



“Basilic Fly Studio Limited
Q2 & H1 FY '26 Results Conference Call”
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MODERATOR: **Ms. SAKHI PANJIYARA – KIRIN ADVISORS**

Moderator:

Ladies and gentlemen, good day and welcome to Q2 and H1 FY '26 Results Conference Call of Basilic Fly Studio Limited. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Sakhi Panjiyara. Thank you, and over to you.

Sakhi Panjiyara:

Thank you. On behalf of Kirin Advisors, I welcome you all to the conference call of Basilic Fly Studio Limited. From the management team, we have Mr. Balakrishnan, Managing Director and CEO, Ms. Yogalakshmi, President, Business Strategy and Whole-Time Director, Mr. Gaurav Mehra, Chief Financial Officer.

Now, I hand over the call to Mr. Balakrishnan for opening remarks. Over to you, sir.

Balakrishnan:

Thank you ma'am. Good afternoon everyone and thank you for joining us today. It is my privilege to welcome you all to Basilic Fly Studio Q2 and H1 FY '26 Earnings Call. On behalf of our leadership team and our 700 plus talented artists across Chennai, Pune, London, Paris and Vancouver, I extend our gratitude for your continued confidence in our journey.

I am delighted to report that Basilic Fly has delivered a strong performance in H1 FY '26, with revenue of over Rs.190.5 crores, up 146% year-on-year and PAT of Rs.26.8 crores, up 117% year-on-year, reflecting both the consolidation of overseas acquisitions and robust growth across domestic and international markets.

Our EBITDA margin stood at 20.3% and we have strengthened our liquidity position with a net cash surplus of INR 48.3 crores, following our successful QIP of INR 85 crores. We are pleased to share another strong half-year performance, one marked by disciplined execution, technology-led transformation and global expansion.

We began FY '26 with a clear strategy to strengthen our delivery network, accelerate technology integration and prepare for the next phase of scale. I am pleased to share that we have made significant progress on each of these fronts.

Our integration with One of Us is now fully complete and is yielding visible synergies. The subsidiaries secured INR 265 crores in new wins and delivered projects worth INR 37 crores during H1 from these new wins, supported by deep creative collaboration and cross-studio workflow alignment.

The Bengaluru team started deliveries effective October 2025, enhancing our offshore capacity and positioning it strongly to leverage the India cost advantage in global production. From the



India side, apart from our consistent pipeline of international projects, we have also expanded into premium Indian content.

We are actively engaging with Netflix and Amazon on key Indian originals that demand sophisticated visual storytelling. I am delighted to share that we have recently partnered with Netflix on one of their projects as an initial initiative to produce South Indian originals as a VFX partner.

This collaboration stands as a true testament to the reputation, trust and creative confidence we have built within the industry. We are also in active discussions on other premium Indian project as well, further strengthening our domestic footprint in high-end content space.

On the innovation front, we have also advanced our modular USD pipeline initiative. Phase 1 was successfully completed in March 2025, while Phase 2 focused on real-time multi-site asset inter-operations is on track for completion by end of FY '26/Q1 FY '27. This milestone will redefine how our international and Indian teams collaborate, making our production network more seamless, scalable and efficient for larger and complex projects.

Our leadership bandwidth continues to expand with the onboarding of senior global business development and operational leaders across key markets, especially the appointment of Adrian De Wet, an industry veteran with credits in Harry Potter, Matrix and Hunger Games as VFX supervisor and creative director is based out of Los Angeles, marks a major leap in our North American footprint.

We are also delighted to welcome Audrey Ferrara to our London team as an art director. Audrey comes from a highly reputed background with strong credentials and experience as a favorite creative partner for Disney on their tentpole projects.

Her addition strategically strengthens our creative leadership in Europe, positions us more favourably for premium feature projects and brings deep insight into expectations of major studios further differentiating Basilic Fly and One of Us in the global market.

The recently completed INR 85 crores QIP has fortified our balance sheet and will be strategically deployed towards technology innovation, delivery expansion and selective inorganic growth. Our transition to main-board compliance reflects our maturity as an organization ready for its next orbit.

I'm also thrilled to share that our short film called "Shutter Bird", for which the Basilic Fly Studio served as a sole VFX partner, has qualified for the Oscars this year. Our team worked closely with the filmmaker throughout this process, shaping the film's visual identity through a deep collaborative process.

This achievement is not just a creative milestone, but also part of our ongoing effort to identify, support and build relationships with next generation of visionary filmmakers who could become tomorrow's leading voices in global cinema.



The Oscar qualification stands as a testament to our commitment to facilitate creative storytelling for upcoming talent in this direction. As the VFX and content industry rapidly evolves, our focus is not simply to follow trends but to future-proof our business.

Our strategic initiatives and investments built on the foundation of the Basilic Fly and One of Us are helping us to stay at the very high-end of the creative spectrum. This enables us to differentiate meaningfully in a crowded market, offering capabilities, scale and artistic excellence that many others cannot match.

