe compensate in the second half with a better than 30% growth?
- R. Balakrishnan:** Yes, that is where we see the shift moving towards moving from September to the end of March. That is where the majority of the work would come around. And that is where the shifting balance would move around primarily, yes.
- Deepak Poddar:** Yes. So first half, your growth will be lesser than 30% which will compensate with a higher than 30% growth in the second half?
- R. Balakrishnan:** Second half, yes.
- Deepak Poddar:** And just for clarification you said you look to maintain PAT margin of 35% which you have done in the last year?
- R Balakrishnan:** Yes.
- Deepak Poddar:** Okay. Fair enough. I think that is it from my side. All the very best to you. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Viraj Mahadevia from Moneygrow India. Please go ahead.
- Viraj Mahadevia:** Hi, Bala and team. First of all, I wanted to say I echo the dissatisfaction of the first caller regarding the accounts. Can you give us some clarity around the split of the revenues between Roto, Paint, Matchmove and Composting as a percent of revenues?
- R. Balakrishnan:** Hi, Viraj. And Yes, in terms of revenue split between Roto Paint and Matchmove that is something because we actually bid based upon the task and cost involved is based upon the shot that we deliver. It would be very intricate to split between Roto, Paint and Matchmove task maybe between projects is what we would be able to maybe bifurcate based on the revenue.
- Viraj Mahadevia:** But approximately across your overall revenue base, how much would be Roto revenues, how much would be Paint, Matchmove and Composting that we use approximately even if they are ranges?
- R. Balakrishnan:** Approximately, I think percentage 30% for Roto and 20%, 25% for Paint and rest are just Composting and other was 45% each.
- Viraj Mahadevia:** You mean 45% in total?
- R. Balakrishnan:** Yes.
- VirajMahadevia:** Secondly, what we are hearing is a lot of the studios hired a bench and have actually started letting go of people including in India in the last few months. So how does that tie in with your move around a planned expansion, are you going slower, you all are obviously using a lot of your cash up and working capital despite making this INR35 crores PAT. You have negative



cash flows which is eating up your cash balances. So how are you thinking about the expansion and are you looking to expand the bench?

R. Balakrishnan:

We are looking at two different ways in terms of how we would expand from here. One is the timeliness. Timeliness in the sense we have been based upon our inquiry and also based on the credible reports and also with our inquiry with production networks as well.

We have been told from August onwards we would see a surge and that could potentially be opening up to a confirmation to worst case scenario it would be September. So that is what we have been hearing from studios. So we are timing our recruitment closer to that, that is by June, July. It's what we would not be recruiting around August, but by June, July is what we've been planning and apart from that we're also working towards strategic partnerships as well.

So strategic partnerships in the different locations. So apart from recruiting, recruitment and increasing our resources we're also focusing on incentive based location presence. So through which we will bring strategic partnerships and that is something that we've been working closely on based upon our different strategies in terms of technology-driven companies where we would closely work with. So this would really help us expedite our plans for the future.

Viraj Mahadevia:

Understood. I'll come back with more questions. Thank you.

Moderator:

Thank you. The next question is from the line of Pranav Jain from Steele Capital Management. Please go ahead.

Pranav Jain:

So when we are guiding for about 30% growth this year, I understand that is based on the pipeline and the conversations about further work coming in the latter half of the year. So this seems organic?

Are we also working on the inorganic fields, any opportunities which we think we can close in the next two or three quarters?

R. Balakrishnan:

Yes, very much, Pranav and we've been working on that as well and we also have appointed an advisor who's working on that and we are very much closer in terms of discussing with few potential partnerships. So that is something that should come in maybe based upon how this discussion takes place, move forward to the next level. That is -- we are already in closer discussion that should ideally come realized maybe soon. We will keep you posted as and when we have the appropriate time to announce this.

Pranav Jain:

And the government support which is coming to the industry, you said that you are also in talks for strategic partnership for long term engagement. So can you tell us more about one what is the benefit we as a company see from these incentives because I hear that many studios now want to directly ship work and get rebates which are very, very competitive globally which the government is now offering. It's very handsome at least for the next one year. So what kind of partnership and work and also benefit in terms of profitability we can expect? Or are we going to pass on these benefits as is to our partners and maintain the same margins and not grow them?



