



“Basilic Fly Studio Limited
H2 FY25 Results Conference Call”

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



Moderator: Ladies and gentlemen, good day and welcome to the Basilic Fly Studio Limited H2 FY25 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Chandni from Kirin Advisors. Thank you and over to you mam.

Chandni: 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, Mrs. Yogalakshmi, Whole Time Director and President of Business Strategy, Mr. Gaurav Mehra, CFO, Mrs. Swati Sharma, Company Secretary & Compliance Officer.

Now, I hand over the call to Mr. Balakrishnan. Over to you.

Balakrishnan R.: Thank you Chandni. Good afternoon, everyone. This is Balakrishnan, Managing Director and CEO of Basilic Fly Studio Limited. It is an absolute pleasure to welcome all of you to Basilic Fly Studio's earning call for the year. On behalf of our leadership team and all of BFS, thank you for joining us today and for your continued interest, confidence and partnership in our journey.

Basilic Fly Studio began as a creative spark in Chennai and has since evolved into a global visual effects powerhouse with operations spanning not only within India but globally to UK, Canada and Europe as well. We are now delivering world-class digital storytelling across borders. What makes us unique, is not just our scale but our deep-rooted commitment to creativity, innovation and collaboration - principles that have shaped everything that we have achieved this year.

And truly, FY25 has been a transformational year for us. We have seen immense growth, not just in size, but in ambition, in capability, and in our creative reach as well. We have worked on some of the most exciting content across feature films, OTT platforms and high-impact commercial projects. Our global team of more than 800 passionate artists delivered thousands of shots with exceptional quality and speed. We welcomed new clients, deepened relationships with leading global studios and also reaffirmed our position as a trusted creative partner across the VFX landscape.

One of the most defining moments this year, was a successful collaboration of One Of US Limited - an award-winning VFX studio based in London, known for its premium high-concept work on projects. This acquisition has given us access to deep creative firepower and also a seasoned team of 350 plus artists along with a legacy of excellence and a prestigious client base. But more than that, it is a union of shared values - where world-class artistry meets smart global execution.



This partnership has amplified our ability to deliver large-scale, complex work across continents, while optimizing for both quality and cost through our India-led production as backbone.

I see, VFX industry that's rapidly evolving and full of promise, despite short-term global headwinds. While recent global disruptions created temporary setbacks.

The industry is now on a strong recovery path, supported by rising demand for high-quality visual content. As per E&Y report, industry is now poised for strong recovery, with projections indicating a 13% CAGR through 2027, reaching INR147 billion. India is firmly establishing itself as a global hub for VFX and animation outsourcing, much like it did in IT services.

With over many hundred VFX studios, a growing pool of skilled talent and government-backed incentives, we are increasingly leveraging advanced technologies like AI, VR and cloud-based workflows into our systems. Our global partnerships and diverse client base allow us to stay agile and ahead of trends, as demand rises for immersive, culturally resonant and digitally-driven content worldwide.

Global content Production is surging and Basilic Fly is strategically positioned to capitalize. Today, there are 296 film and TV productions ongoing worldwide, signaling continued momentum and demand across the content creation ecosystems. Notably, 72 of these productions are currently being filmed in the UK, underscoring the country's continued importance as a global production hub. What's especially relevant to us is the growing number of high-budget projects.

Across the globe, 34 productions are being currently made with budgets exceeding USD100 million, Of these, 14 are being filmed in the UK and France, two markets where we have a direct and growing presence, especially through our acquisition of One of US and our expanding network in France. The number of films started principal photography in UK during the first quarter of 2025 was 37, with the production spend of £632 million pounds and this is nearly three times the £211 million that was reported for Q1 2024 production as per BFI reports.

There were 15 inward investment films in production in Q1 2025 with the UK spend of £592 million, which is 94% of the total UK production spent on film. In total, there are 47 productions with budgets over USD20 million dollars currently underway in the UK and France alone. These are precisely the kind of projects that demand world-class VFX and scalable delivery-capabilities that Basilic Fly is uniquely positioned to offer through our integrated global production model.

This data reinforces the broader trend, the premium content pipeline is not only alive and well- it is accelerating and our positioning allows us to be a key creative and executional partner in this evolving landscape. Looking ahead, we are entering an exciting chapter of strategic expansion and capability enhancement. Our roadmap is bold and global. With operational hubs now well established in Chennai, Pune, London, Vancouver and Paris and our global presence continues to deepen.



Our sales pipeline has grown and growth isn't just a reflection of opportunity in the market, it's the result of our consistent execution, trusted relationship and a relentless drive to raise the bar in everything we do. We are also investing deeply in future-proofing technologies. At Basilic Fly, we believe the next revolution in VFX lies at the intersection of creativity and technology.

We have already embedded smart workflows powered by real-time cloud collaboration, modular infrastructure and AI-driven tools that automate few tedious and repetitive tasks, accelerate rendering timelines, and optimized resource allocation. Our artists are now empowered to focus more on the creative core of storytelling while our systems handle the scale and speed that modern content demands.

This tech-powered transformation is not just about efficiency- it is about unlocking new creative possibilities and delivering with precision, pace and imagination. As part of our vision 2026, we aim to become a fully integrated, global VFX powerhouse - known not just for execution but for leading the industry in innovation, storytelling excellence and delivery at scale. We are building a studio that is as adaptive as well as ambitious, ready to shape the future of visual effects across every screen and every story.

We are planning to setup an AI lab in collaboration with teams in the UK and India, leveraging exceptional cross-border talent. This initiative aligns with the recently concluded UK-India trade agreement, enabling us to benefit from R&D incentives while driving innovation in VFX and production technology.

