Basilic Fly Studio Limited
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November 13, 2026

To,
The Manager,
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400051

Symbol: BASILIC
ISIN: INE0OCC01013

Dear Sir/ Madam,

Sub.: Transcript of Earnings Conference Call for Q2/H1-FY27 Financial Results.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, we hereby submit the Transcript of the Earnings Conference Call on the unaudited financial results for the quarter and half-year ended September 30, 2026, held on November 6, 2026.

The transcript of the earnings conference call is also available on the website of the Company at: www.basilicflystudio.com

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For Basilic Fly Studio Limited

IKKURTHI CHANDRAMOHAN
Digitally signed by IKKURTHI CHANDRAMOHAN
Date: 2026.11.13 16:11:37 +05'30'

Ikkurthi Chandramohan
Company Secretary & Compliance Officer
M.No: F10194

Encl: Transcript

Basilic Fly Studio Limited
Q2 and H1 FY'27 Earnings Conference Call
November 06, 2026

MANAGEMENT : Mr. Balakrishnan - Managing Director & CEO

Mrs. Yogalakshmi - President, Business Strategy and Whole-Time Director

Mr. Zameer Hussain - Chief Operating Officer and Global EVP

Mr. Gaurav Mehra - Chief Financial Officer

Moderator: Ladies and gentlemen, good day and welcome to Q2 and H1 FY'27 Earnings 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 the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone.

I now hand the conference over to Purvangi Jain from Valorem Advisors. Thank you and over to you, ma'am.

Purvangi Jain: Thank you. Good afternoon, everyone and a very warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of Basilic Fly Studio Limited.

On behalf of the company and Valorem Advisors, I would like to thank you all for participating in the company's Earnings Conference Call for the 2nd Quarter of the Financial Year 2027.

Before we begin, let me mention a short cautionary statement:

Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the Management participating with us in today's Earnings Call and hand it over to them for their opening remarks:

We have with us Mr. Balakrishnan – Managing Director and CEO of the company, Mrs. Yogalakshmi – President, Business Strategy and Whole-Time Director, Mr. Zameer Hussain – Chief Operating Officer and Global (EVP), and Mr. Gaurav Mehra – Chief Financial Officer of the company.

Without any delay, I request Mr. Balakrishnan to start with his opening remarks. Thank you and over to you sir.

Balakrishnan : Thank you Purvangi and good evening, everyone. Welcome to our Earnings Conference Call for discussing our performance for the 2nd Quarter and the First Half of the Financial Year 2027.

I will take you through a key operational developments, project deliveries, technology initiatives, talent development and strategic priorities during the quarter.

Now let me share the Business Updates for Q2 FY'27:

The delivery projects updates. During the quarter, we successfully delivered 81 project comprising 77 movies, series and 4 commercials, serving 52 clients globally and the order book stands at INR 186 crores, 83% delivery schedule within the current year itself. Our bid pipeline stands at highest Rs. 530 crores.

Among our key deliveries in the domestic market, we delivered Jailer 2, the highly anticipated theatrical production produced by Sun Network.

On the international front, we delivered five marquee titles including The Witcher Season 5 for the Netflix and Ahsoka Season 2 for Lucasfilm and Disney+ which is a Star Wars franchise and Practical Magic 2 for the Warner Bros. pictures, The Age of Innocence for Netflix and StudioCanal and Elsinore for Apple TV+. These engagements reinforce our relationships with leading global studios and streaming platforms.

Our balanced portfolio of domestic theatrical productions and international series and feature films continue to support diversification across projects and geographies.

And if you look at technological updates, moving to the technology and operational efficiency:

We continue to invest in infrastructure and workflow improvements to enhance productivity and manage costs. And if you look at our new NetApp storage system, it is now operational and also performing as expected, improving network performance and overall studio efficiency. We have also recently completed the implementation of our hybrid infrastructure in Chennai, combining on-site infrastructure with cloud burst capacity. This has reduced cloud costs by approximately 50% while retaining the flexibility to scale during periods of peak demand.

Additionally, our local caching solution enables artists to access London-based shared storage with lower network latency without duplicating storage infrastructure, which really adds more efficiency. We have also initiated the phased rollout of universal screen description called USD on a live production supporting the adaptation of industry-standard pipeline technology. Alongside these initiatives, our internal AI platform is helping automate documentation, system monitoring, render farm management, and routing information technology tasks. These improvements are aimed at enhancing operational efficiency and allowing our teams to focus on higher value creation and production activities.

And coming to leadership and talent development:

We continue to strengthen our workforce and production capabilities. Katy Mummery, the key executive, has joined our London operation as an executive producer with more than 15 years of experience in the global visual effects industry. She will strengthen production management, client relationships, and delivery capabilities within the organization. We also completed our talent boot camp programs with approximately 90% of trainees inducted into live production. In parallel, our internal teams have undergone training in editing and pipeline technologies to improve workflow efficiency and support our planned global data support center in Chennai. These initiatives will strengthen our talent pipeline and prepare our workforce for future production requirements.

Beyond our internal operations, we continue to engage with broader visual effects and animation industry. Our teams have participated in industry forums covering AI-driven asset creation, scalable three-dimensional video pipelines, onsite supervision, and real-time production workflows. These engagements help us stay connected with emerging technologies and evolving industry practices. We have also supported talent development initiatives, including engagement with Reliance Animation Academies, New Center in Velachery, Chennai, reinforcing our commitment to nurturing and aspiring visual effects professionals. Additionally, Basilic Fly Studio was featured in business standard in September 2026, highlighting our expanding global presence across the UK, Canada and Europe.

Finally, let me touch upon our forward-looking priorities:

Our Bangalore Studio expansion remains an important milestone with a new studio scheduled to open in January 2027. The expansion will account for about considerable percentage of our total capacity as our headcount doubles. This facility will strengthen our production capabilities and provide the infrastructure required to support a larger volume of projects as we scale our operations.