R. Balakrishnan:

Yes. So one thing is, it is more promising and encouraging where the government has announced 30% of minimum project expenditure based off for the VFX studios that would be working on foreign content, international content. And likewise, the minimum cap at, sorry, not minimum cap, maximum cap at INR300 million for each project. So that is something that we would like to utilize for the moving forward. And that is something is there and we will look forward to make best use of to our operations. And other thing is in terms of partnerships, what we've been looking at is, one is, as I mentioned, the technology driven company, what we've been looking at as a real-time 3D content creation is what, as a company, we wanted to really take it up.

We've been trained, we have trained our artists in the last year as well into mainly towards real-time content creation that is unreal and other stuff where they can create contents on CG in a real quick time. And based on that, our partnership also would be towards the company who's very much into these areas.

And also we've been currently working on a very similar project as well. So in the strike situation, what has taught us is to look into other different avenues and look out for challenges. So we've been working on these kinds of projects and working on a short and real-time projects for corporate films and likewise for gaming cinematics and likewise diversified into other markets as well. So our partnership is primarily down to incentive location and technology driven companies.

And another thing is current reputation in the market. And likewise, who would be, as in the, based on incentive in the sense, the benefit would be based upon the opportunities would come to them based upon the incentives available in the location and sharing that work with India. Again, we would get those returns back from the government as well coming up from foreign production. So simultaneously, we are looking at this kind of partnership.

Pranav Jain:

So presently, whatever projects we are working on, any of those qualify for these benefits, or it will have to be fresh and new projects from here on, which we will file to claim those benefits.

R. Balakrishnan:

So based on reading the notes from the government and also the application form, what we can look into is for VFX projects, particularly, they don't need to have any interim date. We can apply based upon the contract, whatever we have potential international client. So that is that only for productions, they will have to get approval before they start any production. So that is what we see here. Nikhil, if you want to add anything on that.

Nikhil Midha:

Yes, as on data, we are negotiating and we are understanding the government side also we have initiated some conversations that side. So a big picture of clarity has to come. But what a prime official looks like that fresh products only will fall into this because that way we'll have to have a customized agreements and contracts also made with them. But more clarity is yet to flow in, we have already initiated the conversation.

Pranav Jain:

And if you could just tell me Nikhil about the conversation with our studio or other partners on the content side, because 75% is the work that we're doing in India. And naturally, the value addition technology will have to happen from here. So whoever our partners are, whether it is



Netflix, Amazon, Apple, so on so forth. What is the future pipeline of work you see coming to us to this route, which will benefit them as well as us.

R. Balakrishnan:

Actually, discussion with partners is something...

Moderator:

Sorry to interrupt Mr. Jain, may we request that you return to the question queue, there are participants waiting for their turn.

Pranav Jain:

No other questions, just this to be answered.

Nikhil Midha:

So I actually I'm in touch with FFO, wherein I'm initiating the conversation with the government side with the partner side, I'm not taking that end, that being taken care of by the management. So FFO side is something I'm taking care of.

Pranav Jain:

Okay, if anybody can comment on that, otherwise I'll get back to you.

Nikhil Midha:

So certainly there is a lot of scope there, but some materialized things are yet to come. That is what I can say right now.

Pranav Jain:

All right. Thank you.

Nikhil Midha:

Thank you.

Moderator:

Thank you. The next question is on the line of Parikshit Kabra from Pkeday Advisors LLP. Please go ahead.

Parikshit Kabra:

Hi, Hi Bala, Hi Yogalakshmi, Hi Nikhil. Thanks for the opportunity. I wanted to ask two sets of questions again, both one on the demand side and one on the receivable side. You said INR50 crores has come from more than 180 days, like more than six months, right? And that is that you're saying there is a road to closure. What is that road to closure? And when do we expect, what will be the steady state of our receivables outstanding? How many days of receivables will we have outstanding and steady state? And when do we hope to get there?

Nikhil Midha:

So Parikshit to just add to it, as we mentioned that INR15 crores is something which is pending more than 180 days. So as a measure from our side, we've already fixed in and gotten, I would say, a settlement done, a program made with the client that they can pay us in weekly or monthly instalment. That is not the case that they don't have a capacity to pay, but it's a temporary requirement because of the market downtime.

Because most of these studios where we have these receivables standing, they are in the North American market where the market has actually hit the most. And we have standing relations with these people from close to six or eight years long, some relations we have with them. So this is just a temporary arrangement. And we are very hopeful and we are very determined towards this, that moving forward, this situation will 100% improve in the favor of the company.