Our current engagements including a major Disney feature and potentially one of Warner Bros.'s all-time big projects at a larger scale and higher pedigree which we are currently working on than what could be in previous years of our work, reflect both our creative and technical capability and the gaps in the market that we are uniquely positioned to fill.

These projects are tangible evidence of where we fit in the high-end segment and the confidence to be placed in our teams globally. The global visual effects market size of US\$ 10.60 billion in 2024 estimated at US\$ 11.19 billion in 2025 and is anticipated to reach around US\$ 20.29 billion by 2034, expanding at a CAGR of 6.83 percentage, from 2025 to 2034.

High quality visual effects are in greater demand in several industries including virtual reality, gaming, advertising, cinema and television based on the research report on the industry. Across India, in the last two years, many states such as Tamil Nadu, Maharashtra, Karnataka, Telangana, Uttar Pradesh, Madhya Pradesh and Rajasthan have been actively promoting film and VFX production through a range of policies to promote the respective states as AVGXR hubs in the country.

These initiatives complement our India delivery network, allowing us to efficiently scale high-end production, while benefiting from policy-driven advantages. The broader industry landscape is showing increasing kinds of revival with major streaming platforms, resuming content investment and tax incentives in the UK and France, spurring production volumes.

Coupled with rapid advances in AI, virtual production and real-time rendering, the global VFX system is entering a new era where Art and Technology converge like never before. Basilic Fly is uniquely positioned to lead in this environment. Our hybrid model, marrying creative excellence in global studios with the scale and efficiency of our India backbone, has created a differentiated value proposition that clients increasingly prefer.

Looking ahead, our focus under Vision 2026 remains clear. To scale offshore capacity, deepen technology integration, nurture leadership and talent and expand our global reach for diversified markets. Our ambition is to build a multi-location AI-enabled creative powerhouse that defines the future of digital storytelling.

This is an exciting and transformative chapter for Basilic Fly Studio. I thank our investors, clients and partners for their trust and our teams for their relentless, creativity and commitment in this journey.

And I would like to hand over to Gaurav, for his further comments.



Gaurav Mehra:

Thank you, Bala. Good afternoon everyone. Thanks for joining us today for our Earnings call. It's my pleasure to connect with you all to talk about the business and financial performance for H1'FY 2026 for Basilic Fly Studio.

Before I dive into the number, I would like to take your attention towards emerging landscape for the VFX and the key steps taken by Basilic to capitalize emerging opportunities and sustain industry challenges.

While on the one side, we do foresee the production going unprecedented level, the other side we do foresee on the overseas studio pressure on the pricing and on the margins. As the management briefly talked about in earlier discussions as well, there is a good volume and high momentum in the production across all production houses and production houses are going big bang for their spend for FY 2026 in overall.

We are taking few major steps to capitalize such emerging opportunities. To call out the major ones, we have strengthened our business development team significantly for our primary UK market as well as for targeted new geographies of North America.

Over the last one quarter, four well-renowned industry leaders got associated with us for the business development roles. Adrian De Wet and Teresa joined us in Los Angeles for North America market. Audrey and Mariana joined us for the London market.

Adrian Credentials, In his three decades of the experience, he was associated with a mega projects such as the Harry Potter, Matrix Reloaded, Hellboy Second, Goblet of Fire etc.

Teresa joined us as business development director for North America.

Audrey's signature projects are Mufasa:The Lion King, The Jungle Book, Alien, The Covenant.

Mariana joined us for the UK and Europe market as Business Development Director.

Moving on to the next point, we shared that our bidding volume reached to the level of GBP 40 million in our 8th October press release. We won 265 crores new winning in H1 2026 and delivered 15% already by now, rest is phased out for FY 2026 and FY 2027. Likewise, as Bala also mentioned, we have strengthened our upstream also by onboarding five industrial leaders across India and overseas.

Second major steps, We are driving capabilities, enhancement, efficiency and productivity by investment in technology. Phase 1 was successfully completed way back in March 2025. Phase 2, covering the development of the modular USD, that is universal scheme description for scalable, efficient and multi-asset interoperability is underway and on the track for completion by June 2026.

As we talk, we are unfolding the next phase of offshoring transition by building the Bengaluru branch, team already started the delivery with effect from October onwards.

I brief the financial updates now. I will share the standalone performance first, followed by the consol result detailing.

India's standalone result brief. India's standalone reported very strong results for H1 in terms of Y-O-Y comparison. India's standalone clocked the total income of INR 55.5 crores, Y-O-Y growth of 1.6x, last year was INR 35.1 crores. And this covers two thirds of last full year of the revenue in the H1 itself.

India's standalone reported PAT of INR 17.2 crores, which is Y-O-Y 1.6x and it covers 94% of the last full year PAT. Increased revenue and volumes are supported by better employee utilization and overhead recovery, driving increased PAT margins, PAT percentage of 31% for H1 2026. Revenue growth for India was driven by the new wins and better volumes from increased production by the global production houses.