With that, I will now hand it over to our CFO, Mr. Gaurav Mehra, to walk you through the financial highlights for the year.

Gaurav Mehra:

Thank you Balakrishnan. Good morning everyone. Thanks for joining us today for our annual results earnings conference call. Glad to connect with you all. It's my pleasure to share with you our robust financial performance for the H2 and full year of the FY25, a year that marked a transformative phase in our growth journey.

Before I jump into the numbers, I want to take your attention towards management updates shared earlier in our connect for Arihant Capital call conference in the forum named "Bharat Connect Rising Star of 2025", around the March end. Basilic management shared the bumper surge in industry demand and also in Basilic order book after the writer strike.

We got an unprecedented increase in our order book by ₹80 crores or 40% during the period of November 2024 to the January 2025, reaching our UK subsidiary order book to the level of 300 crores. We are happy to share that ~ 50% or ₹165 crores of that order book has been delivered successfully on schedule by May end. 37% of it or ₹110 crores was accounted till March '25 in financial.

As we speak, our delivered order book has been refilled with new wins and at the end of the May 2025, our UK subsidiary order book stands at ₹290 crores, including old and new wins all put together. This order book is scheduled for delivery-large part during the period of July to September 2025 & some parts in Q1 2026, and Q3 2026. Our April and May deliveries are on average monthly run rate of ~ ₹ 35 crores to 40 crores per month.



Now, let me start with full year consolidated Financials first:

Revenue updates: Happy to share that your company had outstanding growth of 3x in our console revenue for FY 2025, reaching to level of ₹306 crores from last year total revenue of ₹106 crores. Timely delivery of won order book played a major role to achieve these level. We are thankful to our customers and investors for their confidence in the Basilic Fly and One of US. Basilic management is committed to maintain consistency in delivering our services with quality & on schedule, every time in future as well.

Moving on to the EBITDA updates: This robust pipeline and packed delivery schedule helped us to improve the resource utilization, leveraging benefits of scalability, growing the margins of the UK subsidiary “One of US”, delivering console EBITDA growth of 20.1% YoY. We clocked EBITDA of INR 62.7 crores in FY 2025 vs INR52.2 crores last year.

PAT updates: Our PAT for FY 2025 stands at INR 45.6 crores against INR36.5 crore last financial year, a YoY growth of 24.8%. We also had an exceptional expense of INR 4.03 crore related to merger and acquisition and due diligence in FY 2025. Taking off such one-timer, adjusted PAT for FY 2025 stands at INR48.6 crore reflecting a growth of 33.1% YoY.

Moving towards the standalone and subsidiary margin updates.

India standalone margin percentage updates- PAT percentage is 24.2% and EBITDA percentage is 37.3% for FY 2025. While 37.3% EBITDA margins are the healthy margin but both these percentages are lower by 10.8% and 12.8% in YoY. FY24 PAT was 35.1% EBITDA was 50.1%.

Downsize in the percentages is led by increase of other expenses percentages while employee expense percentages remain flat YoY. Other expense percentage increase is primarily due to the lower revenue impacted by the industry strike while the “Other expenses” value is almost same in YoY which is INR23 crores versus INR24 crores in the last year.

This is the impact of scalability not realized fully in the current financial year due to lower demand for offshoring which has been offset by the uptick taken into our UK subsidiary.

UK subsidiary “One of Us” margins improved significantly contributing to the console margins. PAT margin of 6.2% and EBITDA percent of 11% in H1 increased to 12.6% and 15.3% in H2.

Improvement in margins are driven by higher resource utilization due to increase in order book, more offshoring work & taking cost arbitrage advantage for IT related cost. We expect the gradual margin improvement to continue in FY26 with focus on offshoring, tech integration phase -one already completed.

Moving to the next point, we made **significant improvement in DSO** at the console level while India DSO is still high and may take time for another two quarters to reach to the pre-strike period levels. Our console DSO - days sales outstanding improved remarkably to 78 days



from 122 days in the last year. This was possible due to the better payment terms at UK subsidiary with premium clients of Netflix, Amazon and Sony.

In total, India and UK put together we collected INR 280 crores in FY25. For UK, generally outstanding is at the level of the ₹30 crores that is approximately one month sale. But for March 2025, we were able to receive some large payments falling due on 2nd April within March itself, leading to better collection positions for the UK and the console.

Moving to the India standalone, India standalone including the intercompany debtors still stand at INR 86.5 crores including INR 21 crores inter-co receivables. India collections are improving gradually & collecting all old dues may take time till the September '25 or partially it may spill over to the Q3 '26. Important to note, India standalone H2 '25 collection stands at INR 27.1 crores versus H1 collection of INR 22.9 crores, **increase of 18%.** **In current year,** we have already received another INR 18 crores in the month of April and May for India outstanding that is **almost 80% of last year H1 collection.** We expect much better collection in the H1 '26.

Moving to the debt position, we ended the year with a net debt of INR 8.4 crores compared to the cash surplus of INR 40.3 crores last year. Major part of the surplus was used as in-house contribution for the subsidiary acquisition and rest has been utilized for increased working capital due to delayed collection from India outstanding debtors. We do foresee gradually improving position for the India as well as collecting INR 18 crores as I said in the month of April and May. But to completely recover that all the dues, it may take time till September '25 or maybe some spillover into the Q3 '26.

As a significant collection by UK subsidiary, our console cash flow from the operations turned to be positive at INR 9.6 crores versus INR 28 crores negative in the last financial year primarily due to the aged debtors only.