Overall, our focus remains on delivering high-quality projects, strengthening global client relationships, improving operational efficiency through technology and automation, developing talent, and expanding production capacity. We believe these initiatives will help us build a stronger operational foundation and position Basilic Fly Studio to capitalize on opportunities in the evolving global visual effects and content production industry landscape.

With that, I will hand over to our Chief Financial Officer – Mr. Gaurav Mehra, who will take you through our financial performance for the Quarter and the First Half of FY'2027. Thank you.

Gaurav Mehra: Thank you, Mr. Bala, and good evening, everyone. Wishing you and your families, Happy Dhanteras and Prosperous Diwali.

Let me walk you through Q2 and H1 financial results of the company:

First, I will talk about Q2 Financial Results. Numbers stated are rounded off:

At consol, Q2 revenue reached Rs. 107 crores, a growth of 4% quarter-over-quarter and 13% year-over-year. Q2 EBITDA stand at Rs. 23 crores at 21% versus 27% last year. Margin dip is primarily due to the more growth in overseas business than in India, which is comparatively lower margin segment. PAT for the quarter stands at Rs. 7 crores at 7% versus 15% last year. PAT margin percentage is impacted by the lower EBITDA and higher depreciation and amortization.

Now, I will talk about the standalone:

Revenue reached Rs. 30 crores, a growth of 15% quarter-over-quarter, but a degrowth of 13% year-over-year due to higher commercial volume last year. EBITDA stands at Rs. 16 crores at the rate 55% versus 42% a growth of 13% in quarter-over-quarter impact of the increased volumes and in line with the last year margin percentages. PAT is Rs. 5.8 crores at 19% versus 35% last year. PAT percentage is impacted entirely by the increased depreciation and amortization, maintaining the same higher EBITDA percentages year-over-year and improved EBITDA percentages quarter-over-quarter.

Now, let me detail H1 financial updates:

At consol, H1 revenue reached Rs. 211 crores, Y-O-Y growth of 11% EBITDA stand at Rs. 37 crores at 17.5% versus 23.2% last year. Margin dip is primarily due to the change in the revenue mix, higher growth in overseas business that is a comparatively lower margin business segment, as I mentioned during the Q2 updates. PAT stands at Rs. 14 crores at 6.6% versus 14% last year. PAT margin percentage is impacted as stated in the Q2, lower EBITDA and the higher depreciation and amortization. For a standalone, H1 revenue reached Rs. 56 crores marginal growth of the 2% year-over-year impacted by the higher commercial volumes last year. EBITDA for the standalone stand at Rs. 27 crores at 48.4% flat Y-O-Y versus 49.6% compared to the last year. PAT is at Rs. 11 crores at 19.4% versus 30.6% last year. PAT margin percentage is impacted entirely by the increased depreciation and amortization.

Let me move to the M&A updates:

Two prospects are at a LOI stage awaiting the counter-confirmation. So, we are moving very advanced on those M&A aspects. Now let me talk about the debtors. This is a critical topic and I request your kind attention to the number and movements, especially inter-company and the non-inter company to understand the movements and aging correctly.

As on March 2026, total debtors were at Rs. 100 crores, inter-company Rs. 35 crores, non-inter company Rs. 65 crores, which means 35%, 65% ratio. As on September 2026, total debtors

stand at Rs. 130 crores, an increase of Rs. 30 crores from the March, important to call out that out of Rs. 130 crores, Rs. 76 crores, which is approximately 58% belongs to the inter-company and balance Rs. 54 crores is outstanding from external customer.

Intercompany versus non-inter company, which was 35:65 ratio for the last year, March, stands at 58:42 ratio on September 2026. Increase in inter-company ratio is driven by more offshoring work across all legal entities being One of Us London, Paris, BFS UK, BFS Canada. We had the good volume from the BFS Canada. In overall, September debtors of Rs. 130 crores, external debtors stand at Rs. 54 crores, which is approximately five months sales of the standalone business. I hope I was clear on the debtors movement.

And now let me talk about the debtors aging greater than 180 days. As on March 2026, debtors greater than 180 days, including inter-company was Rs. 60 crores

Mar 2026, for the standalone, we have received a total collection of Rs. 40 crores from the debtors, including Rs. 20 crores from the aged debtors, which is a significant collection. So, technically, our debtors greater than 180 should have come down to the Rs. 40 crores from the Rs. 60 crores old balance after this Rs. 20 crores of the collection. September greater than 180 debtors actually stand at Rs. 57 crores, expected 40 due to increase, stands at 57 versus the expected Rs. 40 crores due to stretch in the payment cycle for the last year Q3 and Q4 sales via foreign subsidiary. Hope I was able to detail the debtors movement and aging clearly, but I will be happy to take up any query during the Q&A session.

With this now, I request the Valorem team to hop on the floor for Q&A. Thank you and over to you Purvangi.

Moderator: Thank you so much, sir. Ladies and gentlemen, we will now begin with the question and answer session. First question comes from the line of Aarav Jain an individual investor. Please go ahead.

Aarav Jain: Hello, am I audible?

Moderator: Yes, sir.

Aarav Jain: Thank you for the opportunity. Sir, I just have a couple of questions.

Moderator: Yes, you may please proceed ahead with the question, sir.

Aarav Jain: Yes, I just want to know where does our order book stand currently and out of the Rs. 280 crores which was announced earlier, how much was bid this quarter?

Balakrishnan : The order book currently stands at Rs. 186 crores, which we have at the moment, for which we are expecting 80% to be covered in the next remaining two quarters. This is the position with the current order book. And again, we are waiting on shows which could be eventually

awarded in the following quarter as well as the current quarter as well, which we are already bid and submitted to the client, which may eventually start as and when we get awarded.