Consol results brief: For the first half FY '26, the total income stood at INR 190.5 crores, making it 146% year-on-year growth. EBITDA rose by 107%, Y-O-Y to INR 38.7 crores, representing a margin of 20.3%, while PAT grew by 117% Y-O-Y, to the level of INR 26.8 crores, translating a margin of 14%.

Balance sheet key numbers brief.: Surplus fund position. QIP, unutilized fund reflects strong bank balance and surplus positions on September 2025, positioning Basilic Fly Studio to unlock next phase of growth by inorganic and organic expansion.

Subsidiary collections are on target. India also received approximately 16% of March '25 aged receivable. Old receivable recovery is slower to the target level as not all the foreign studios are back to the pre-strike levels, but we are making the gradual progress, and we collected 16% in the current financial year of the aged receivables. Consolidated DSO increased by 19 days in H1 '26. DSO is better in H1 year-over-year, but increase in HOH because of the revenue gap, which is because of the seasonality impact.

Now I will read out the financial results. H1 '26 consol financial results are: Revenue INR 109.5 crores versus INR 77.4 crores last year H1, growth of 146.3% Y-o-Y. EBITDA INR 38.7 crores versus INR 18.7 crores last year H1, growth of 107% Y-o-Y. PAT INR 26.8 crores versus INR 12.3 crores last year H1, growth of 117.1% Y-o-Y. PAT margin percentage, 14% versus 15.9% last year H1 dip of 189.

Earnings per share, INR 10.2 per share versus INR 5 per share last year H1, growth of 104.5% Y-o-Y. DSO, 92 days versus 190 days last year H1 reduced by 98 days. OCF, negative for the H1 '26, INR 17.1 crores versus positive INR 3 crores last year H1. Gap of INR 20.1 crores, primarily due to the peak revenue towards the end of the H1 results, resulting increase of INR 23 crores of "no due receivables". Overall, our financial trajectory is reflecting robust revenue growth and gradual margin improvements.

As we enter the second half, our focus remains threefold: restoring and improving subsidiary margin, maintaining cash discipline and liquidity strength, and driving operational excellence through automation and technology integration. Basilic Fly Studio stands on solid ground financially and operationally to sustain growth, enhance profitability and create enduring shareholder value.



Thank you for your continued support and confidence in our journey. We now look forward to an engaging discussion with all of you. Over to Kiran team for Q&A.

Moderator: The first question is from the line of Shikhar Mundra from Commercial LTD. Please go ahead.

Shikhar Mundra: Hi. Congrats on a good set of numbers. So, I want to understand why is there seasonality in this business? I mean, why should we expect the H2 to be much better than H1?

Balakrishnan: Hi Shikhar, this is Bala. If you compare H1 and H2, particularly around H2, that is where the major features get released around June, July, summer release. So that is where we will have much of work between, if you take January to April and mid of May, that is where we will have a bulk of these deliveries getting delivered for these movies to get released.

But by November and December, the Thanksgiving and Christmas holiday, it will not be much major feature, but there will be some level of mid-budget movies and episodes will be released -- would come in for a streaming platform during this time. So that is the reason H2 is always better because it really is very much clustered around for the summer release.

Shikhar Mundra: All right. Got it. And what kind of revenues are we targeting for H2? And what is the current order book we have, which is to be executed in H2?

Balakrishnan: Currently, we do have about INR 228 crores of outstanding wins. INR 267 crores is winning order, out of which INR 37 crores we have already delivered in the H1. And H2, we have a remaining INR 228 crores, which would be spilling over from until June-July.

Shikhar Mundra: Okay, and apart from this, I mean for INR 228 crores entire will be built H2 itself?

Balakrishnan: No, it would be spilled over by June-July, it would be spilling over the first quarter of next year as well.

Shikhar Mundra: Right, and so I mean, so we are aiming for a trophy around INR 200 crores of revenue in H2 itself, based on this book.

Balakrishnan: Sorry, couldn't get you.

Shikhar Mundra: What kind of revenues are we targeting for H2, which would be much beyond INR 200 crores then?

Balakrishnan: H2 we are aiming at somewhere similar and better than what it would be in H1. It would be much better, it would be better than H1.

Shikhar Mundra: I mean, so are we expecting new order wins as we go around, which will be executed in H2, because this current order book means we will be only matching H1. So, I mean, how are we sure of, doing it, I mean, getting H2 numbers significantly better than H1, that's what I'm trying to understand.



Gaurav Mehra:

I will take up that question, Mr. Shikhar. So, we are not saying that H2 will be significantly better than the H1. What Bala was saying, generally the VFX work across industry is higher in terms of volume in H2 versus H1.

Coming to how we look forward at the H2 performance, at this point of the visibility, if we go with the current run rate, we will very comfortably reach to the INR 400 crores as we clock INR 190 crores in the H1. With the new bids going on currently and the production scheduling is still getting finalized, we also expect H2 to be slightly better than the H1.

So, we expect to, we may fall into the range of close to INR 400 crores to INR 450 crores. That's the target, but we still strive for the original higher target of up to INR 500 crores.