Moving on to the next point, now I am turning to H2 **financial performance** which underscores the momentum, we have built. Revenue for H2 stood at INR 228.7 crores a staggering 324% growth over the same period last year, largely driven by the integration of our UK based subsidiary, named One of Us.

Our EBITDA came in INR 44 crore, up by 56%. Adjusted PAT for the half year stood at INR 36.3 crores registering over 105% growth. Margin percentages at Consol level have moderated due to the consolidation of the international operation. As we move towards more offshoring work delivered from India, console margins will gradually improve in the next FY '26.

With the robust demand for India and UK, we expect resource utilization to be much better in FY 26 for the whole year. Tech integration and tech upskilling are other major initiatives to drive India as global delivery center to contribute the console margin materially better in FY 26 and onward.

Moving to the next point-



We delivered a strong financial performance this year driven by the successful execution of our strategic priorities and disciplined operation. Our growth was powered by expansion of our global footprint and seamless integration of our international acquisition. We also improved our internal efficiencies and continuously strengthened our collection process, which is also helping us to generate better cash flow and manage our working capital more effectively.

This performance re-affirms your management commitment toward resilience, scalability, and readiness to lead in evolving global VFX landscape.

We expect next year to be a landmark year for the VFX industry as well as for us. With steep surge in the demand after writer strike.

- Big production houses like Netflix announced large spend budget of \$18 billion for running year of 2025. UK films and high-end TV spend reached almost to the \$7 billion in 2024 giving the VFX work in the 2025..
- ✚ Morgan Stanley, investment management are investing into the VFX studios first time which is again reinforcing the industry growth potential.
- ✚ Tax incentives fueling the production - UK, France, Canada, Abu Dhabi & India, all the governments are giving the higher incentive to boost the VFX industry.

Keeping the fingers crossed but with the current run rate we expect to land in the range of 450 crores to 500 crores by the end of FY26.

It is important to note that VFX industry revenue monthly phasing is highly dependent on the production schedule, and it is not the likely pattern of a straight line likewise in the IT industry where we have the fixed monthly billing. Quarterly phasing may fluctuate from the average run rate both upside or downside as and when the production schedule moves for earlier or later.

Thank you very much for listening to us patiently.

Now I will request the operator to open the Q&A queue. Over to you Kirin advisory team.

Moderator: Thank you very much. The first question is from the line of Shikhar from Vivog Commercial Limited. Please proceed.

Shikhar: Hi, so congrats on a very good set of numbers. So, what kind of guidance would you like to give for FY26 in terms of revenues and PAT margins?

Gaurav Mehra: I will take up that question. This is Gaurav. Thank you so much Shikhar for your greetings. As I mentioned in my remarks, so with the current run rate, we expect to reach to the level of the INR 450 crores to INR 500 crores in terms of the top line and we expect our margin also to increase gradually from the current levels as we do more offshoring.

At a high level we expect the margin to improve in the range of the 2% to 3% as we are done with the tech first phase completion and we have more opportunity to take work to India making the global delivery center.



Shikhar: Got it and what is our order book currently because I believe like we have executed a lot of our order book which we had on October of INR 300 crores around we might have executed around INR 200 crores. So, what is the order book currently we have as on date?

Gaurav Mehra: So, the order book last published was INR 300 crores around end of the Jan 2025. If I talk about by the end of the May, we have executed successfully 55% of it which is INR 165 crores. Out of this INR 165 crores, INR 110 crores, 37% was executed and accounted by the March '25 itself which has helped us to achieve the INR 306 crores number.

If I talk about where do we stand as if now, We are winning the new orders and at this point of the time our order book stand close to INR 290 crores for the UK subsidiary and few big deals are in the pipeline. Keeping the finger crossed, if that materialize then we as I mentioned we expect FY26 may be a landmark year for the industry as well as for us. Lot of players, either you see the Netflix eOr UK TV, there is a huge spend going on by all the major production houses. So, we expect this order book to increase gradually.

Shikhar: Got it and one question I have for the consolidated employee cost for this half was INR 160 crore and for standalone I can see a cost of INR 13 crores which means our UK subsidiary is incurring the cost of INR 137 crores for 6 months so that roughly works out to be around INR 20 crores to INR 23 crores per month. So, is that employee cost that high in the UK subsidiary?

Gaurav Mehra: To give you the understanding about both the entities ,we are very cautious on managing the cost and if you see even with the downsize in the top line our employee cost to the revenue for India remains in the same range i.e. close to 30%.

While the employee cost is higher into the overseas. As you know that we are placed into the London and France. You may already know that cost of living is highest in London and the resource cost is really high there. We are working towards the strategy, how we can balance the required skill set versus the volume that can be delivered from the India.

As I said that the technology integration of phase 1 has already been completed and offshoring work has already been started. We Will have bigger pie of the offshoring in coming financial year compared to the previous year. There is a huge scope to increase offshoring. With the surge in the demand, we have close to 350 headcounts in our UK subsidiary. So currently our focus is to make sure that the delivery goes on schedule because as the first priority. FY'26, we will work to drive more offshoring work.

Shikhar: Okay, got it. And how much of this is permanent employees and how much is contractual out of this? If you can give me a split between the INR 150 crores, like how much of it was from employees on payroll and how much is from contractual work which we are?

Gaurav Mehra: So, I will answer this into the two parts. As far as the India is concerned, our majority of the workforce remains on the employment barring the few on contractual or freelancer during demand surge.