Parikshit Kabra:

I'm asking for some kind of quantification there, Nikhil. If you have agreed with them on the INR15 crores payment terms on a monthly or weekly basis, when does the INR15 crores come to us completely? By when? How many months? How many weeks?



- Nikhil Midha:** I would say it is a little early for us to comment on a precise timeline. Because one or two places, the arrangement has been settled. Other two, three places, it's only a talking term. So something will come up very soon. Maybe whenever we have a next investor call, then we can give a precise number in terms of the timeline.
- Parikshit Kabra:** All right. And the second part, which was what is the steady state receivables that we expect and when do we expect to get there? Anything on that?
- Nikhil Midha:** Could you please come again?
- Parikshit Kabra:** So currently, out of INR100 crores top line, we have a receivable outstanding of INR60 crores, right? That's about 200 days of outstanding. What do we want our receivables to be?
- Nikhil Midha:** I'll clarify the question much more. So if you see INR63 crores of receivables, out of this only INR15 crores is something which is long time pending. Because the market started opening very recently. That is the reason in February and March, we have a lot of orders booked in the bill book. And that is how the receivable is looking bigger. But this is not actually bigger. It is just the normal credit cycle of 60 to 90 days depending upon the customer. So already in April, we have received some of the money out of the INR63 crores payment terms with the client. So this 63 is visibly 63.
- But this is something which relates to the sale that happened very recently in February and March. So it is as per the routine course, it's just that there was a lot of silence in the market for some three, four months, because of which the orders actually jumped in, in a bigger volume in the month of February and March. Once the international market stabilizes, once the international market stabilizes, within three to four months, everything will be in a visible good flow.
- Parikshit Kabra:** Okay. So besides the INR15 crores, everything else is in 90 day payment cycle is what you're saying?
- Nikhil Midha:** Less than less than 180 days, less than 180 days because there is some amount due from Canadian subsidiary also. Because of the international market issue, even our Canadian subsidiary doesn't have that kind of a fund flow to pay to the holding company. So that also small portion is standing in the INR63 crores.
- Parikshit Kabra:** Got it. And in terms of...
- Moderator:** Sorry to interrupt Mr. Kabra, may we request that you return to the question queue, there are participants waiting for their turn.
- Parikshit Kabra:** All right.
- Moderator:** Thank you, sir. We'll move on to the next question that is in the line of Shikhar Mundra from Vivog Commercial Limited. Please go ahead.
- Shikhar Mundra:** On the receivable part, the standalone balance sheet shows a receivable of INR63 crores, while the consolidated is showing a receivable of INR53 crores. So that must mean around 10% is



owed by the subsidiary to the standalone. But how does that work? Because the subsidiary has not done any significant revenues.

Nikhil Midha: Maybe the finance team can answer this.

Sudharsan: Yes. Compared with the consolidation, there is a reduction in the receivable because the internal transaction has to be nullified. That is the Canadian receivable has to be knocked out. Okay. Otherwise, in standalone, it looks like that only.

Shikhar Mundra: Okay. But the difference is around INR10 crores.

Shikhar Mundra: So how can the subsidiaries owe like INR10 crores to the... I mean, how does the subsidiary owe INR10 crores to the standalone company? Because I mean, for what do they owe?

Sudharsan: The Canadian entity has to pay back the money of INR10 crores that has not been adjusted in the consolidated. So this was there in the last year and onwards. As Nikhil rightly said that due to the collection pending from the Canadian side though this has been showing as an outstanding, but as far as the standalone is concerned we'll have to definitely disclose that including the subsidy how much we are supposed to receive. But when we're doing a consolidation, it has to be knocked off.

Shikhar Mundra: So I heard like the Canadian subsidiary owes only INR1.8 crores in the opening remarks.

Nikhil Midha: So for that I would add to it that 1.8 is something which is a very recent one in this less than 180 days debt. So other than that is more than 180 in terms of number of days.

Moderator: Thank you. The next question is in the line of Pritesh Chheda from Lucky Investments. Please go ahead.

Pritesh Chheda: Sir, what are these other current assets in your balance sheet? Do you have to take any write-offs on your receivables by any chance considering that they are in excess of 6 months now? And lastly, the industry has a lot of overcapacity, lot of people, a lot of studios have hired a lot of artists.

Is there a case that when the market opens actually the margins in the projects will be far lower than what you had ever thought?

R. Balakrishnan: Regarding this question regarding in terms of the margins after the industry comes back, in terms of that, what we do see is overall as a company Basilic Fly we have not only our Indian presence, but also global presence in terms of our executives working properly. And that is what our focus is primarily towards getting out global work. And that is to work out maybe in competition to the smaller and middle level studios in US, UK and other parts overseas.

So in those cases, what we've been essentially targeting at those projects where at the moment are streaming platforms like Netflix, Amazon, they've been cutting down on cost moving towards next year and cutting towards cost and working towards high quality products.



In those cases, India would be an essential player in terms of handling those kinds of high-end work and also maybe in terms of cost how we can cut down on cost in competition to the UK, US and Canadian studios. So if you look into that aspect we would be more in competition and we will be in a better position to work towards margin.

Our margin will be much better in comparison to what it is in UK. For example, if you take USD500 to USD600 per day there, and if you take USD150 per day here is much better margin. So that is something we will be working towards and getting those kinds of projects.

Pritesh Chheda: You have to answer on other current assets and you have to answer on the receivables in excess of 180 days, is there any risk of writing off?

Sudharsan: See, coming to the receivables as Nikhil has already explained, these are all very recently taken into consideration for the revenue, that is for the month of Jan, Feb and March. So as far as the receivable cycle is concerned, it's between 90 to 120 days. So we hope the receivables are not going to be any issue other than INR15 crores what was mentioned with one of the customers where we have an arrangement to get it on installment basis.

Other than that, there won't be any panic in terms of written off on the receivables. We are absolutely on the control. We can definitely collect this money well within the stipulated time limit as per the contract. So this is regarding the receivables. While coming to the other current assets, other current assets are part of work in progress and even the GST refund which should come because since we are into export services whatever Indian GST incurred that has to be come back. So these are the two major items which is covered into the other current assets.

Pritesh Chheda: How much is work in progress in this?

Sudharsan: Work in progress is roughly INR19 crores, GST refund is INR5 crores plus.

Pritesh Chheda: So which means work in progress is also a part of your working capital?

Sudharsan: Work in progress is nothing but an unbuilt value wherein we are incurring expenditure.

Pritesh Chheda: So can you tell us what will be your net working capital cycle in your business in a normalized basis?

Sudharsan: Net working capital I would say 60 days.

Pritesh Chheda: Including work in progress, including debtors minus receivables, everything.

Sudharsan: All put together.

Pritesh Chheda: Thank you.

Sudharsan: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Ms. Chandni Chande for her closing comments.



Chandni Chande:

Thank you everyone for joining the conference call of Basilic Fly Studio Limited. If you have any queries, you can write to us at research@kirinadvisors.com. Once again, thank you for joining the conference.

R. Balakrishnan:

Hello Chandni, I would like to add on top of it to conclude the call. I could see some of the concerns being expressed over the call about the financial statements and other things. And as a Managing Director and CEO of the company, this is something that I would like to express. This is not something intentionally done from our side. This is and also in the morning we - and also towards the first May evening and likewise the second May morning we tried our best effort to do it on time to make it to.

And this is something very seriously we put our effort to make sure that we wouldn't lose any time, but we tried our best effort and with intention and this is an error we understand. And likewise, this is something that we've been doing very - we've been very serious in our business where we work on Hollywood content and it's a very serious thing where we take more care towards confidentiality and security of business.

And we've been building this business with a lot more reputation and respect in the industry. And even if it's within the industry, it's more of a reputation that we have built and we have gracefully grown over the years. And for the last 10 years we have built this company like anything as a kid, as a baby, we have built this company.

And we are not here to do any mislead or cheaper things here in this market, but rather, we wanted to focus on our business, we want to take this company to a global perspective and global trend. That is where we are here. And that is and likewise, I understand like I can clearly see where this where investors are coming from and can see the concerns that they have expressed. And I can easily understand the concerns. And I would - what I can really do is we can really make sure that as a serious assurance we will take more extra steps towards this, like what we do with our business.

And this is something that we would really assure everyone that this is not something we wanted to do something different from our side, but rather as a serious focus, we've been building this business. This is something I would like to express from my side.

Moderator:

Thank you, sir. Thank you, members of the management team. Ladies and gentlemen, on behalf of Kirin Advisors Private Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.