Shikhar Mundra:

Got it. And one thing I want to understand, why was there not an increase in margins, bad margins in H1 compared to the H2 last year? Because I believe we have started offshoring the work already. So that synergy should start reflecting somewhere in the numbers. So why are we not seeing that increase in margins yet?

Gaurav Mehra:

I will answer it in two parts. So, when you see the increase in the margin, you should see the offshoring business is standalone financial. So, if you see a standalone financial margin, last year, full year, PAT margin ie: stands 24.5% to 25% to be approximately. H1, we stand at 31%. There is a significant improvement into the standalone margin. When you see the overall consol, it's a combination of overseas business and India business.

As we touch upon in opening remarks, in the overseas business, there is a pricing pressure as the production is coming up, but many of the studios do have the available capacity. There is some pricing pressure and we are building our business development team to come over to that, winning the more niche projects, which are better priced.

But as we talk about in the H1, there is definitely pressure. And that's where our overseas subsidiary margin has taken some sort of a shrinkage, which is impacting the consol margin. But it's very marginal. It's not material at all in my evaluation. So, we stand at the 13.7% versus 14.9% of the last year.

And as I said, that H2 is always better. When H2 comes, that will give the uplift in the better employee utilization, better overhead observation, and uplift the overall margin. I hope I answered your question.

Shikhar Mundra:

Yes, I have -- question answered. But with offshoring coming into picture now, let's say next year, I mean, what kind of improvement in margins we can expect for the whole company as a whole consol level?

Gaurav Mehra:

I think in the near future, we do foresee aim SA margin target it above 30% or around the 30% as a sustainable one. Because while we talk in parallel, we are doing the investment for the expansion that will offset to a certain extent. So in the near future, we see 30% PAT, which is a quite significant and from the industry perspective.

Shikhar Mundra: Got it. So but not a significant jump in margins, we see in the near future, I mean, even with the offshoring.

Gaurav Mehra: It can be gradually. As we are opening the Bengaluru branch, we will move the high-end role, which will also add a pie, but those all processes are gradual.

Shikhar Mundra: And how much are we planning to add in the Bengaluru sir?

Gaurav Mehra: Yes, that's going to be -- so the Bengaluru expansion, delivery has already been started from the Bengaluru team. And we expect it to be ramp up very fast reaching to the level of within the financial year 50 plus.

Shikhar Mundra: Got it, got it. And one last question. I mean, with this QIP fundraise already done. So are we working on some acquisition, which is an RVP? I mean, any timeframe for the same?

Balakrishnan: Yes, we are actively working on some acquisitions. Since we've been actively discussing with two to three players in the industry. And our main lookout is to diversify into North American market is one thing. And apart from that, not only traditional film and TV, we are also looking at immersive experience and advertisements for brands.

So that is an area where we wanted to cover with this new acquisition. So, these are the things, which we've been working on. And we are looking forward to find a suitable player out of these three who we are actively discussing.

Shikhar Mundra: Got it, got it. Thank you and all the best.

Balakrishnan: Thank you.

Moderator: Thank you. The next question come from the line of Viraj from MoneyGrow. Please go ahead.

Viraj: Hi, Bala, Yogalakshmi ji and Gaurav. Congratulations on fantastic results and meaningful progress since your IPO, three years ago. Couple of questions at my end. One is the Indian government has come up with incentives for VFX outsourcing into India. So, do your H1 numbers reflect any of this government incentive coming in? And is more expected or any expected in H2?

Balakrishnan: Hi, Viraj. This is Bala. We are exploring that. And so far in H1, there is not any incentive being included, which we haven't really explored or utilized in H1. But we've been exploring this with the core teams and trying to see and we are having some positive discussions around it where we can be able to utilize this one for our future income and revenues. Particularly, we are very well-positioned because this is for overseas IP particularly.

We have a rollout based out of UK and we have other contracts directly coming from the overseas IP content owners. So, in that case, we would be able to qualify, and which we would really practically be able to qualify.

Gaurav Mehra: To add on what Bala said it's hard to quantify the amount, Mr. Viraj, but as Bala mentioned, and as you know, that accounting for any incentive or the government grant is on the receipt basis,



not on the accrual basis. So, while we are into the advanced stage of the discussions with big 4 firms to take it forward, submit our eligibility, start the process of the evaluation, not necessarily we make that the grant will get credited into the H2.

Coming to the tune, it may -- with the current visibility, it may go to the size of INR 2.5 crores to INR 3 crores value on the annual basis. As we grow the offshoring, we are talking about Bengaluru expansion, we are doing the expansion in Chennai and, the amount will grow gradually.

Viraj: Understood. Secondly, Netflix is looking to set up a new VFX delivery center in Hyderabad. Is it a threat that they are one of your key clients?

Balakrishnan: Actually, we see this as an opportunity, because Netflix already has an office in Mumbai, in which – where we can set up VFX units there to run those projects in Mumbai. So, so far we have Netflix produced projects, original from Mumbai based originals, but now they are also focusing towards South Indian originals.