Aarav Jain: Okay, sir. And even though our revenue grew by around 12.8%, but our EBITDA declined around 11.1%. I just want to know how much of the margin pressure came from higher share of the overseas business and when can we expect the margins to recover?

Gaurav Mehra: I will take up that question, Bala?

Balakrishnan : Yes, please go.

Gaurav Mehra: Yes. So, Mr. Aarav, as you rightly mentioned, the change into the EBITDA, while the individual EBITDA percentages remain intact for both the overseas business versus standalone business. So, in fact, there is some improvement in the standalone business percentages. But as you rightly mentioned, because of the mix change, we did get a great volume into the overseas, which is changing the EBITDA percentage at the consolidated level. So, it is more of the timing gap, depending upon the project execution at an overall yearly level, we expect the EBITDA percentage to be in line with the last year, there might be some around the same level, there might be some up or some slight down because of the timing gaps and other things. But otherwise, we expect that to be maintained at the same level.

Aarav Jain: Okay, sir. Got it. That is it from my side. Thank you and all the best for the future.

Gaurav Mehra: Thank you, Mr. Aarav.

Moderator: Thank you so much. Next question comes from the line of Sandeep Mathivanan with Money Grow Asset, please go ahead.

Sandeep Mathivanan: Yes, thanks for the opportunity. So, yes, regarding margin, you attributed due to change in the revenue mix, right? So, like following up, like I would like to understand when does management expect the cost structure to normalize and are the current innovative **cost temporary** and what measures are being taken to improve operating efficiency and profitability? Thank you.

Balakrishnan : Thank you, Mr. Sandeep, for your question. In terms of bringing more efficiency into margins, we have been taking enormous steps in the last three quarters, particularly towards building up hybrid project and also other building up infrastructure to support teams in India to connect to London more efficiently, which we have been doing already to a certain percentage. But in the last three quarters with NetApp storage coming in place, we were able to get in, we are currently in a position where we could be able to get in more scalability of Artist Connect because with 25, 40 artists, it is much easier with some of the other, some of the, maybe lesser infrastructure, but with now with more of a seamless and cost-heavy infrastructure, which we have in place now, where we would be able to bring it further more scale to India and also be

able to transfer high-end assets, you know, without transferring those high-end assets, we would be able to access those from the machines in London and be able to deliver more efficiently. And that is one thing which we have in place so that we also, based on that, we will have a physical facility soon in Bangalore, through which there will be more recruitment happening in India. And simultaneously, in terms of deliveries, which is happening in London as well as in Paris, we should be able to maintain the team for a while for the delivery and for the growth and revenue in these locations as well. So, that with this balance in recruitment, we now have made some kind of considerable savings in London and Paris as well in terms of certain roles and certain areas where we have to recruit further more, which will eventually be in India, which is currently happening. And it will be more so from January when we have this physical facility. At the moment, the team is working remotely, started working remotely, but that will really, you know, take a bigger step as in we move forward with the physical facility, which is currently under, it is more about logistically, the place would be ready by January. But apart from that, you know, we have been taking it as it comes.

Sandeep Mathivanan: Thanks Bala. So, margins will be at around 20% subsequent quarters, right? You will maintain that margin.

Gaurav Mehra: Yes, we expect to be around that much sir. We expect to maintain that it can be some improvement as well. Important to call out in the, as you were saying that the H1 margin that was also impacted because of the severance cost taken over in the Q1. So, but otherwise, if I talk about at the overall level with the growth in the volume and all we expect to be in the particular range.

Sandeep Mathivanan: Okay. Thank you. Thank you so much.

Gaurav Mehra: Thank you, Mr. Sandeep.

Moderator: Thank you. Next question come from the line of Yash Lunavat with Nuvant Capital. Please go ahead.

Yash Lunavat: Hello, sir. Am I audible?

Gaurav Mehra: Yes, we can hear you.

Yash Lunavat: So, my question was, there is a significant portion of parent companies, Rs. 130 crores, receivable outstanding from its own subsidiary. So, why is subsidiary taking so long to transfer the cash to the parent and since parent has its own employee cost, finance cost and other expenses? Is the delay putting pressure on parents working capital?

Gaurav Mehra: I will take up that question, Mr. Yash. So, as we talk about it, so there is a, as you know that whenever there is a growth into the volumes, then it requires more working capital infusion. Last year, we have seen that India business going from the second last year Rs. 75 crores to the

Rs. 120 crores. So, we got a very fantastic growth into the India business. With the current year, we are still in the same range. We are on the same run rate of the Rs. 120 crores in the current year. But more growth is happening into the overseas business. So, whichever reason the growth happens, it bound to have a more working capital to be infused. We are doing a major hiring. As you know that earlier, our bid size was in the 1.5 million to 2 million, which means we have a short ticket size where in the turn around time is shorter. Now with the scalability and all, we are bidding and we are winning the bid size as big as 4 to 5 million. The bigger ticket size, it stretches period for delivering the work also require more capital. So, it is a consequence of that. Having said that we have received old receivables right now because of the expansion, more hiring happens. We see this as a temporary. Maybe it may run through another quarter or so, but we expect this to be back to the normal levels in a short while.

Yash Lunavat: But sir, likewise you said the work of the foreign companies are being done over here only. So, why are we shedding so much cash from our own subsidiaries internally?

Gaurav Mehra: So, what I am saying that there are two parts to this. It is not 100% being done from the offshoring. Yes, definitely. There is a major part being done and we can see that happening into the volumes as well. But as I mentioned that earlier, if I do a project of 1 million, 1.5 million GBP, then that turnaround time is very short and the cash churning will be fast. When you do a longer project, which is based on a milestone, then it requires you to reach that milestone. Then only you can deliver. So, that stretches the working capital, one, because of the ticket size is increasing. Secondly, it also increased because the growth, if you see the H1 growth, H1 growth, my India numbers are only 2.4% up Y-O-Y. So, it is almost the same, but entire growth from the last year, Rs. 190 crores to the current year, Rs. 208 crores, that is entirely has been more driven by the overseas business. So, when volume is increasing, when ticket size is increasing, it requires some more capital infusions and you know, that sort of a period.

Yash Lunavat: But sir why not to settle the debtors order of more than half yearly because of that balance sheet looks very bad.

Gaurav Mehra: Definitely. We are working towards that and you will see that more collection to coming in the H2.

Yash Lunavat: Okay sir. That was all from my side. Thank you for answering the question. All the best.

Gaurav Mehra: Thank you, Mr. Yash.

Moderator: Thank you. Our next question comes from the line of Tanishq Sarawgi, an individual investor, please go ahead.

Tanishq Sarawgi: Hi, sir. Very, very good afternoon. Today, I just need to ask one particular question regarding the profitability. You mentioned that it has gone down because the EBITDA margin has gone down since you were pursuing international exposure. Secondly, depreciation and

amortization was one thing that you focused on, which has resulted in a 520 BPS of margins going down. So, is the problem in the market or the pursuit of such international ventures or is there a structural problem with our strategy? Just to understand because on Y-O-Y basis, it is literally the margins have cut to half and it does not give confidence to any individual investor. And especially in the retail space, when your price of the stock has plummeted so much and going forward every time, we just want to understand if the profitability is actually going to go up with the margins not being squeezed and maintained at this level, and the revenue is actually inflowing from international markets. I am sure that that is the exact strategy, right?

Balakrishnan : Yes, absolutely, sir. In terms of maybe the structure, I can take the question about the structure and the market situation. And Gaurav can take up the question about the numbers. In terms of structure and the market situation, we have been working towards an integration process with, you know, UK and Paris companies. And it is mainly because we wanted to have a leverage towards the direct work. So, that is where this process towards getting into bigger revenue and bigger market share. And in the process, it is more about how we balance this between India and London and Paris. I would say we are in the cusp or in the transition period and which we have worked in the last, particularly if you take in the three, four quarters, we have to do some of the let go of severance or else, you know, certain other costs and also the cost towards investment into building up for the integration of what we foresee for the future of getting into more in India and also building the current presence in overseas locations as well. So, that is where we do see the transition. And also, we also need to invest towards technology that is towards the AI and other automation process, which has gone really well so far. And we are, I would say we are at the place at the moment where we have been looking ahead to make use of these benefits, which we have done in the last, particularly in three to four quarters, which I think where we will get to see because that is the plan began all this where if you look at the plan for the Bangalore facility in India, which we are trying to bring in, and these are all to bring in more confidence to deliver work from India and be able to, you know, act seamlessly. So, that is where we have been.

Gaurav Mehra: Yes, to add on that, as Mr. Bala said, Mr. Tanishk, when you say the margin has half of the earlier, I think you are comparing the standalone PAT margin coming down from 31%, 30% to the 20%. Now, as I said, this is entirely impact of the D&A, depreciation and amortization. If you see the EBITDA percentage for year-over-year, for the standalone, we stand at 48.5% in terms of the EBITDA percentage versus the 49.5% of the last year. So, while the operational aspects remain same, and the business remain as profitable as earlier, the PAT is being largely impacted because of the technology investment too. I am sure you may be aware that in the QIP fundraise, we did substantial fundraise for the required technology investment and over a year, we are done for those AI integration, we are done for those. Now, while this all investment is helping us to drive more offshoring business, helping us to drive more operational business, but those benefits will be over a period, it will be depending upon as and when the volume is getting executed while the depreciation goes as per the accounting standard and you know this all AI and all that have a heavy depreciation of the 66% as per the

law. So, it is a timing gap where it is getting hit, coming to the consol level that the consol level margin, EBITDA margin remain the same if I exclude the one off severance cost which we talk about in the Q1, excluding those the margin remains. So, there is no dip from the operational perspective but from the PAT perspective, yes, it has been impacted because of the investment.

Moderator: Thank you, participant has left the queue. Next question comes from the line of Hussain Sheikh an individual investor. Please go ahead.

Hussain Sheikh: Hello, sir, am I audible? Hello.

Moderator: Loud and clear.

Hussain Sheikh: Yes, so good evening and thank you for the opportunity. I just want to ask, so our plants, machinery and equipments have decreased actually, but why is it not reflecting in our cash flow? Because even our depreciation expense has gone up while our gross block has decreased. So, can you just give me some clarity on that, sir?

Gaurav Mehra: Mr. Hussain, cash flow is entirely impacted because of the tax payment happened after the march in the H1. So, all the tax payment happened in here, so that is what is affecting the cash flow.

Hussain Sheikh: Okay, but so was there any reclassification in any of our financials?

Gaurav Mehra: No, I would not say the cash flow, there is any reclassification, but as I said that last year there was not much advanced tax payment that entire tax liability was being discharged in the H1 that is impacting primarily the cash flow.

Hussain Sheikh: Okay, and what might be the reason for our depreciation increase because property plant and equipment was down?

Gaurav Mehra: The depreciation increase is primarily more in the AI tools and the intangible what we have built over last one year. So, we raise a fund raise of approximately Rs. 22 crores in last QIP, which has been invested both in the AI tools, server, the other integration USD pipeline. So, there has been a heavy investment into the technology which is required to be on the top of the emerging trend. So, this is helping to optimize the cost but definitely not to the tune the depreciation will come because you know this all technology assets have qualified only for the three years of the life. So, depreciation is definitely more than the benefit can be quantified over a quarter or so.

Hussain Sheikh: Okay, got it, got it, thanks, thanks for the clarity, that was from my side. Thank you.

Gaurav Mehra: Thank you.

Moderator: Thank you. Next question comes from the line of Gaurav Patel, an individual investor. Please go ahead.

Gaurav Patel: Hello sir, my question is regarding AI. So, generally, you know generally consensus in the industry is that it will bring down the cost per VFX shot. So, do you expect the client to ask you for a lower price and if they do what would be the impact on our margin?

Balakrishnan : Usually the margin is driven by the kind of efficiency that we bring in. It is more about how much work that we would be able to deliver in a day. So, our bid estimates and our numbers are driven by the work that is being categorized for eight hours in a day work. So, if you take with the AI and new technology and other things coming in, we do see a lot of work coming into VFX. It is about where we stand in the industry table. So, that is what it would dictate us in terms of margin. So, if we are a high-end VFX company, the margin is something that is based upon the number of the kind of revenue that we will get in and how we position ourselves operationally efficient between global locations. And if we are a standalone company or maybe only looking at either subcontinent or some boutique company in UK or Canada, the margin will have a good impact on that if you are just a standalone company. So, it is more driven by how you diversified globally and how much, you know, where we stand in the industry table. So, that is where it really dictates.

Gaurav Mehra: To add on that, as Mr. Bala mentioned that while this AI create the efficiencies, not entire efficiency is retained in-house with that the lower operating cost definitely that put us in the leverage position to offer more competitive pricing to the client. So, you will see that industry trend moving towards to the studios who are able to deliver the same work at a lesser cost. That is how the work moves currently. So, that is really helping us to increase the bid size. I mentioned in the earlier answering to some of the investor question that helping us to increase our ticket size, that helping us to increase the volume, we got a overall growth of 11% year-over-year. So, this all growth is being primarily driven by this AI efficiencies, which has been mutually shared between the company and the client, you know.

Gaurav Patel: Okay. Understood. Yes, that is it from my side.

Gaurav Mehra: Thank you.

Moderator: Thank you. Next question comes from the line of Kaushal Agarwal with Ativir Financial Service Private Limited. Please go ahead.

Kaushal Agarwal: Hello. Am I audible sir?

Moderator: Loud and clear.

Kaushal Agarwal: Yes, I just want to understand more about the depreciation part. I think you have answered one of the investors earlier, but I want some more light on the depreciation because as we can

see on the standalone and consolidated on both the financials, we do not see a much higher amount of fixed asset as compared to it was in last year. But again, the depreciation has shoot up a lot. So, if you can give me more clarity about why the depreciation is going 300%, 400% and the trade receivable is not going that much. What is the exact reason we are not, I am not clear about the reason that was given earlier. So, can you give some more light on the depreciation aspect?

Gaurav Mehra: I will take up that question. So, yes, Bala, I will take up that question Bala. So, when you say that you are not able to see, I request you to take a look into the standalone balance sheet. So, you will see the intangible assets. It is not into the PPE because what we are investing is more into the AI tool, which goes to the intangible one. So, if you compare the March versus September, you can see Rs. 22 crores of the assets being created there. That is what it is driving the depreciation primarily. And when you say the percentages, because our numbers are smaller, the percentages are larger.

Kaushal Agarwal: There is a significant change in this consolidated number statement**.**

Gaurav Mehra: Yes. So, in the consolidated as well, it has impacted not only completely on the standalone because we did the partial of that. So, when you see the comparison year-over-year, so we did the fund raise way back in the September 2025. So, there was some depreciation, some capitalization happened in the last year Q1, very smaller one, and the bigger one has happened in the current H1. So, you will see it is coming on both consol as well as in the standalone, but to call out, it is largely being driven by the capitalization happening to the standalone.

Kaushal Agarwal: Okay. And one more thing, trade receivable the amount has been significantly higher compared to last year. So, by when we can expect in the financial year the amount to be realized?

Gaurav Mehra: So, can you hear me?

Kaushal Agarwal: Yes, I can hear you.

Gaurav Mehra: Hello. Yes. So, on the debtors, we did get a good collection of a Rs. 40 crores in the H1, which is kind of a 50% of the last year revenue, 30% to 40% of the last year revenue. As I said that there has been some stretch primarily because of the two reasons. One, the ticket size is increasing. The second is the volume increasing in the overseas business. We do expect this spike to be normalized in another two quarter. It might not be very fast, but over the two quarter, it should normalize. So, we should be able to receive larger part of that.

Kaushal Agarwal: Okay. And one last thing, as you mentioned the order book you have currently is Rs. 186 crores. Am I right?

Gaurav Mehra: Yes.

Kaushal Agarwal: Hello. Yes. So, we are going to achieve how much out of the 80% or is there any other orders that we can. So, I just want to understand how the financial numbers of the 2026 and 2027 will look like at the end of the financials. If you can throw some light on that it will be helpful?

Gaurav Mehra: So, I will restrict myself, reserve myself for the forward looking number. But what I am saying that we, what we give on the guidance aware that we are 11% already up in the H1. And generally, if you see the trend, H2 is always higher than the H1. So, the trend, periodic trend is around this Q3, Q4, there will be a lot of production scheduled for the year, because generally it all starts in January and the completion goes to that. So, we expect H2 to be better than that. And we expect the growth in both in terms of the top line as well as in the EBITDA.

Kaushal Agarwal: If you can give the context apart from the order book that is there is there. Sorry.

Balakrishnan : To give you that context, the order book currently stands, we are also bidding in the sense we have submitted some of the bids, which should we get award or maybe sometimes sooner. So, those shows should have to start somewhere in the next 15 days or 30 days. So, we have those stacked up as well. So, in our industry, it is not that we get all those orders, you know, upfront. It is more about how we already submitted bids. Sometimes it is more about when we have to start 10 days before that, we will get those orders. But we believe we will have an understanding on that would come to us based upon the past confidence and also the relationship. And also our credentials. So, those things also will happen over a period of time. I think, I think we will cover these two for this. I hope that is what you have been asking.

Moderator: Thank you. Kaushal, you may please rejoin the queue for more questions. Thank you. Next question comes from the line of Jagadeesh Kumar an individual investor. Please go ahead.

Jagdish Kumar: Yes. Thanks for the opportunity. So, what percentage Western Studio's post-acquisition workload can realistically be offshore to India within 12 to 18 months without triggering client pushback or UK, U.S. tax credit claw-backs.

Balakrishnan : Sure, sir. To understand your question, it is about, it is about the UK taxes and any country-based taxes and how that would be offshore to India. To answer that, every other tax incentive has some break of between 10% to 15% of non-rebatable spend is allowed of certain projects. Only very few out of maybe 10 to 15 projects. One project may need, maybe have a need to do that more in UK. Maybe it could be a 5%, 6% of leverage to a non-rebatable, but at large it is 10% to 15% non-rebatable. If you take that 10% to 15% of cost, which will cover about 50%, 60%, 70% some cases of what we will spend in India compared to what it would usually be spent in the overseas location.

Jagdish Kumar: Okay. I mean, the same question I asked about the offshore and on-shore mix. What will be the mix in future? Maybe that 12 to 18 months.

Balakrishnan : We are trying to leverage as much maximum what is available to us, as in with 10% to 15%, which I mentioned, non-rebatable spend. Of that, if you split between the number of, if you split the ratio between now, it would be distributed across number of days of work. It could be that 85% could constitute, let us say like 40% to 50% of the work in UK or as far as at large. And then again, 50% could be, 50% to 60% could be of that 15%. Sometimes it can really get up to 70% because of the cost in India. So, it is more about how we balance the cost.

Gaurav Mehra: Yes. To add on that Mr. Jagdish, to give you the perspective, there is a big amount of the offshoring which is going to happen in this year. So, Mr. Bala mentioned that the entire new center we are building in Bengaluru. So, over the last eight to nine months, the team for the Bengaluru has grown up as large as from zero to 50. It is expected to again double in the next six months or six to eight months. So, that will bring offshoring work and the work we are talking about now is more of the high-end work. So, we were already delivering the other stream of the work from the Chennai. So, this brings the two aspects. One headcount, as I said, there is an opportunity to increase another 50 to 60 FTE work over next six to eight months. And being the high-end work, this contributed a significant amount into the top line. So, I may not have the percentage very handy, but to give you FTE and that FTE of the 50-60 is more than about 12% to 15% of our total FTE currently. So, we can look at it from that perspective.

Jagdish Kumar: Yes, thank you. The next question is, sir beyond pure service work how Viable is a co-production or IP ownership or original animation for Indian VFX, right? Maybe over the next five years. So, what is our outlook on that without floating the balance sheet?

Gaurav Mehra: Sure, maybe I will take up that and Bala please add your points, your remarks on that. So, Mr. Jagdish, we are on the verge of our second M&A. The next collaborative partner we are looking out who has deep insight from the IP perspective, from the immersive experience perspective, from the commercial perspective. So, there are two parts to achieve from this proposed M&A. One is the diversification of the services beyond our traditional VFX. And the second is the diversification from the geographical perspective. Currently, our revenue dominates into the Europe. What we are looking out that next M&A is into the North America. So, that should benefit from both the perspective, geography as well as the IP, what you mentioned. I hope that answers your question.

Jagdish Kumar: Yes, I mean

Moderator: Sorry to interrupt, I request you to rejoin the queue. Next question comes from the line of Yashvi Bhatt, an individual investor. Please go ahead.

Yashvi Bhatt: So, yes, thank you for this opportunity to ask the question. So, my question is regarding the employee costs which were Rs. 137 crores in H1, FY'27, which is about 65% of the revenue. So, what is driving this increase and how do we expect the employee cost as a percentage of revenue to change as the utilization improves further on?

Gaurav Mehra: So, I will take up that question. So, employee cost is, if you see, there is a huge gap into the cost arbitrage into the on-site versus offshore. I mentioned that we got a good volume. Maybe if you can mute, there is a lot of background noise. So, I was saying there is a huge cost arbitrage into the offshore versus on-site employee costs and we are increasing the offshoring contribution by opening the Bengaluru by increasing our existing Chennai and the Pune team. So, that should really benefit bringing this down overall. It is important to call out, we do had some severance cost when we are doing the offshoring work. Also, there was a spike into the overseas demand and sometime it is not possible to do that if certain spike immediately offshoring. So, some of the work was done on site as well to deliver the committed timeline. Once our Bengaluru center is fully operational, then we will have the more capacity to deliver work at any point of the time whether it is on a short timeline or the longer timeline. And that will also be coupled with the phased work of the USD pipeline. So, doing offshoring work is a combination of the two, having the bandwidth, having the tech upskilling with the employees. Also, the technology enablement. So, we have completed USD first phase. We are about to complete the USD second phase that will also facilitate doing more work from the offshoring with both the combination. We expect this to come down over a period close to 4% to 5%.

Yashvi Bhatt: Okay. So, that was helpful. I just have one last question from my side. So, basically, you said that severance may start again after the new acquisition. So, how do we plan to stop the same margin dilution that followed one of us?

Gaurav Mehra: So, the severance you are saying with the next M&A that may not be immediate to answer your point first. We are yet to finalize the final partner and do the due diligence. And you know, it is a time taking process. So, it is not immediate one or two quarter. Now, whenever we do such severance and that all it also depend upon on that partner what the offshoring capability they all have. So, it is what we are talking the severance that belongs to the acquisition happened two year back. So, in the near future, we do not foresee that M&A bringing more severance cost, but definitely such severance cost is good for a long term margin improvisation perspective.

Balakrishnan : And also, to add to that the partner which we have been looking at is more in North America. And we are also not looking at any more of the stress at this point in time with the companies which we have been looking at is healthy companies. And also at the same time, if you look at the severance cost in UK and Paris is much more stringent than compared to in U.S. And also, we are I think we said that it is more of an healthy company. I do not think we do have that kind of a need as to what we have to do here with the current set up.

Yashvi Bhatt: Okay. That is it from your side. Thank you.

Moderator: Thank you. Next question come from the line of Jagadish Kumar an individual investor. Please go ahead.

Jagdish Kumar: Yes. And then just to follow up on the same question the IP right. So, we are anyway doing the new acquisition, but other than that right, any plan to that you are like gaming are which are underlining to this business sets in future right. Because this IP and other things more like a recurring revenue, also more, we have more recurring in nature right. So, that will be more visibility as an order book and also for give confidence to investor right. So, I am not looking for an immediate 12 to 18 months, but in a longer time range. What is the management focus on that? How we form, I mean transferring into that mode could you please elaborate on that.

Balakrishnan : Okay. To ensure that I understand your question better you are asking about how we are planning towards creating IPs?

Jagdish Kumar: IP and also newer, just like gaming or other.

Balakrishnan : Sir, what we do see as a future for VFX company is not about just being a service company to work on international movies and streaming, but how we do really look at envisioning it by evolving as a studio company. How we really you know play a major part or else be a key component of producing story being part of a storytelling and that is how we have been currently working towards building up tools which is more about how we generate things on our own. It is not just like how you see it on YouTube or Instagram, but how we do it is more of a secured environment, secured infrastructure with copyright and other things which we are taking into more of a consideration working accordingly to industry-wide content for AI policy which is already there. So, based on that we have been building tools and we have been working on things which there are a few places where we have been contributing to certain shows as well. Actually your question we have been looking at that more seriously and we have a platform already being you know somewhere it is ready and we see that as a major potential for us as a growth for a company moving forward. I think eventually we should be able to be there. That is what we see as a future.

Jagdish Kumar: Thank you. Just to add one more question. So, this Indian VFX in the movies and OTT and other things are also increasing, right? So, as we are considering we have a UK subsidiary and also North America subsidiary may be 12 to 18 months, right? In future, maybe two or three as timeline. So, when we are getting a project, so how we are going to take a call? Maybe like a purely ambitious margins are because this Indian OTT is also crucial part, right? Where we should not be a lag behind, right? And so, how the management is strategically positioning themselves versus margin versus say retaining the client relationship in India as well as foreign. So, how the management wants to take a call here?

Balakrishnan : Sure. In terms of OTT, we in India as well we have been we have very good relationship with the Netflix and Amazon here in India as well as and we have been working on shows. There are two shows which we worked on this for Netflix and other show ambitious show which we are working with Amazon as well currently. And likewise, we are focusing on not only with OTT but also with major production network like Sun Pictures. Again, another production network we

have been bidding on shows here India on ambitious projects like mythology projects which are coming up with grand scale in India. So, this has started to happen in India. So, we are working on those things as well. And apart from that the closer relationship with production network, we are also having some serious discussions on because there was an instance where one of the major networks kind of wanted to produce movie and also you implement more of AI in it. But does not really turn out really well and the results were quite miserable. But what it has really turned out is more about how we become more of a VFX partner into you know bringing up those AI things with the combination of being AI VFX partner into those things that is what we have been trying to build. That is the kind of discussion we are having with more of the major networks and the production companies.

Jagdish Kumar: Yes, thank you. May I ask another question? Is that possible?

Balakrishnan : Yes, please.

Jagdish Kumar: Yes. So, considering that significant investment in our technology and also using the AI to reduce the cost, right? So, in the future, right? So, also, we are having a Bangalore offshore division also is there. So, in the future, right? How we wanted to leverage on these things? I mean you have elaborated it and maybe I am asking more three to four years or maybe three to five years I am asking.

Balakrishnan : Sure, sir. In terms of three to five years, there are two types of usage of AI. It is not for every other project it is not allowed to use AI. There is a restriction on certain projects and certain projects we are allowed to use AI. And it is more about how we do use the AI in terms of what kind of secure infrastructure we have in place. So, for those projects, we are currently working on that level where we are, where we can use AI into those projects. So, it is based upon the AI. It is being currently allowed. And if you look at currently the growth, Zameer is also on the line. He can also share more insights about where we are in terms of AI and how we stand in the current industry structure in terms of our AI development. And we have been, we have seen some great progress in the last six months, particularly about our either we replace it from some simple gray models to final resolution of files which we would be final renders where we were able to create some pretty good really photo realistic final renders of animation with animation. And those things are getting more possible with our current infra. And we have been also working on certain things as well. Zameer, if you can.

Zameer Hussain: Yes, yes, I will add it to that Bala. So, Mr. Jagdish in terms of AI, we have been very clear that we are not taking AI as the prompt based AI. Anything that we have developed till now has been more with the, with the essence of control in it and to tell it in a more simplest language. Like for example, when we are creating creatures, we do it with such controllable ability and editable ability that if the director wants it to be like one, one blink is what the tiger needs to do here needs to just move it in this way. I mean, that is the kind of control that we are, you know, coding it in our, in our proprietary tool sets. And this is giving wonderful results. And this

over a period of time will really help us have a great, a great difference between the other studios and authors because from the start, all our fundamentals has always been in such a way that it is not just a prompt based AI, but it is more editable AI from the scratch. It is not only based on doing the creature and high end work, even at the low end work, anything that we are doing has always been more editable. And this gives us a great advantage for making it even better. And the kind of tool sets that we have built is very proprietary and it is very innovative. If I may just put it in a simple language.

Moderator: Thank you. Next question comes from the line of Dharmesh Patel an individual investor. Please go ahead.

Dharmesh Patel: Hi, thank you for the opportunity. So, I have two questions. The first one is related to incentive to the management and to your newly hired people because organization drive through incentives right?. So, as I understand, you have also invested in AI tools, which are intangible. So, our management working on incentive structure that will give us return on our investment on people, technology. And as I understand now, Bala is also global CEO, including one of us. So, what is the plan here, let us say restructure incentive structure. So, we see growth in our company with margin improvement.

Balakrishnan : Thank you for your question, sir. In terms of incentives for every other key executives, we have a bonus in terms of the kind of performance. For example, new business, any additional new for any new for the more volume of new business coming in, there is a bonus attached to it and likewise for operational efficiency and also for innovation. So, we do have a bonus for the key executives for them to get more motivated and to drive towards building up revenue and also to build up efficiency. So, that has been categorized across the global organization.

Dharmesh Patel: Okay. And Bala, this is just as a retail investor. I want to highlight that our performance from stock price point of view is minus around 18% per year CAGR and crashed around 75% from the top. So, I understand you have put all your efforts to make this company bigger, but at the same time, retail investor and whoever invested including your stake is around 55%, that we need to have some kind of visible growth with improving margin steady. So, you know, street will recognize your efforts. Otherwise, with fluctuation every time beating, missing the guidance, which we have many times, it will not help us as investor. And as you are also a promoter and MD, it may impact you also. So, what concrete steps are we going to take to address this investor's perception, which is really a missed or vanished to our company?

Balakrishnan : Yes, we understand your concern, sir. And at the same time, what we have been doing is we have been trying to know so far, it is more about, you know, trying to set up create a platform for this transition of how we would do this between overseas locations and India. Now we have been, the last month onwards, we have been making some savings here in the employee cost and with London as well as in the overseas location. And which we have, you know, with the facility in Bangalore, that will really bring in a lot more operational efficiency because of the

cost will come down very much considerably because otherwise, that work would have been executed somewhere in overseas location, either could be in London, Paris or some other place. So, that would, that is the kind of effort which we have been taking up. And this has taken a little bit more time because we wanted to really ensure, you know, when we do this transition, the delivery and the reputation doesn't get affected. And so that is where we have taken some more careful consideration on taking it up more meticulously to make sure and also to have everyone on board across global organizations, the VFX supervisors who have to deliver, they need to have a proper infra. They cannot take things, maybe even if it is 70%, 80% there, there could be a challenge for them to really take up. But we have made, we have taken those steps to ensure that everybody has that confidence across the board and be able to deliver from every other location. And you can really, you know, believe that from at this point where, you know, with the Bangalore facility coming in and also with the key hires who we hired in the last year, and that has started to show with the projects that we could be able to bid now. Earlier it is more about the average ticket price would be between 1.5 million to 2 million and some projects can go beyond 2.5 million. But now we have been bidding on shows for 4 million, 5 million and some 7 million and all. So, that is, that when we do that range of shows, when we do that, that will also increase operational efficiency rather than doing smaller projects, but rather the bigger projects with the bigger ticket size, sales operational efficiency. So, that is why we have taken steps so far and we are looking forward to see the benefit coming through.

Gaurav Mehra: To add on that what Bala mentioned, so as you said that how the, what the concrete step has been taken to really take it to the next level, I think it is a matter of two, three critical points. One is the investment into the technology. So, I would say that part is done about 75% to 80%. When I say like that we have invested the money, we have built the tool. It cannot be done overnight. So, last one year being the investment, testing the right tool, choosing the right technology. Then other than building the tool, it is a combination that we need to invest into the server. If you see our server capacity that has increased from two to five petabytes, because when we do more offshoring work, we need this fundamental infrastructure to be built. And these are all time taking things. Once this technology is in the place, then the second step comes whether we have the workforce who can deliver the task. That is what we are actually doing in Bangalore, where we have built a team of 50 people. And you know the selection of those people is time taking. You need to have the right talent to deliver the international quality. It does not go very quickly. So, we have done the 50 team build over the last one year. And as I was saying earlier, we have a plan to double it within the next six months. Now there is a dedicated third city in India, what we are going to build. So, I think these two steps are very fundamental from uplifting the margin perspective. Then there comes a third part, which where we invested the global business development team to name like **Adrian De Wet** and all, where we are able to win big ticket size. When you have a smaller ticket size, your margin cannot be very strong because it is a small piece, you have to invest more labor. Now we are doing a ticket size of 5 million to 7 million in place of earlier of 1 million to 2 million. So, that

really tripling our ticket size, which uplift that. But as I said, these are all time taking. We hired those business development role way back in last year quarter and this year, first quarter, January to March, it all happened between that. So, it is a time taking process. Once they have been onboarded, then they are bidding and all. So, I think we are on that track, but your point absolutely taken that it is everyone's stake on the thing. So, we are doing those steps.

Moderator: Thank you, sir. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you and over to you.

Balakrishnan : Thank you, everyone, for taking your time to come over and listen to us. And we are really geared up for the next upcoming quarter and upcoming year. And we are really pretty much looking forward to the growth in terms of either we investing towards technology and also the other growth in terms of how we are operationally get efficient by building things here in India as well in collaboration with the global facilities. And that is where we are. And we are very much looking forward to see and making sure that every other effort really comes back with results. And thank you again and wishing you all a very Happy Diwali and with family and friends.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of Basilic Fly Studio Limited, that concludes today's call. Thank you for joining us and you may now disconnect your lines.

(This document was edited for readability purpose)