Coming to the UK, I think it's a mixed culture in there so we may have in ballpark, close to 20% to 25% on the contractual, rest will be on the employment. I'm not sure of 100% of such numbers & Maybe Balakrishnan can add something to that.

Balakrishnan R.:

Yes, usually the quantity would be on a permanent contract and likewise we do have a junior to mid-level artists on a contract basis. The numbers which are mentioned by you would be on contract. Where & whenever there is a demand surge, we used to have contracted workforce. And moving forward that is our plan that whenever there is surge in demand & need to increase more contractors, the work would be shared between India and the UK

And due to the sales pipeline surge that we see in the future, we will have more work that would be a shared between India and UK. And to add, to what Gaurav previously mentioned, the first phase of the Technology is completed. We have recently worked out a technical integration, which means our artists from India would connect directly to the cloud missions in London, which will allow lesser hassle in terms of sharing files and work share between India and London which would be more seamlessly. Our artists would be working on the machines just like how the London team would work from the London workstations, so which would really enable more of these work can be seamlessly done from India moving forward in the future.

Shikhar:

Got it, thank you and all the best. Thank you

Moderator:

Thank you. The next question is from the line of Nishil Marfatia from Marfatia Stock Broking. Please proceed.

Nishil Marfatia:

Yes sir, good afternoon and congratulations on the excellent numbers. Sir I have a few questions that looking at the balance sheet that debtor outstanding was INR 77 crores in the consolidated basis. Can you give light on what were the outstanding more than six months out of this? And the collection amount after the March period in April, May you have recovered and the expected recovery we expect till the first results are declared by September?

Gaurav Mehra:

So, to answer your question Mr. Marfatia, the number stands close to INR 47 crores-INR 48 crores, which is more than the six months debtor receivables. Having said that, as a heads up in my commentary, our collection started coming more from the H2. If I compare my H1 versus H2 collection,H2 collection is approximately 18% more than the H1 collection. In total amounts to INR 27 crores versus INR 23 crores in the H1.

Now if I talk about running trend, current two months of April and May, we have achieved 80% of the H1 collection. We already received close to INR 18 crores in the first two months. Because now the demand is surging, so once foreign studios start delivering, they are collecting the money& the the wheel is moving and it is turning back to the older levels slowly.

Having said that, I think, it may still take some time to collect all the old dues for India It may happen even in the earlier. Earlier given the guidance was that it should be collected by the end of the September but seeing the first two months momentum, we are more optimistic than earlier, keeping the finger crossed.



Nishil Marfatia:

Right sir. So that's good and another thing, that the margins are standalone by 35% it was the same as to last year. One of US margins have improved significantly from first half to second half. Can you give projections on what will be the margin for the current year, for the domestic as well as standalone as well as "One of US" margins?

Gaurav Mehra:

Sure. So, if I talk about the standalone, The PAT margin for the full year is 24.2% versus 35.1% in the last financial year. Now it's worthwhile to note, that this margin is not because of any increase in the cost. If you see the percentages of the different components, our employees cost is still in the range of the 30%. This 10% dip into the PAT is entirely coming from the "other expenses" bucket.

If you compare the "other expenses" bucket in absolute value, It's almost same value across both the years i.e. in the range of INR 23 crores/ INR 24 crores in the last year as well as this year. But when we see that as a percentage of the revenue, it will show higher percentage of the expenses because the revenue is at the level of INR 74 crores compared to the last year of the INR 106 crores.

"Other expenses" carry large part of our fixed cost-Either the IT cost, or the facility cost. those kind of the costs. So largely such costs remain same & we have to absorb full cost for the interim low demand period. May be in the coming H1 as we see that the demand is surging up, we should be able to achieve the earlier margin % for the India level as well.

Coming to the One of US, it has shown a significant increase into the PAT %. PAT % for the H1 stands @ 6.2% which has gone to the level of the 11% PAT and close to 15% EBITDA for FY basis, which is a result of more offshoring work which has happened because of the technical integration we are doing to gain cost arbitrage.

There are a lot of IT costs which can be managed from the India which are at the more competitive rates in the domestic market than the international market. These kind of the initiatives have already been started. On resourcing front, there are Roto and Paint & Prep, where majority of the work has already been transferred. Because this has happened gradually across the years, full benefit might not have reflected in FY'25.

While we look at the 6% becoming the 11%, is a significant increase in a six-month period. In the coming year we can further improve it, as the offshoring keeps increasing. But our current focus is on the timely delivery of the demand. As I said that we have delivered close to 55% of the order book of INR 300 crores, so the current focus is to ensure the customer experience level remains intact than to focus on the cost savings. Wherever there are low hanging fruits, that has already been materialized & we will take that next level gradually in the FY26.

Nishil Marfatia:

Right and sir any guidance for the current year top line, bottom line , if you can share it?

Gaurav Mehra:

I will say, with the current run rate which should be landing close to INR 450 crores to INR 500 crores in terms of the top line. We are investing for strengthening our Talent. We had some Senior hirings into the sales team & other roles who are the industry veterans, who should be able to propel the sales engine more steeper.



With the current run rate, we expect to reach 450 to 500 range and as I said our margins depend upon the more offshoring work which we expect to improve 1.5% to 2% comfortably and if we are able to materialize our next level of that technology upgradation which is currently going on>

Nishil Marfatia: Thank you, thank you very much sir. And thank you for the great results, Gaurav sir, Balakrishnan sir and everybody. Thank you very much.

Moderator: Thank you. The next question is from the line of Viraj from Moneygrow. Please proceed.

Viraj: Hi, Bala, Yoga, Gaurav, fantastic results and congratulations on the great deck. I wanted to check for the UK consolidation in FY '25, have you consolidated for 6 months of the year, including for employee costs or is this a full year consolidation?

Gaurav Mehra: I will take up that question Mr. Viraj. Thank you so much for your words. The consolidation happened by the end of the July. So technically FY '25 carry 8 months of the financial, of the acquired entity as per the accounting standard.

Viraj: Understood. Sir, so now are you fully staffed for a INR 500 crore top line? I mean given the employee cost massive jump can you achieve this INR 450 crore, INR 500 crore top line similar to lower employee cost expenses?

Gaurav Mehra: Employee increase has already happened Mr. Viraj. As I mentioned that the focus and the expectation at this point is which VFX can deliver on time with the quality. By the time we acquired our UK subsidiary One of US, they were into the range of close to 290 to 300 employee strength. With the surge in the demand they currently stand at the 350 headcounts. Similar thing has happened in the India. India headcount has also increased by close to 15% to 20% to deliver higher volume.

And in India it is more happening not only through the employee mode but also via networking freelancers and the contractors which cost goes into the "other expenses". We are well equipped, but as the demand goes high there will be further increase into the workforce to meet the demand.

Viraj: Understood. So, if you have to deliver this INR 450 crore to INR 500 crore top line with limited increase in the employee benefits spent, given that most of the employees have been hired, including UK integrated you should start to see meaningful operating leverage play out at the PAT level right?

Balakrishnan: Yes, absolutely. And to add to what Mr. Gaurav mentioned, we've also worked on with our leadership levels, as well we've recently hired some of the key members into our team that is Head of Studio in India and likewise we recently hired a General Manager for UK operation, Sal Umerji whoe comes from a very high level background of 15 years of experience. He has worked more towards integrating UK and India pipeline in the last 15 years He has very vast experience in that operational level.



And likewise we've been working towards various other processes as well, so to which we will have more collaboration between India and UK, and likewise we'll have more growth in both these locations, especially as we see increased demand and more projects coming in.

Gaurav Mehra:

Just to add on to the Balakrishnan's point Mr. Viraj, if you see, our UK subsidiaries PAT stand at the 6.2% in the H1 that has gone to 11% for FY'25 which is the result of key factors as mentioned. So if I talk about our entire workforce it can be split into the three parts ,something called Rotoscope, Prep & Paint & Composition. First #2 are the capabilities already existing with us and a large part of such streams offshoring has already been moved to the India. Now for these two extremes we stand close to 85% which is delivered from India and may be 10 to 15 supervisors remain from there.

Coming to the other stream i.e. composition, which requires some tech upskilling as well as the technological integration. Those initiatives are in the pipelines and as the tech integration & tech upskilling happen, those roles will also added.

Apart from those role movements, there is good surge in demand that has happened into the UK, There was ~ 40% increase, an unprecedented increase in our order book happened during last November to January. And to delivery ~ INR 165 crore in a period short span of the 5 to 6 months, we have hired few people in the UK as well. So, we do have the opportunity to do more offshoring and to improve the margin and that's the focus for FY '26.

Viraj:

Understood. If I may ask one more question and then I'll come back.

Gaurav Mehra:

Sure.

Viraj:

What was the consideration we paid for the One of Us buy that was a primary infusion into that business and what has been the payback so far?

Gaurav Mehra:

I think the payback being so good. If you see our cash flow, It reflects that on a net it has gone from INR 32 crore – INR 33 crore and that's the net off of the cash lying with the acquired entity.

In terms of the payback, I haven't calculated the exact number& may be will come back to you on that.

Viraj:

Just so I understand, we paid INR 42 crore the primary infusion into One of Us that was our consideration and how much has One of Us generated in EBITDA in FY '25 for us?

Gaurav Mehra:

Yes. I think it's 11, so if you take INR 228 crore that will be I think 18 of our total 45.

Viraj:

So, it should be less than a 2-year payback at the bottom?

Gaurav Mehra:

Yes

Viraj:

Okay. Thank you. All the very best. I'll come back



- Moderator:** Thank you. The next question is from the line of Sahil Raj from Samdareeya Capital Ventures. Please proceed
- Sahil Raj:** [inaudible 0:42:15]
- Gaurav Mehra:** Sahil, your voice is very feeble, can you please avoid if you are using any handset or speaker, so that we can hear you properly.
- Sahil Raj:** Sir, I wanted to have one question. Can we scatter to quarterly updates going ahead, is that possible?
- Gaurav Mehra:** We are working towards that Mr. Sahil. We are a SME so technically we are supposed to publish 6 months periods, half yearly result. We are working towards that. We are exploring and evaluating that how we can move towards that.
- Sahil Raj:** [inaudible 0:43:12]
- Moderator:** Mr. Sahil, your voice is cracking.
- Sahil Raj:** I wanted to say that with the kind of volatility in the VFX space, but still Basilic has done very well, so because of that I only have asked for this request.
- Gaurav Mehra:** No absolutely with you, as I said that from the management perspective also we are exploring and evaluating that how to move towards that, but we are taking the step by step journey. So very soon we will update you on that aspect.
- Sahil Raj:** And any plans for fundraise this year, sir?
- Gaurav Mehra:** I wouldn't say anything immediately, but as the opportunity comes, we are always exploring that the right balance of the investment versus fundraising.
- Sahil Raj:** All right, sir. That was my question. Thank you.
- Gaurav Mehra:** Thank you.
- Moderator:** Thank you. The next question is from the line of Jenil, an Individual Investor. Please proceed.
- Jenil:** Yes, hi. A very good afternoon. Congratulations for the result. So, I have few questions, the first one, are we looking for any future acquisition like One of Us in the coming financial years anytime soon.
- Balakrishnan R.:** Good afternoon. And in terms of future acquisition, we are not actively looking into anything as such. But if there is any value that comes in, is there any, if there is any proposition of any partnership that comes in with any attractive value as it develops then, we would be looking for.
- Gaurav Mehra:** So maybe just to add what Balakrishnan mean is that there might not be anything been identified and already clocked. But as a growth strategy, we always look forward for further expansions with the right valuation. So that remains a strategy, but as Balakrishnan mentioned that nothing



on the table at this point of the time, but management always look forward for the inorganic growth.

Jenil: Okay. All the best for the same. And I wanted to ask, can you just -- I was going through the balance sheet, can you explain me the amount of goodwill that is there in the balance sheet. Can you like just give the breakup or explain about the amount of goodwill in that?

Gaurav Mehra: That's essentially related to accounting treatment — specifically goodwill accounting — where the difference between the net worth and the purchase price is calculated. That's the basis of the calculation, and that's the visibility I can currently share with everyone

Jenil: Okay. Got it. And like giving the operating cash flow expected in current financial year and the debtor days for One of Us India separately, can you give us for both of them the debtor days and about the cash individually, standalone?

Gaurav Mehra: Absolutely. So, as I said that we started the year with the good collection for the first two months, keeping the finger crossed if it goes as per the expected schedule then it might be in much better position. But we are expecting that all the old collections to happen by the end of the September or may spill over in the next quarter for the India.

As far as our foreign subsidiary is concerned, as I said that they deal with premium client of the Netflix, Amazon, Sony. Some time they even pay before the due date, as I said we were great for the customer support that we were able to get March collection within the march itself which was falling due during the 1st or 2nd April. So that really helped to uplift the operating cash flow and managing the debtors days . But as far as larger parts concern, UK, those are always on track and we have a credit terms of close to 30 days, so those all payments come on the time.

Jenil: Okay. Got it. And can we see the ROCE and ROE improving in the next financial year?

Gaurav Mehra: So that depend upon the PAT and all --what I have given you the guidance that we expect the margin to improve gradually as we will be able to do more offshoring work.so that should increase gradually We have captured that the current ROE that in our investor deck as well.

So as we talk for the FY '25 our ROE stands at 28%, which is in my mind good ROE from the industry perspective and ROCE stands at 23% which was even higher with the earlier year, now with the more capital infusion and having an onshore entity so ROE stands currently at 28%, which is in my financial acumen it's a very good percentage.

Jenil: So, if we expect the top line to go 450 to 500 as we are expecting, what can be the ROCE and ROE if we achieve the expected numbers?

Gaurav Mehra: We haven't worked , that maybe we can share offline once we have worked on it. We are working on the next year detailed plan, once we have worked out the detailed plan, probably we can talk in the next Quarter.

Jenil: Okay. Got it. That was all from my side. All the very best for the future.



- Gaurav Mehra:** Thank you.
- Moderator:** Thank you. The next question is from the line of Yash from Vivog Commerical. Please proceed.
- Yash:** Yes. Congratulations for good set of number. I have two questions. Basically, I want to know about the current industry situations and the outlook if you give any guidance about that. And second is I want to know that you are saying we will have a shift of work from UK to India, so how and what will be the cost benefit of that.
- Balakrishnan R.:** Thank you Mr. Yash. To answer to your question, the industry itself was going through a tough situation through last 2024finance–calendar year of 2024.To that our plan is to invest in One of US has worked for us really well based upon the kind of proposition because the industry less work going around and likewise with overseas companies working on lesser cost and discounted rates. Work is coming into India became much lesser..
- So, with overall synergy between us and One of Us we really make sure that it really worked out well. Cost efficiency which is taken care by India and the delivery capabilities done from One of Us has increased rapidly because of the strong talent across both India and the UK. This has really enabled us to navigate the situation really well through the last year. Moving forward I think that is another question is how what's the plan for us in 2026?
- Yash:** Okay. And next like our, work shift from UK to India cost benefit regarding that?
- Balakrishnan R.:** Sure. Yes, I think we mentioned earlier as well about technical integration which we recently worked out. Over the last 6 months we've been working predominantly with file transfer between London and India which only enabled us to work on 13 shows last year, particularly with the 2D departments. However, for other disciplines, we faced challenges due to limitations in transferring large files and workloads between the UK and India.
- But now, with the technical integration in place, which will enable more work either be compositing or CG, between both London and India. Because our artist from India are now remotely logging into the cloud, the machine in London through cloud workflow through which it is more seamless now And also we have a London-based VFX supervisor operating out of India as well, which will enable more of these transfers between London and India.
- And we are not only focusing towards the collaboration or the offshoring work between London and India alone, but we are also trying to develop and grow the organization as a whole. Currently we are very much working on projects between GBP 3 million to GBP 5 million at this point of time. But our future goal is to ensure to become a larger VFX studio to take up on projects in terms of more than 10 million to 15 million dollar and pound kind of project to work on.
- And that is our future goal for which now we have talent and credibility in market. What we need to develop for that is the scale in terms of infrastructure and bringing in some key talent who would enable and deliver the project as a leadership role into bigger VFX to the bigger production network. So that would be our plan moving forward apart from the plan for the work ship between India and UK.



Yash: Okay. Thank you very much. I will stay in queue.

Balakrishnan R.: Thank you, sir.

Moderator: Thank you. The next question is from the line of Devendra an Individual Investor. Please proceed.

Devendra: Good afternoon, sir. Congratulations on the great set of numbers. I have some troubles understanding the minority interest in your balance sheet. Can you please share some light on the thing, is it a one-off thing that has that happened or is it like ongoing thing that you will be seeing.

Gaurav Mehra: Yes. Thank you for the question. So yes, minority interest belongs to what we have the shareholding into the One of Us, and also in our Canada entity as we have the holding close to 90%. So Minority interest is a mix of both, so that's how the minority interest is reflected in there.

Devendra: I'm sorry, sir. I didn't get it correctly, can you please come again.

Gaurav Mehra: I'm saying minority interest as you rightly interpreted is reflecting that our pattern of the shareholding, so we hold close to 70% stake into the One of US, so balance will reflect the minority interest.

Devendra: Okay. So it will be an ongoing basis you will receive some profit sharing from the -- from those right?

Gaurav Mehra: Yes so 70% remain therefor that the future there is a defined strategy over a period. So as it moves then accordingly the percentage will get updated.

Devendra: Okay. That sounds good. Thank you.

Gaurav Mehra: Thank you.

Moderator: Thank you. The next question is a follow-up question from the line of Viraj from Moneygrow. Please proceed.

Viraj: Hi, Gaurav. We've talked about UK and France and Canada tax benefits but has the Indian government given any tax benefits and are they already accruing to us?

Gaurav Mehra: Balakrishnan, do you want to take that question?

Balakrishnan R.: Yes, sure. In terms of tax benefit that is available from India, for example in UK and Canada and other countries the tax benefit goes to the content producers directly, so whenever content produces interest over one extra amount of money the 30% or 40% percent goes back to the content producer. But in India case where any would be from India will have to be incentivized directly by the VFX studio who would be working on the project.



So, we are reaching out to other agencies and trying to ensure that maybe this is a very early stage in India, so we've been working with the agencies as well on trying to understand how this works and maybe would get materialized over a period of time.

Viraj: As in, what is the nature of tax benefit in India, I mean how much what percentage of what value, what is the nature of the incentive?

Gaurav Mehra: Yes. So Mr. Viraj, if I can add to the Balakrishnan's point, the nature of the incentive is depending upon what the producer is spending the money on the land of the country, government gives them a cash back so you have to show the proof of spending, you have to submit all the document.

Viraj: What is the percent of this cash back, let's say it's a INR 100 order, 30% percent in the land.

Gaurav Mehra: It varies from country to country and it goes as high as to the 40% percent depending upon the country. E.g. France & London will have different % and it has the various components. When I say the various components there is a tax incentive on the production expense. There is an additional tax incentive on the VFX specific work being done, so the overall benefit will be a combination of that. But to give you the sense it ranges from the 30% to 40%.

Viraj: So if One of US were to have an INR 200 order just as an example out of the UK and INR 100 of which is actually produced in India, you would get INR 30 back. is that the right understanding?

Balakrishnan R.: About India-based incentives, so let's say One of Us wins an order in the UK for INR 200 out of which INR 100 is executed in the UK, which is eligible for UK benefit, INR 100 rupees is executed by Basilic Fly India. On the INR 100 Basilic Fly India will get back 30

Viraj: Yes. So, I think India is also 30%.

Balakrishnan R.: Yes, 30 percentage.

Gaurav Mehra: On a percentage term, India stands at 30%, but it has a max cap ceiling.

Viraj: And have these benefits started to flow from the government or it's still being ironed out?

Gaurav Mehra: We haven't claimed anything till so far in the FY '25, so we are exploring because there are a lot of regulations and a lot of compliances around it, maybe we are ready to explore this in the current financial year.

Viraj: And you can claim it in the current financial year for '25 also?

Gaurav Mehra: As I said we are evaluating the legal aspects around the India one, so probably, yes,

Viraj: Okay. Thank you. All the very best in your journey, it looks like you're well positioned

Gaurav Mehra: Thank you so much.



- Moderator:** Thank you. The next question is from the line of Jenil, an Individual Investor. Please proceed.
- Jenil:** Yes. I just wanted to ask one thing; can we expect the Indian business to scale up this year?
- Gaurav Mehra:** Absolutely, yes. As we speak that we are looking towards more offshoring business. Last year was the exceptional year where the demand goes down. If, you see how the business works- so whenever there is a demand surge from the production houses, it will first be filled up with the foreign studios that's where our One of US is getting the first piece of the pie and similarly the other studios.
- Once their capacity have been filled-up, then the work will start coming to the India, which already happened in our January to March quarter as well. So, If I can give you the flavor, January to March revenue of the India was almost 1.6 to 1.7 x of the average of the preceding quarter. So there was already a surge, but as I said that the VFX industry work schedule is not like that IT, which is annuity which goes on a straight line, so we had a big turn into the last quarter. After that we are on the run rate, now it can move up or down depending upon the production schedule.
- Jenil:** Okay. Got it. So all the very best for the same to you.
- Gaurav Mehra:** Thank you.
- Moderator:** Thank you. The next question is from the line of Deepak Kotharo. Please proceed. Hello Mr. Deepak.
- Deepak Kotharo:** So my question was regarding the Indian numbers, so in the standalone we have not seen any increase in growth, so is it like that we are taking the all the UK subsidiary work also from the Indian employees and so that we are not shown the growth in the standard numbers or how is it taken you can help me understand.
- Gaurav Mehra:** I will take up that question. So we are not un-touched from the industry impact. As we shared, there was a long writer strike which has impacted anyone and everyone. That's the reason that overall FY '25 number is lower than the FY '24. But it's important to note that the last quarter numbers were much better than the previous three-quarter number, which reflects the demand surge being cascaded to the India.
- Now it may not cascade further to the extent as it is happening to overseas studios because first any studio they will fill up their own capacity. We expect this demand to surge more for the India in the coming quarters.
- Deepak Kotharo:** Thank you for answering my question. And I have one more question sir. In the last con call, we told like in the whatever operations we are doing outside India so we are trying to move significant portion of that to India to do some kind of cost savings. So how much percentage of that work is already done and how much we expect in FY 2026?
- Gaurav Mehra:** It's a mix of multiple factors. If I talk about that the cost savings potentials, as I said that the difference is quite large of the expenses in India versus expense within UK, which goes to the



extent from the 5x to the 7x depending upon the different category of the employees. Now having said that, when we did this cost saving cost saving will not reflect the full year potential because it happens gradually in the current year.

So, we some cost saving happened in FY'25 but the same was also being impacted with few offsetting factors like, we have the experts sitting in the India doing more transition work, we have invested into the technology. So, there are offsetting factors.

I would say in a nutshell all taking on and off, it's slightly better, it's not a very material amount. We expect this to come material in the FY '26 when we see the full year cost saving impact which will be significant. As I said, we expect our overall console margin to increase by 1.5% to 2% comfortably and it may go even higher if the technology upgradation happen more quicker than expected.

Deepak Kotharo:

Thank you, sir. But the question was here, like in the before like we're doing the acquisition our margins were even more higher, so from FY '24 to whatever you're getting the margins for FY '26, the margins are going lower?

Gaurav Mehra:

No. I think -- I mentioned this that we should see it from the two perspectives Mr. Deepak, that India margins last year were only offshoring business. If you compare last year margin which is the 34% - 35% PAT & if you compare that with the current year, we stand at the 24% PAT.

So that 10% swing which has come down into the India offshoring business that is primarily because your "other expenses" are of a fixed nature, so other expenses remain into the level of INR 23crore – both the year, but when the top line is down your fixed expense will reflect a higher percentage, that's where the 10% expense ratio has increased.

Once the demand come up then there is no additional expenditure. That's what I'm trying to make clear here, that the expenditure are at the last year level but because of the top line down the percentages have come up.

Deepak Kotharo:

So one last question now regarding the industry, just to know that you know a lot of companies, like you know Samsung and other companies, Digicore and others who are into similar category, you know they do may have the concern about receivables, but our receivables have been really good. So what do you suggest about the industry is the receivable thing is for of the past where now the clients are paying better from the FY '25 I think everyone was facing problems how is the situation now for the industry?

Gaurav Mehra:

Absolutely from our perspective we do foresee a quite positive momentum coming up in there, so as I mentioned that our H2 collections are approximately 20% better than the H1 collection, our April and May collection is approximately 80% of the H1 collection of the last year, so we do foresee quite positive momentum. But it varies for every player differently. It depend upon, who's your customer are how your things are with your customers But it's much better than the earlier for all.

Balakrishnan R.:

2024 has been a difficult time for this industry and 2025 things are getting better and we can see a lot of productions as well we updated quite recently, a lot of productions numbers have



tripled from the last year in the support first quarter of 2025 alone in terms of production, so which really shows up in terms of clients paying as well as in terms of other things as well in this Industry.

Deepak Kotharo: So, what will be the average receivables you can expect in this year, sir like 90 days or 120 days for the new things what we are doing for the new orders what we are completing so it can be 90 days or 120 days walk with.

Gaurav Mehra: Yes, so at the console level we expected on the lower side Mr. Deepak, because if you see our current revenue structure, our current composition of FY '25 standalone versus console it's 25% vs 75%. Which means, kind of a three-fourth revenue from the acquired entity and their payment terms are only 30 days. March position was even better for the early receipts of the March dues so on a console level I think it should be within the range of the 60 days as we move forward.

Deepak Kotharo: Okay. So, then we won't be requiring much funds, right, sir because for INR 500 crores for 60 days would be just like say we'll be requiring the INR 100 crores like so that much can be done from the interior so you might not need funds for the current working capital requirement right?

Gaurav Mehra: There are two parts to this. Definitely we might not require a huge amount for the working capital while there could be some requirement, as we expand, as we increase in size, we always need to keep some buffer as we might not be good at all the time. Sometimes even the good customer takes time, so you always need some cushion & some buffer as you scale up and that could be the way forward. But definitely not a huge amount I would say for working capital. But we are actively looking out for the next phase of the acquisition and also probably for that it will be required.

Deepak Kotharo: Sure. And one request I have to like as other investors also gave, like so if you can also like Now that we have become a big company with more than thousand employees kind of thing so if you can post quarterly numbers it would be very, very helpful for the investment community to take a good investment decision on your company otherwise 6 months become too late to understand what's wrong with the industry so that will be really helpful. So, we request you to please try to do the quarterly financial disclosures. Thank You.

Gaurav Mehra: Your point is taken Mr. Deepak with a very serious note. As I said that we were already internally evaluating this. Very soon we should be able to give more updates on this.

Moderator: Thank you. Due to time constraints that was the last question. I would now hand the conference over to Ms. Chandni for the closing comments over to you ma'am

Chandni: Yes. 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. Thank you, Balakrishnan sir, Thank you, Yogalakshmi ma'am. Thank you, Gaurav Sir, Thank you Swati

Moderator: Thank you. On behalf of Kirin Advisor that concludes this conference. Thank you for joining us and you may now disconnect your line.