As also I mentioned in my commentary note, we are currently engaged in one of the projects, which is again a VFX initiative, their initial initiative to produce South Indian originals. So I think they are more focused towards the region-wise production, content production. So that is where we will be able to participate.

Viraj: This office could still technically outsource work to you, the Hyderabad office of South Indian production. Is that right?

Balakrishnan: Yes. Yes, absolutely, that is where we set our main focus on, Greenlighting projects, setting up the process and working with vendors.

Viraj: Understood. Why were operating cash flows weak in the first half? Was it a timing of collections issue? I think in the deck you alluded to a lot of these projects kicking off in July, August, September. So do we expect a meaningful collections in the second half of the year to reduce the receivable days, which are currently at 100, 108-odd? And meaningful operating cash flow for the entire year flows, FY 2026?

Gaurav Mehra: I will take up that question, Mr. Viraj. And I would also like to take your attention towards the slide number 26 remark in our investor presentation. So for the H1, we stand at INR 17 crores of negative operating cash flow. This is primarily because of the high volume happened towards the tail end of the H1.

As we talk mentioned, we stand at INR 29 crores of the debtor, which is ‘not due’ to the sale which has happened either in the start of the September or towards the end of the September. If you take out that INR 29 crore, in fact, from that increase then we will be actually positive compared to the negative number, that's what is driving the change.

Viraj: Understood. And how about your old receivables? The overdue receivables Bala, from the prior year, which we were working on collecting, that fully collected the old overdue receivables?

Gaurav Mehra: We made a good progress on that, Mr. Viraj. In fact, we have collected a sizable amount. I will not say very substantial, but a sizable amount into the current H1, approximately to the tune of 15% to 16% of the old receivables. It's coming gradually. I will say from the timing perspective, not as fast as we expected.

There are some timing gaps, but it's coming gradually. The positive news is, from our perspective, that it started coming, which was almost stuck earlier and they were saying that they cannot start immediately. We got a sizable amount of close to INR 8.5 crores in the current year from that.

Viraj: Right. So you say INR 8.5 crores is 15%. So how much is still balanced to be collected? And will this likely be done by year end?

Gaurav Mehra: No, I'm talking about what we have disclosed into the March financial. So if you see the March financial, we stand at close to INR 52 crores. That's the number I was talking about, 15%.

Viraj: Understood. So you have about INR 45 crores to remain, is that right?

Gaurav Mehra: From the old one. As I said, that it will come over gradually as we move forward, yea

Viraj: Okay. About INR 45 crores, which you're hoping to collect in the next, I don't know -- six to nine months, can we assume?

Gaurav Mehra: It's very hard to say for the timeline, but we are really pushing it very hard to make it happen as soon as possible.

Viraj: Understood. Understood, Mr. Mehra. Sorry, I have a few more questions if I can ask them, or should I get back to you?

Moderator: Thank you. The next question comes from the line of Chandra from Finavenue Growth Fund. Please go ahead.

Chandra: Hello.

Balakrishnan: Yes, Mr. Chandra, please go ahead.

Chandra: Good afternoon, sir. So I have just a few basic questions. So I wanted to understand...

Moderator: Mr. Chandra, sorry to interrupt. You need to increase your volume.

Chandra: Hello.

Moderator: Okay.

Chandra: Am I audible now?

Moderator: Yes, you are.

Chandra: Okay. So, I wanted to understand, so we operate in different verticals under the whole entertainment section also, like in films or in episodic contents and like in commercials. So I wanted to understand, what's the average project size and like, how has that evolved post the One of Us acquisition?

Balakrishnan: Yes, sure. Hi, Chandra. This is Bala. And in terms of value size for One of Us, I think for direct contract, any project size would range average size, be between £1.5 billion as a minimum range and a maximum range can go up to £5 billion to £7 billion at this current level per project.

And if you take from India's subcontractors at much lesser level, it would be between 250,000 to 100,000 as well for projects because you would be working on multiple projects with multiple clients in India. So that is how it would be very different with India comparison. But overseas, this is how the range is between 1.5 billion pounds to it can to 7 billion pounds.

Chandra: So, like I wanted to understand how many concurrent projects can we do across our infrastructures and like what's the utilization rate in the different geographies that you're operating in that is India, UK and Canada?

Balakrishnan: If you take in UK, there could be at least five to six projects that can go concurrently in UK. And in India, we would be handling over 35 to 40 projects at a time, which would be for multiple different clients for subcontract work and also direct work as well in India.

Chandra: All right. So, since we are operating under so many geographies, do we have like, let's say in the US or somewhere else, a popular representative of sorts or someone like can help us acquire better project?

Balakrishnan: Sorry, I couldn't hear you. Can you please continue

Chandra: Yes. So, we are operating in the whole western part of the globe. So I wanted to understand if you could shed some light on the fact, you know, like, if we have some sort of a BD team, or maybe like some sort of a popular representation in the West for our studios to really stand apart.

Balakrishnan: You mean business development?

Chandra: Yes.

Balakrishnan: Yes, business development, for example, we do have a creative directors in LA. And if you take Adrian De Wet, who came recently on board, he's operating out of LA, who has very much good connections with the studio side, like Warner Brothers, Walt Disney, Netflix. He has been, Adrian De Wet used to be a client for one of us earlier.

And since he's come onboard, we will have the high level connections across studios. And likewise, we have recently got Marianne Speight as well for London. And she also comes from a rich background, like she has worked in the past for companies like MPC, DNX, Ken Lin, Ken Lin again. And likewise, these kind of higher, bigger, larger studios. So they do have these connections.

And there is again in LA. So, we do have around six to seven strong team members across LA and London, who have close connections with bigger studio networks.

Chandra:

All right, that's great to hear. And what is our client retention rate across the different verticals that we're operating in? That would be, I believe, streaming, films and commercials. And is the retention concentrated in one of them or like do all our clients are equally retained throughout the segment?

Balakrishnan:

If you take client retention, it is the process where – for example, every other supervisors – is driven by supervisors and executives, and also the portfolio that we have delivered. That is the kind of portfolio that we have done in the past kind of projects. So based on which we used to have repeatedly, for example, Netflix, we have 50% of revenue this year.

And likewise, the past we have considerable percentage of revenue come from Netflix and like Warner Brothers, and Disney, all will come in very closely as well. So we continue to work on these high-end projects.

And also, in terms of retention, for example, if we are working on any TV, for that matter, we get to work on, for example, now we are working on a bigger project for Warner Brothers, where it is eight straight seasons.

It will go on towards eight straight seasons, which means eight years, where we will be getting to have an opportunity to work on all those eight seasons as well. So, this is the kind of opportunity that we get on to, and also as a retention, based upon the kind of contribution that we will start from season one. So where we will be taking each season. Hope that is clear for you?

Moderator:

Thank you. A reminder to all the participants, please restrict yourselves to two questions. The next question comes from the line of Mahesh, an Individual Investor. Please go ahead.

Mahesh:

Hello, hope you're doing well?

Moderator:

Yes, sir. You are audible to us. Proceed with your question.

Mahesh:

Yes. So, in your investor presentation, you mentioned that the negative OCR in H1 was primarily due to INR 29 crores of no due debt, right? So and demand picking up in August and September. I guess you even mentioned it in the call. But when I look at quarterly sales, they were similar in Q1 and Q2. And at the same time, receivables have also increased, like from INR 77 crores to INR 112 crores. Can you please help reconcile this? And also, does this effectively mean that you have additional receivables build-up of sanitary crores this half?

Gaurav Mehra:

So, Mr. Mahesh, when I was saying there's a INR 29 crores comparison, I was referring to the H1-to-H1 comparison compared to the March when you calculate the cash flow for the H1 period. There is a sizable amount of the non-receivable over the end. You're right, but our overall sales remain the same.

But if you see the India versus overseas, you will see more business in the standalone into the Q2 quarter. So, this receivable more belongs from the India business, while the overseas, they have their client as a premium client, Netflix, Amazon, where they get it paid timely. So, Q1 is more towards the overseas business and Q2 is more towards the India business, which has accumulated towards the end of the year. I hope that get it.

Mahesh: Right. Okay.

Gaurav Mehra: Yes.

Mahesh: So, I can see an increase in DSO also and build-up in receivables. So, I know that the industry is reviving and there's a strong demand going on, but it still seems a little bit concerning, like especially your company continues to operate with both debt and equity funding. So, could you please elaborate on your roadmap to like achieve consistent positive operating cash flow?

Because last year, I guess you did for the second half, you did the positive operating cash flow and your DSOs are also going up. So, how do you, -- what are you trying to keep it under control? And this is the industry flag with DSOs and receivables build-up, right? I don't want the company to go through the same thing. So, do you have any other focus on that?

Gaurav Mehra: So, there are two parts to this. And we should see it from the two perspectives, India business separate and the overseas business separate. So, if you refer to the DSO positions into the India business, where there was some kind of a big receivables was accumulated, there is a significant improvement and I'm referring to the slide number 38, which talks about the standalone DSO.

So, there is a reduction of 52 days DSO in the current half year as compared to the last half year March positions, as I said, we have recovered some sizable amount of either I compared to the corresponding last year. Now, the overall control DSO has been increased, we mentioned into the March, that March, we were able to push the customer and that the money, which was due into the month of April.

We were fortunate to get it received on the 31st of the March itself. So, there was a INR 30 crores – INR 40 crores better collection, which was kind of a no deal happening to the month of March and it improved the position for the last year. But there is a slight improvement into the India s, as I said, 52 is a very sizable number of improvement in DSO and the positive part is that those age receivables started coming gradually. So, we hope it should reduce here onward gradually and it may take some time, but it should be behind us in a way.

Mahesh: With the current total number of employees and the current resources which you have, considering the working capital required, what is the total amount of revenue you can generate in a given year, like, let's say working at 100% capacity. I know it's very difficult to put a number on that, but still, I just want to get an idea about how big the company is in terms of delivering works.

Gaurav Mehra: So, it varies from the period-to-period. If I take it at 100%, I think my mind broader number, we should be able to deliver in the range of the INR 550 crores to INR 600 crores.

Mahesh: Right.

Gaurav Mehra: I am talking about overseas and that all put together.

Mahesh: Right. Okay. Okay. Yes, yes. That's it. That's it. Thank you so much.

Gaurav Mehra: Thank you, Mr. Mahesh.

Mahesh: Yes. Thank you, Gaurav.

Moderator: Thank you. The next question comes from the line of Viraj from MoneyGrow. Please go ahead.

Viraj: Hi, is the company looking to execute an ESOP Plan for the Senior Management to create incentivization to generate value for all shareholders?

Gaurav Mehra: I will take up that question, Mr. Viraj. Definitely, we are evaluating that. Having said that, as of now, Board hasn't approved anything. We have already given some kind of the shares to our employees at the time of original listing and we always look forward for such participation with them as and when the strategy format. It's there in the management strategy, but as of now, nothing on the immediately on the payment.

Balakrishnan: And also, we are looking to evaluate this after our next level of acquisition.

Viraj: Sorry, can you repeat that, Bala? The line is terrible from the management side.

Balakrishnan: Is it clear now?

Viraj: No, the line is very bad. Sir, please go ahead.

Balakrishnan: Okay. I was just trying to say that we are also assessing this for our next acquisition as well. So, once we are closer to that and also when we accomplish that, we will be able to follow up with our ESOP plan for the overall.

Viraj: Sorry, I couldn't hear that at all. So, you all are planning to put in place an ESOP scheme?

Balakrishnan: Yes, yes. Planning it, but it will be at a different place.

Viraj: Understood. Sir, given the services nature of the business with fixed asset terms anywhere between 10 to 20 times, high growth that you're talking about and hopefully cash generative with the incremental receivables coming in, can you send the board or the company to consider putting in place a dividend and buyback policy?

Because the way I look at this, if your receivables come down and you deliver growth you're talking about over the next one to two years, not only will you generate a significant amount of cash to be significantly net cash on your balance sheet, and can you consider returning some of this cash to shareholder enhancing initiatives through dividends or buybacks?

Gaurav Mehra: Definitely, Mr. Viraj. We are evaluating that and we look forward to be in a position to do some distribution. Having said that, the proper focus remains at this point of the time into the

expansion. When I say that the money whatever we have raised, the QIP also, that the partial amount what we have raised the acquisition may be of a bigger size than the money allocated into the QIP funding and the rest of the M&A equity investment will be from the internal accrual.

Viraj: Understood. I appreciate that. Subject to the acquisition, and subject to you delivering revenue growth, and subject to you collecting receivables, is there incremental cash when you would consider a dividend buy and buyback policy?

Gaurav Mehra: Absolutely.

Viraj: Excellent. My next question is regarding the acquisition, Mr. Mehra, can you give us a sense of how large an acquisition would this be in terms of revenue range, even if you're giving a pretty broad range? Are we talking about acquisition of a company doing INR 50 crores to INR 100 crores top line, more? Can you give us some color?

Gaurav Mehra: We are evaluating multiple options at this point of the time, Mr. Viraj, and it ranges from the small ticket to the bigger ticket. So, what we are evaluating, what is the best enterprise value? If we use a smaller one, then definitely we look forward for another one, the size that we are talking about, that ranges into the range from close to INR 250 crores to the INR 400 crores range.

And it depends, as I said, that the larger size has a thin profit while the smaller size have the higher margin return. So we are evaluating those all in the parallel. Hopefully, we should have more visibility by the time we connect for the next quarter.

Viraj: Fantastic. My last question is, are all costs baked in to achieve this guidance of potential, INR 600 crores top line for your capacity without the acquisition in the next few years? i.e., do you need to hire any more employees or from here on, are we just talking about inflation-linked pay raises and the rest is really operating leverage based on higher scale?

Gaurav Mehra: That the INR 550 crores to INR 600 crores number, which I respond to Mr. Mahesh, that was from the perspective that with the current H1, we mentioned that in our H1, we do have some lower run rate for the overseas subsidiaries, which is kind of a, compared to the previous run rate.

As the run rate picks up, with the existing SLV target to achieve to the level of the INR 500 crores, and that INR 500 crores doesn't occupy 100% of the capacity. But the question was that goes to 80%-85% of the capacity, is taking that 100% potential, it can go to the INR 550 crores, INR 600 crores with the existing one without any further infusion.

Viraj: Understood. So, just to paraphrase, you can hit this INR 600 crores odd number in the next two years, potentially, with your current employee cost, which is around INR 112 crores for the first half, the next half is INR 250 crores for the year, and then INR 250 crores growing at inflation-linked 8% to 12% without any incremental employee hires. Correct?

Gaurav Mehra: Absolutely. In fact, we are to a certain extent protected with the inflation possibilities for overseas, where the inflation is not that high. And as you know, we have this under control.

Viraj: So, it will be lower than 8% to 12%.

Gaurav Mehra: Yes, lower than 8%.

Viraj: Excellent. Last question is your effective tax rates are 18% to 19%. Is this due to tax rebates, and is that likely to continue?

Gaurav Mehra: 18% you are referring that is for the consol.

Viraj: I'm talking more consolidation, yes.

Gaurav Mehra: Right. I will take up your question. I will answer it in two parts. The effective tax rate percentage for standalone business is 26%, which is as per the plan. For the consol, it is lower, as we said that for the UK entity, when we acquired, they had some earlier accumulated losses, which saves the tax liability. When you do at the consol revenue level, it reduces. Whatever the profit we are generating from the overseas one, they are not liable to tax liability because of the accumulated losses.

Viraj: Fantastic. And the last question is, you mentioned this INR 260 crores order bid book of which INR 31 crores are executed, INR 230 crores, Bala, you said by next June. So, let us say INR 180 odd crores by the year end, 2026. Plus, you will have your incremental regular businesses, just the order book business. So, you should be in a position to target INR 450 plus crores top line in 2026?

Gaurav Mehra: We are anticipating landing, as I said, in the range of the INR 400 crores to INR 450 crores. But internally, we target INR 450 crores plus only as we had the original target in the start of the year. There is some softness into the H1 to the earlier run rate that is how we look at that there can be some downsizing from the original target of the INR 500 crores. We should fall within that, very close to that range.

Viraj: Understood. And what is the current bid pipeline value apart from the order book of INR 230 crores?

Gaurav Mehra: There is a very sizable amount. We also share one press release on 8th October. So, we are sitting at a very high bidding value that goes to the bigger size of the 40 million GBP.

Viraj: Plus INR 480 crores, yes.

Gaurav Mehra: Yes. Keeping the finger crossed, if we got the bidding converted into within that, then the number can be changed materially. But it depends because they have that all biddings will not be unfolded within next one month or in a short period. It has a different scheduling, few are at a very advanced stage like that.

Viraj: Great. Thank you very much to all of you. All the best.

Gaurav Mehra: Thank you very much, Mr. Viraj.

Moderator: Thank you. The next question comes from the line of Chandresh Singh from Trident Growth Advisory. Please go ahead.

Chandresh Singh: Yes. Thank you for the opportunity first of all. So, my question is, for the modular UHD and other UHD techs.

Gaurav Mehra: There is some echo of your voice. Not sure if you can use the handset. There is some echo there.

Chandresh Singh: Okay. Just a second, sir. Am I audible now?

Gaurav Mehra: Yes, please go ahead.

Chandresh Singh: Yes. So, my question is, for the modular UHD and other tech-linked investments....

Moderator: Sorry to interrupt. Chandresh Singh, you sound muffled. There is some disturbance from your end. Mr. Singh, are you there?

Chandresh Singh: Yes. Am I audible now?

Moderator: Yes, loud and clear.

Chandresh Singh: Yes. Sir my question is, for the modular UHD and other tech-linked investments, what outcomes or efficiency metrics are you targeting by June 2026?

Balakrishnan: Sure. So, in terms of modular UHD pipeline, this is phase two of technology integration. This would allow us more of an India team, collaborate more seamlessly, that is to access formal assets and complex digital assets from London log stations.

So, it would help the team from multi-site to work on a common platform, and it would make things much easier. And it also helps the transition of work moving from London, Paris to India. So, that is why we started our Bangalore operation also from October onwards to make sure that we have our, again, phase of technology integration aligned to our team in Bangalore for the higher-end CG works.

And this would really help 15 to 20 percentage of savings internally, even with London as well as India overall as a group, and also help transition of more work from London, Paris to India for higher CG work.

Chandresh Singh: Okay. Sir, my last question would be, so, under vision 2026 and 2027, what milestones are you aiming for in terms of scale, margins, and global reach?

Balakrishnan: In 2026, for next year, we've been looking at almost actively working on towards diversification. In terms of diversification, we are looking at North American market for our acquisitions. So, that is where we've been focusing on building our market in North America and also apart from some high-end film and TV, we are also looking to diversify into advertisement and commercial to grow some experience.



And these are the inorganic areas that we've been working on. Apart from that, organically, we are looking at roughly between 25 to 30 companies, of growth, where we can take care of some organics based on all, our new areas are going to be global business development and also high-level creative directors, whom we have recently hired and which will help us to take up on more ambitious high-end projects, which would be able to achieve the 30% margin.

Chandresh Singh: Okay. Thank you so much, sir. That's it from my side.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Ms. Sakhi Panjiyara for closing comments.

Sakhi Panjiyara: Thank you, everyone, for joining the conference call of Basilic Fly Studio Limited. If you have any queries, write to us at research@kirinadvisors.com. Once again, thank you everyone for joining the conference call. Thank you, Bala sir. Thank you, Yoga, ma'am. Thank you, Gaurav, sir.

Gaurav Mehra: Thank you, everyone.

Moderator: On behalf of Kiran Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines.