



Basilic Fly Studio Limited

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February 23, 2025
Ref: NSE/208/2025-26

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 Q3-9M FY2025-26 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 nine months ended December 31, 2025, held on February 17, 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
Company Secretary & Compliance Officer
M.No: F10194
Encl: Transcript

Basilic Fly Studio Limited
Q3 & Nine Months FY2026 Earnings Conference Call
February 17, 2026

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Basilic Fly Studio Limited Q3 & Nine Months FY2026 Earnings Conference Call hosted by Valorem Advisors.

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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you.

Purvangi Jain: 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 3rd Quarter and nine months ended of the financial year 2026.

Before we begin, let me mention a short cautionary statement: Some of the statements made in today's earnings conference call may be forward-looking in nature. Such forward-looking statements are subject to risks 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.

Now, let me 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 & CEO of the Company; Mrs. Yogalakshmi -- President, Business Strategy and Whole-Time Director, 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 R:

Thank you, Purvangi, and good afternoon to everyone. A warm welcome to you all for our Earnings Conference Call for Discussing our Performance of Q3 and YTD Results for FY2026.

Before I give you the operational highlights of the period under review, let me first start by giving a “Brief Overview of the Company” for some of those participants that may be new to our company. Basilic Fly Studio Limited started in 2013, incorporated as private limited in 2016, got listed as public limited in September 2023, with a record oversubscription of 287x, on the NSE SME, visual effects business, providing end-to-end visual effects services across films, television series, web content and commercials.

Over the last one decade, we have established ourselves as a trusted creative partner within the global visual effects ecosystem by consistently delivering high-quality outcomes across diverse formats and platforms.

Our company operates through an integrated delivery model supported by studios across India, which is in Chennai, Pune and Bangalore to start with, United Kingdom, France and Canada, with a holistic workforce of over 750 talented professionals and employees, enabling seamless global project execution. This international presence allows us to remain closely aligned while leveraging operational strengths across geographies.

Our services span the entire visual effects value chain, including pre-visualization, asset creation, animation, effect simulation, lighting, rendering and final compositing. This comprehensive capability allows us to deliver end-to-end solutions and position ourselves as a reliable partner for complex high-quality production.

A key strategic milestone for us has been the July 2024 acquisition of a majority stake, 70% in the UK-based subsidiary, One of Us (OOU), a company with a two-decade-old legacy of BAFTA and Emmy award-winning workforce strength of 300 professionals and project credentials for Damson, Thor, Napoleon, Crown and many more, including the recent Academy Award-nominated Mission: Impossible Project.

This acquisition has strengthened our creative capabilities, enhance access to premium clients like Netflix, Amazon, Disney, Sony, Warner Bros. and more, and expanded our international market presence as well. It also aligns with our long-term vision of building a globally integrated visual effects platform.

We continue to serve leading global studios, streaming platforms and production houses, supported by long-standing client relationships and a strong foundation of strategic business. These enduring partnerships reflect the trust our clients place in our creative capabilities, execution excellence and delivery consistency.

Now, coming to the “Business Performance and Operational Highlights for this period under review.” This year, we continue to deliver strong business performance, delivering revenue growth of 2.1x and PAT growth of 2.5x for India's standalone business, maintaining a run rate of Rs.100 crores per quarter at consol level, and Gaurav will cover numbers in his speech. Such robust growth is result of industry rebounds to company's taking advantage of vendors of first choice for production houses such as Netflix, Disney, Amazon and more.

I am also pleased to share with you all is that the three of our projects, Mission: Impossible -- The Final Reckoning, The Electric State, and Shutter Bird, got nominated for Academy Award and shortlisted and reached the top-20 levels this year.

Big thanks to our VFX team for the hard work and maintaining consistency year-over-year. This recognition reinforces our position as a trusted visual effects partner to the leading global studios and streaming platforms.

Happy to share that we added 12 new clients while serving 66 active clients across regions of Europe, UK, US, Canada, and Australia, and also delivering successfully 130 projects on schedule and garnering multiple client appreciations across international and domestic markets. Kudos to our professional teams across global locations and thanks to our clients for the trust and confidence.

I am happy to share that a company is investing in strengthening global business development teams and we got four senior leaders to join us across the UK and US markets. Adrian De Wet and Mariann joined us as creative director and business director respectively for the Los Angeles market. Adrian bringing his experience from marquee's global franchises such as Harry Potter, The Matrix Reloaded, The Hunger Games, and Ivory. And likewise Mariann worked for Guardians of the Galaxy, DC, and Aquaman.

So, likewise we also recruited Audrey Ferrara and Teresa joined us for the UK market. Audrey's notable contributions are Mufasa, The Lion King, and The Jungle Book. She is one of our most favorite VFX supervisors as well. And likewise Teresa worked for Godzilla, Infinity Roar, Captain, and Marvel.

In addition, we are also onboarding a recent creative aid and VFX supervisor from ILM Experience. We will be starting in London effective March 1st, who will lead end-to-end international VFX deliveries as far as high-value demographic mandates as well.

We are also strengthening our supervisory teams with two more VFX supervisors joining from Lehigh and MDC, both bringing strong AI and production expertise, aligning with our technology-forward operating model.

Collectively with leadership expansion, significantly enhances our access to billion global clients, strengthening our front-end engagement capabilities, and improves conversion of high-value opportunities in our framework. As we scale into our next phase of global growth, strengthening leadership across creative, VFX development, and people strategies will remain our key priority.

I am also glad to share that we are actively pitching for several high-value marquee projects including three businesses and one with Amazon MGM, which are currently at advanced stages of award finalization.

On the domestic side, we have appointed an industry veteran as marketing head to scale our India-sale strategy which is focused over the India domestic market. This is complemented by the onboarding of a seasoned on-site VFX supervisor to strengthen client engagement and execution capabilities within the domestic production ecosystem.

From an organizational standpoint, we continue to institutionalize our people strategy. A new CHRO joined in February to drive leadership, development, talent scalability, and structural alignment active growth globally.

We have also signed a structured partnership with reputed universities and colleges, including highly-reputed SRM and Loyola College in Chennai among others. This initiative enables 52 early-career hires and establishes a strong sustainable, cost-efficient talent pipeline, ensuring long-term capacity building while measuring margin risk.

Now, I would like to talk about "Technology." Technology remains the core pillar of our long-term strategy, and during that period, we made meaningful progress in building a smarter, more scalable global VFX production platform. Under AI-driven operational inclusions, we have deployed an AI-enabled performance monitoring system across our studios. This has significantly reduced manual reporting, enabled a data-backed production forecasting, and introduced real-time productivity tracking in our systems. Importantly, it provides granular visibility to team-level metrics, allowing leadership to take faster, more informed decisions and drive delivery precision across projects.

On the production side, we have fully implemented company UA across the production floor, making it accessible to all the actors. This marks a key step towards building an AI-enabled driven production ecosystem. The platform enables AI-assisted workflow to enhance productivity, improve delivery efficiency, and accelerate creative output. At the same time, it supports structured upskilling of our talent pool, ensuring that our teams remain aligned with the industries shifted towards new technology-driven working models.

In parallel, we have strengthened our global infrastructure backbone. Further, we have successfully relocated our London data center to a more cost-efficient facility. And likewise,

now as all of you here know the sensitivity and scale of the projects we handle, cyber security and compliance remain non-negotiable priorities. During this period, we conducted red team exercises and implemented real-time dark web monitoring to proactively identify potential vulnerability. These initiatives are now supported by continuous security audits across our systems and meet global security and monitoring standards.

We have successfully completed annual certifications and compliance audits for TPN, Apple, and Disney, and we have also received Apple certification as well. These validations reaffirm our adherence to the highest global security and content production standards, required by leading studios and streaming platforms.

Further, as part of our continued focus on margin resilience and operational efficiency, we have initiated a cost-savings project, in which we will make a strategic transition from a fully AWS-based workflow to a hybrid infrastructure model. This transition is currently in progress and is expected to deliver approximately 50% reduction in infrastructure costs upon completion. Importantly, this optimization does not compromise scalability or performance, instead, it strengthens our cost structure while preserving the flexibility required to handle large format global productions. We are targeting completion of this transition by July 2026, and we expect it to structurally enhance operating leverage going forward.

In summary, this has been a period of disciplined execution and structural strengthening for the company. We have expanded our global leadership, deepened client relationships, accelerated technology adaption, optimized our cost-structure, and reinforced governance standards, all while maintaining creative excellence and delivery reliability. We are building not just games, but a resilient, future-ready global platform positioned to capture the next phase of growth in the visual effects industry. We remain confident in our strategic direction and committed to delivering sustainable value to all stakeholders.

With that, I will now hand over to “Mr. Gaurav Mehra, our CFO, who will walk us through the Financial Performance of the Company.”

Gaurav Mehra:

Thank you, Mr. Bala, and good afternoon, everyone. It is a pleasure to connect with you all again today to share our strong business and financial performance consistently for another quarter and YTD levers.

Before I jump into the numbers, at the outset, I would like to share that we have robust growth for India stand-alone, both in terms of revenue as well as for margins. We maintain consistency for the consol revenue run rate. We have taken few bold initiatives required to set strong foundation for better margin trajectory from a long-term perspective. I will be talking about those all points in detail as we discuss the financial results.

I will now share the “Financial Performance for the Quarter and the Nine Months for FY2026”:

I will start with "Standalone Financial Performance." "Revenue Update":

Supported by strong industry revival, India business continued to deliver robust results. Our company has delivered Q3 revenue of Rs.39 crores and YTD December revenue of Rs.94 crores. At YTD level, growth is 2.1x on YoY basis. Last year, we were at Rs.46 crores for the YTD. Rs.94 crores YTD December revenue of this year already surpassed full year's revenue of last year, which was Rs.74 crores by 28%. We expect the momentum to continue for the fourth quarter as well.

"Margin Update":

EBITDA margin improved by 11.3% for the quarter and 4.1% for YTD. Current year quarter EBITDA margin stands at 42.4% versus 31.1% of last year quarter. Current year YTD EBITDA margin stands at 46.5% versus 42.4% for the last year YTD.

PAT margin improved by 16.4% from 10.7% of last year quarter to 27.1% in current year. Improved by 16.4% for the quarter and improved by 5.7% for the YTD. Current year PAT YTD margin stands at 29.2% versus 23.5% last year. Margin improvements are led by better volumes due to the increased offshoring and better winning as "Vendor of First Choice."

Now, I will move to the "Consolidated Financial Performance":

First, "Revenue Update":

Revenue for the quarter stands at Rs.105 crores and for the YTD at Rs.294 crores delivering robust growth of 1.7x for YTD on YoY basis. Last year YTD was Rs.169 crores. Growth driven by the industry revival and higher wins. Our winning for FY26 April-December stands at greater than Rs.300 crores and value yet to be delivered from the order book stand at greater than Rs.200 crores which is almost 50% of our YTD December annual run rate.

Now, I will move to the "Margin Update":

EBITDA margin shrunk by 2.9% for the quarter, 2.8% for YTD. Current year YTD EBITDA margin stands at 19.9% versus 22.7% last year.

PAT margin shrunk by 4.9% for the quarter, 2.4% for the YTD. Current year PAT YTD margin stands at 11.8% versus 14.2% % for last year.

Total (OCI) Other Comprehensive Margin shrunk only by 2.2% for the quarter and 1.8% for YTD. Current year YTD total OCI percentage stands at 13% versus 14.8% for the last year.

I would like to take the attention of the investors that how the presentation has changed for us with effect from current quarter. As you know, after the last QIP fundraise, we are now a

main board compliance company. Happy to share that your company transitioned to the IndAS conversion smoothly and seamlessly. If you read our last year number, there was not OCI under the iGAAP. So, we should compare while comparing the year-over-year comparison. We should compare OCI to the OCI to have apple-to-apple comparison. Margin shrinkage mentioned now is primarily impacted by strategic initiatives to strengthen our global delivery model. Total impact of all regular items stand at 2.8%. But, if I add the irregular items to our 13% OCI, we are better than the last year margin percentage.

“Initiative Details”:

“IndAS Conversion Impact”:

PAT and total OCI impacted by close to 0.4%-0.8% by the IndAS impact. We do have some other one-off severance costs which is linked to the organization restructuring strategy. We did annual appraisal revision which was on hold for the last two years. We onboarded leadership hiring as Bala mentioned, Adrienne De Wesley, Audrey, Mariann, Teresa. This leadership hiring capability enhance our capability across India and UK. In total, we have onboarded four business development roles and five ops roles. If I consider all the initiatives which have been taken additionally, this all amounts to the impact of 2.8% cumulatively. These actions while impacting the short-term margins are aimed at structurally improving long-term efficiency and scalability. We will continue to explore more offshoring opportunities within the given legal framework for long-term benefits.

I will move on to the “Offshore Expansion and the Delivery Mix Optimization”:

Parallel to the workforce rationalization in the higher cost regions, we continue to scale our offshore capabilities in India. Happy to share that offshore headcount increased by 58 FTE.

Now, I will move to the “Infrastructure Cost Optimization”:

As Bala touched upon in his remarks, as part of our technology-led efficiency initiatives, we are optimizing cloud infrastructure usage and reduce dependency on a fully AWS-based model. This initiative is expected to deliver potential savings to the tune of Rs.5 crores to Rs.14 crores as it scales up over a period of time in FY27 and onwards. Importantly, this transition is designed to preserve scalability and performance while structurally improving our cost base.

Now, I will move to the “Geographical Revenue Mix”:

Our revenue continues to remain well diversified geographically. North America accounts for 10%, Australia & New Zealand for 2% and the remaining for 17%, and Europe contributes to the 71% of the total revenue.

Now, I will move to the “QIP Proceeds Utilization”:

As you know, we raised a total fundraise of Rs.85 crores way back in September 2025. By the time, we are making the progress for all the objectives. In overall, we have utilized to the tune of 48% of the total fundraise. We are yet to utilize the funds allocated for the inorganic growth opportunities and very happy to share that M&A is at a very advanced stage of the LOI discussion.

I will touch upon briefly on the “Age Receivable Collection Update”:

By the way, of 31st March 2025, our age receivable is greater than 180 days stands at Rs.53.05 crores. We have recovered significant amount of approximately 9% of the old receivables by YTD December and have more stronger commitment for the running and the next quarter. But overall debtor outstanding greater than 180 days remains around the old level because of the timing gap. We got impacted by the lower collections into the month of December owing to the European holidays.

To “Summarize”:

We had robust India growth, offshoring picked up the pace, incurring costs to be absorbed to deliver increased margin percentage in the years to come. While the quarter reflects planned investment and transition costs, we have taken the decisive support steps towards structurally lowering our cost base, increasing our offshore operational leverage, optimizing infrastructure expense, and strengthening our long-term marginal resilience. We believe this initiative will position us well for improved profitability as execution shifts over the coming quarters.

With that, I now like to open the floor for “Questions-and-Answers.” Thank you.

Moderator: We will now begin the question-and-answer session. We will take our first question from the line of Aniket Madhwani from StepTrade Capital. Please go ahead.

Aniket Madhwani: So, my question was with regards to the numbers. So, here I can see there is a dip in margin at operating level and PAT level compared to YoY or QoQ. The reasons behind?

Gaurav Mehra: Thank you for the question, Mr. Aniket. This is Gaurav Mehra. I will take up your question. As we briefly touch upon, Mr. Aniket, if you compare, there have been a lot of initiatives taken by the management in the current financial year from the long-term strategy, which caters around the annual appraisal being done after the two years, leadership hiring being done to strengthen our business development team, one of severance costs which has been incurred to take more offshoring business, and we also been partially impacted by the IndAS conversion because of the timing difference. If I consider all the initiatives, this all will cumulatively sum up close to 2.5% to 2.8% in the total margin. So, if you see the total OCI margin for the YTD, we stand at 13%, and if I add back this one-off, I stand at 15.8% versus 14.8% of the last year. So, in fact,

operationally, the performance has been better than the last year, but because of this initiative, there is a slight dip of 1.8% at the total OCI level and 5% at the PAT level.

Aniket Madhwani: So, do we see this stable in the coming quarters?

Gaurav Mehra: Absolutely. And in fact, we are also expecting some better winning. As I briefly mentioned that our winning for the FY26 stands at a much better level than earlier. We got a new winning of the Rs.300 crores and we stand at the Rs.200 crores of the order book to be delivered. So, that puts us in a much better position that will offset with the better utilization of the resources, with a better risk to win. So, we do foresee this as an interim. Some impact may remain for the coming March quarter. It may not go completely off, but it will be very largely covered by the better utilizations and better range.

Aniket Madhwani: So, your outstanding order book will be Rs.300 crores plus Rs.200 crores, I guess

Balakrishnan R: The win that we have from April-to-December and Rs.200 crores we have that is outstanding with us, which has to be delivered from our side.

Aniket Madhwani: Sorry, Rs.200 crores will be delivered again?

Balakrishnan R: Rs.200 crores is outstanding yet to be delivered.

Aniket Madhwani: And apart from this Rs.300 crores, any projects are you in talks with or expecting to add in this quarter?

Gaurav Mehra: Yes, out of this win, there are a lot of projects which will be delivered in the running quarter. So, when we say that our winning that pertains for the April till now, there is a pretty much large delivery which is being covered up in the running quarter and the upcoming quarter. The large part of the undelivered Rs.200 crores, Mr. Bala mentioned, it will be spread across from January 2026 till December 2026, the delivery of the Rs.200 crores to be precise.

Aniket Madhwani: And the Rs.300 crores will be delivered between April to December, right?

Gaurav Mehra: No, so let me just add for clarity around here. So, what we are talking is that the two numbers, we are saying Rs.300 crores is the new winning happened from April 2025 till December 2025. Out of this new winning, many of the projects have been delivered by now because it is not completely undelivered. So, old winning plus the new winning, all put together, we are still left out the Rs.200 crores yet to be delivered. That is how it moves. Any order book, there will always be a old order running, there always will be a new winning and the delivery will continue. So, in the nine months, we have delivered Rs.294 crores to be precise. So, that covers some large part of this winning as well.

Aniket Madhwani: If we even consider that out of this Rs.200 crores, Rs.100 crores will be delivered by March, if that is possible, then should we expect around Rs.100 crores top line in this quarter?

Gaurav Mehra: It is hard to mention the precise number for such a nearby case. But as I said that we are generally, if you see our current run rate, our current run rate runs at Rs.100 crores and that's how this and we are not far away from the quarter close. So, I am saying that we are on the track and it is heading towards a better winning trajectory and helping to deliver the better higher number. I hope that addresses your question.

Aniket Madhwani: Thank you.

Moderator: Next question is from the line of Viraj Mahadevia from Money Grow. Please go ahead.

Viraj Mahadevia: Hi, Bala. Hi, Gaurav. Thank you for the very detailed introduction. A couple of questions from my side. In your press release, you mentioned four high value projects between Netflix and Amazon. Could you give us an approximate range of what is the total value of four projects put together?

Balakrishnan R: Approximately, four projects, average of \$2 million for each project. And that goes up to \$8 million to \$9 million for these four projects.

Viraj Mahadevia: Sorry, Bala, I could not hear you very clearly. You said?

Balakrishnan R: Approximately 2 million for each project on average. So, approximately \$8 million to \$9 million dollars is what we have been discussing on these projects.

Viraj Mahadevia: Understood. Helpful. Thank you. Okay. On the 50% cost reduction that you talk about by July '26, would you be able to maybe elaborate on that a little bit -- where would these savings come from? And what would it result in terms of annual savings on a full year basis?

Balakrishnan R: To keep you, to give you an update on, as we started working with our team in London, we initially started working on towards AWS. So, the team from India used to work completely on cloud, where we are be delivering projects and be accessing many files through computing from cloud earlier. And now we are moving towards a solution where it will be more of a hybrid, which is between cloud, and we will have a storage centrally in cloud, and we will have all those rendering and processes that will be taken care completely here in India. So, this will save the cloud cost. At the moment, we do have 60 users working in India who are logging to machines in London. And for that, it will be effectively between Rs.4.5 crores to Rs.5 crores of savings. And as we are growing, there will be more considerable savings as well, with more users we are adding into this.

Viraj Mahadevia: So, this Rs.5 crores of savings annually?

Balakrishnan R: And likewise, if we are adding 100 users, there will be much more considerable saving as well.

Gaurav Mehra: So, to add on that, what Bala mentioned, Mr. Viraj, and thank you for that question. So, as Mr. Bala mentioned, it is one among the very significant projects what our team is working on for last one quarter and it has reached a very advanced stage. So, as you know, that the cloud usage allows flexibility to operate from anywhere and it helps, but it comes at a higher cost, and you have a low cost solution on the on-prem which can help you cost saving, but it comes with a constant. So, the team has come up with a very brilliant idea how we can balance both so it does not impact the expandability globally, but it optimizes the cost. So, the number Bala mentioned, that is for already identified migration, and it is a continuous process to continue to work. And as per our estimate, it has a potential to increase from Rs.5 crores annually to Rs.15 crores as we increase the headcount. So, we have already identified the areas where Bala mentioned the number approximately to be Rs.5 crores and we are working on the others. As the more offshoring happens, it can grow as high as Rs.15 crores and which is kind of you can understand 1.5% to the 3.5% of our top-line revenue, uplifting to the PAT percentage.

Viraj Mahadevia: Understood. And when you say this Rs.5 crores going to Rs.15 crores, is it driven by arbitrage on the headcount or is it driven by cost of services like cloud costs, etc., that is being managed better? I am not clear about that piece.

Gaurav Mehra: So, it is a combination of both. As more and more users we migrate, it has. Then the second part is what part we can do on-prem from others. It has different, different parameters and different things what we can. So, it is a combination of both. Even if for the same I increase the user, it replicates the same saving for the bigger count. And as I expand the scope to cover more areas, that way also it will give the benefit for both existing as well as the new users.

Viraj Mahadevia: Understood. Another question I had is there is roughly Rs.14 crores jump in employees cost, between September-to-December quarter. And I am assuming this is largely the four senior employees, Adrienne, Dewitte, etc., that have been hired, plus maybe bulking up team in India with the MC employees coming on board. Is now all hiring complete within the ecosystem India plus overseas to deliver Rs.600 crores to Rs.800 crores of top line in the next year or two?

Gaurav Mehra: Sure. So, two parts to this Mr. Viraj. First I will take up that the employee cost increase. So, I believe you are referring to the current quarter versus the last quarter.

Viraj Mahadevia: Absolutely at consol.

Gaurav Mehra: . So, I would say that you should look at it from the two perspectives. If you see the revenue of the respective period, revenue itself has increased from Rs.93.4 crores to Rs.105 crores. It is not the same revenue. We should take the employee as a percentage of the revenue. So, in fact, our employee ratio is a percentage of the revenue has improved from previous period of 69.7% to 66.6% %, a significant 3% reduction at overall level. And that is coming from the

offshoring. So, while the absolute number may increase but the percentage is continuously coming down as we do more offshoring, and we do the cost optimization. And important to call out is that the current year employee benefit includes the severance cost and the employee appraisal I mentioned in the earlier remarks. Even after absorbing this, there is a benefit of 3%. Otherwise, the benefit is even bigger and larger.

Viraj Mahadevia: Understood. How large was the severance out of UK?

Gaurav Mehra: It is hard to say the number, but it is sizable. As I said that all the initiatives which have been taken new and which were not in the corresponding period, it amounts in the range of 2.5% to 3% as a percentage of the revenue. It is quite a sizable amount. And coming back to your other question that whether with the current workforce we are set with all the hiring, are we equipped to deliver the targeted number? The answer is the all new hiring we talk about, it is not going more towards the operations people to deliver, but it is happening more towards the business development leadership, which help in building the sales funnel and the leader into the operations who drives all the initiatives. As far as the delivery people is concerned, you can see that the last quarter versus this quarter, we mentioned that there is a 58 headcount increase. This is entirely happening into the offshore. If you see the onsite, there is a gradual reduction as a part of the severance as well as a part of the offshoring as permissible within the legal framework. So, that is the shift happening, but not overall. Overall, wherever it is more increasing from the offshoring location.

Viraj Mahadevia: Understood. So, if I may just paraphrase please to fully understand, you are saying about 58 employees added largely for offshoring delivery centers and the bulk of the hiring in terms of dollars or rupees has been for BD functions?

Gaurav Mehra: Absolutely right.

Viraj Mahadevia: Which is front-end positions in LA, US, UK, etc.?

Gaurav Mehra: Absolutely. In the new geographies as well as in our existing geographies, all the creative directors, business development who talks to the production houses, who has the networking to build the sales funnel.

Balakrishnan R: To add to Gaurav said, we are investing more on the high-level VFX supervisors and executive producers who would be bringing in more business opportunities in the overseas location. And likewise, we are adding more efficient and proficient artists here in India who would be more appropriate for execution and operational capabilities from India. So, that is where our focus is.

Viraj Mahadevia: Understood. The status on age receivables, that is still not something, Mr. Mehra, that is coming fully under control. This is stretching on now for almost a year and a half, if not longer,

Rs.53 crores down to some Rs.45 crores. What are we doing to proactively collect this? Because now the industry is in revival mode, the end clients have projects, they have cash flow, why are they not repaying? And what is really happening there?

Gaurav Mehra:

That is a very fair question, Mr. Viraj. But there is a cycle. If you look out that how the revival is happening, as I mentioned that revival largely started in the start of this financial year. And when I say the revival has started, that revival starts from production. So, there is a cycle of the production and there is a cycle of the VFX work to be done. Once the work is being done, then there is an invoicing process, there is a collection process. And because likewise, it was with us wherein it was some age receivable, even the foreign studios does have some gaps in their working capital. So, it is a combination of both. They are raising their own needs as well as paying to us in parallel. There has been some deferment to the earlier commitment which was committed for the last quarter, only in December we know larger part was the people were not available in the European and all. But having said that, I would like to take your attention that there is a significant close to 9% to 10% receivable which has happened which is a sizable number to the aged one. Now, we are pushing it more. We have more commitment, as you raised the concern, we have also raised the concern, and we are expecting larger parts to come in the current quarter and the following quarter. It is going to take some time, may not be very immediate, but I think in the next two quarters, it should address a good amount of the collection over those, while the current collection remains at track.

Moderator:

Next question is from the line of Surendra Reddy from Chartered Investors Community. Please go ahead.

Surendra Reddy:

Actually, I can see that our current quarterly run rate is going like Rs.100 crores. Can we see like any jump in that?

Gaurav Mehra:

Yes, absolutely. So, as I said that generally if you see the trend, and I will take your attention how our trend is, mostly Q4 is better, having said that there will always be ups, always be downs. So, we expect the quarter at least at par or slightly better than the current run rate, which will cover up that. With the higher winning happen in this current financial year, we mentioned that we got a new winning of greater than Rs.300 crores, which is really helping us to move the number to the upward trajectory as we enter into the next financial year in Q1. So, we do expect the numbers to improve as the winnings continue to happen. Like to call out, there have been some deferments to the project, which was scheduled by December for the production houses, but that is part-and-parcel of our module and work model. There will always be some pluses, there will always be some minuses. It is hard to predict any trend because we are not into the IT, where there is a standard monthly billing. It depends upon the production schedule, depends upon the shoot, lot of things happen. But, on a long run basis, definitely, we expect the growth momentum to continue as the company has delivered over the last few years.

Surendra Reddy: Got it, sir. Thank you. One follow-up question on that, sir. I believe that we are working at a subcontractor level. So, is there any scaling up to contractor and like doing major part of the value chain?

Balakrishnan R: Sir, if you take the last two, three years, 85%-90% of the work is direct work. And only 10-15% would be of subcontract. And in that regard, we, right from pre-visualization to final delivery, we are very much as in we have been delivering the full VFX work for every other project which we have been working on, right from our major networks like Netflix, Amazon, Warner Bros. If you take any major network, we are anticipating all those high-end projects which have been produced by production itself.

Surendra Reddy: Got it, sir. Thank you. We have an employee base of 750. So, may I know how many people are working under 3D side?

Balakrishnan R: I would say like 65% would be on 3D side and likewise, the remaining 35% would be 2D. So, it is more of a CGAV team and like 2D.

Surendra Reddy: Yes. Thank you very much, sir. All the best for the future.

Balakrishnan R: Sure. Thank you, sir.

Moderator: Thank you. will take our next question from the line of Pranay Jain from DealWealth Capital. Please go ahead.

Pranay Jain: So, with all the strategic initiatives that we have taken and the visibility that we have on the wins and the pipelines, can you please share what is the planned revenue and EBITDA or PAT margin for FY27 that we are working towards? A realistic range. I know that we may overshoot also if things get even better.

Gaurav Mehra: So, Mr. Pranay, we generally do this budgeting exercise in the start of the financial year. So, we will be more going into the detail for the next financial year as we close the March to give the better guidance around the number. But on an average, I think our CAGR is in the range of 25% to 30% on the top line. And our margin continuously improving gradually, which is part-and-parcel of our offshoring strategy as well as the different cost-saving initiatives being taken. So, I think we should maintain that CAGR and with the new resources onboarded into the business development, which is a significant investment management has taken the initiative for. That should really help to take up the number to the next trajectory. We are bidding currently to the volumes and the levers which are far ahead that what we used to do. That is the contribution of the new business development team has joined as well as the industry revival. So, we are quite optimistic. Maybe we will share the balance and we do the next year budgeting exercise.

Pranay Jain: Mr. Mehra, we are just five, six weeks away from the closure of the financial year. I am not looking for an exact number that you are aiming. We have a reasonable understanding. In any case, you have indicated 25% kind of CAGR on the revenue should at least be expected. So, I will look forward to that. But what can you indicate on the margin, any range that we can look forward to because only optimistic commentary does not help. Hope is not a strategy over here for investors.

Gaurav Mehra: It is not a strategy, but as I said that in a range, we always target in a year advantage of about, I would say close to 1.5% to 2% that improving the margin. And it is a combination of the multiple factors as you well understand that cost optimization, the pace, the things happen. So, we internally target into the margin improvement in a range of 1.5% to 2%. As I said, while it is six weeks away, I did not mean that we will be able to close it by April. It goes in the round. So, probably once we come for the May call, then we will be doing annually. Definitely, we will share more insight towards that. But as you rightly picked up, the top line CAGR in the range of 25% kind of a margin in the range of 1.5% to 2% improvement year-over-year.

Pranay Jain: Right. And last question, what is the slate of projects to be delivered in the next three to six months, which we can look forward to hitting the screen, any color you can give on that?

Balakrishnan R: There are, again, we recently worked on Season 5, which is again being currently being streamed in Netflix. And since we have been working on, there will be upcoming episodes are coming on Netflix. And likewise, we recently worked on Mission: Impossible, which was released quite recently as well. And there are upcoming Disney movie, which we are working on, which is a big Disney franchise new flip, which we should not be able to name because the movie is yet to be released. So, that is the one movie that we have been working on. We are not allowed to name the movie. It is a little privy. But we are working on some high-end films for Disney and one high-end TV series for Warner Bros. at this point. And that could be one of the potentially biggest projects for Warner Bros. in the last 20-years. So, that is the kind of project that we are working on. And likewise, apart from that, we are also working on some Disney franchises for the season.

Pranay Jain: These big production houses that you just mentioned, are we strained on the receivables front from their side, or is there some other older production houses and partners who are yet to pay us?

Gaurav Mehra: So, as you rightly anticipated, there are age receivables are not from the premium production houses. The age receivables are more for the India business, wherein we get the subcontracted business from the studios. Our foreign subsidiaries which get the direct contract with the production houses, such like Netflix, Disney and all, it is well in that. So, if you see that last year, we collected Rs.280 crores, this year also, we have collected significant amount, which are all on track and in the grid. It is not only with us, it is an industry pile-up and probably that foreign studios take time, as you mentioned, they need to have some money for their own working

capital and gradually put in. And as the demand is up for everyone, they are also recruiting the people, they are also increasing their working capital cycle. So, it is a cycle across, but it more pertains to the studios to answer your question, not to those production houses.

Pranay Jain: Thank you for giving that color and all the very best to you.

Moderator: We will take our next question from the line of Praneet, an individual investor. Please go ahead.

Praneet: Hi, thank you for the opportunity. I understand the legacy receivables are going to happen sooner or later. I was trying to understand when we took over, One of Us, we planned on renegotiating also a few of the payment terms, so we might get it a little earlier. So, how are we in that journey at this point?

Gaurav Mehra: So, as I mentioned that the receivables are pertaining more to the India business than the one-off related. So, because it is with the major studios, it is not from the One of Us and like that.

Praneet: I understand that, but I am curious about the international payment terms and how are they changing after we took over, because there was some efficiency we thought we could get from that particular domain, right, in terms of working capital, I was just trying to understand how are we on that journey in terms of reducing receivable days or payment terms?

Gaurav Mehra: I think that is pretty much on track. So, as I said that those production houses, many times we get the signing amount. So, to answer you, our international credit terms lies. So, it is in the standard of 30-days and generally we get the payment within a cycle of the 30 to max 45-days. So, those are all on track. Even for the India, if you see that our current collections are all on track. It is the older one which is coming back in a staggered manner. On the payment terms perspective for the India also, we have the payment term 30-to-45-days, but it does take a cycle of close to 90-days to receive the money considering the work being done, approvals and all the process. So, there is some cycle gap from the India business versus the overseas business. We are talking to them to do and they are happy to support all the current receivables on time and age one in the staggered manner as well.

Praneet: Understood. So, just the reason I am asking is just to understand the progress on what happened from the international -- was it higher than 45-days before we took over or what was the time then and now it has become 30-to 45-days, what is that progress right now?

Gaurav Mehra: It was a little bit stretched at that time, but that is a long back because we got integrated way back in July 2024. So, it is a long period for those things to get settled by now. So, all the things are over. Yes, at the time when we acquired, there were a few cases where it was a stretch which is now on routine.

Moderator: Next question is from the line of Jainil, an individual investor. Please go ahead.

Jainil: So, I had a question like what is the one-time cost of the quarter and can I get the breakup for the same also about the cost?

Gaurav Mehra: So, it is hard to provide. That is not a public information available for the breakup, but I have given you the guidance that all the initiatives put together, it ranges in 50% in terms of the impact.

Jainil: Okay, so for the numbers, you cannot provide us with the breakup like with the line item?

Gaurav Mehra: That is not a public information.

Jainil: Okay, thank you.

Moderator: Next question is from the line of Pankaj, an individual investor. Please go ahead.

Pankaj: Hi, good afternoon. I have a quick question. Continuing the discussion we had on receivables, can we get a breakup of what is the aging of receivables? I am more interested in any amounts which are due for more than six months. And out of that, is there anything which we are expecting to be kind of written-off over a period of time? That is question no.1. Question no.2 is regarding the operating margin dip we are seeing in Q2 to Q3. So, we understood the manpower changes which you kind of just highlighted. Is there anything beyond that also in terms of reduction of those margins?

Gaurav Mehra: Sure. So, maybe I will answer the last part before I go to the receivables. So, it is not limited to the investment. As I said that there was a sizable number moving from the iGAAP to IndAS being with the main board compliances. So, that has also been impacted to a sizable percentage. And other than that, as I said that apart from investing into the new individual, we have given the appraisal after about two years. So, there has been some impact from that. Those are the major ones which is impacting all put together. This has been partially off-compensated as well. So, I would like to take your attention that the cost initiative what we are trying that is also partially offsetting this. But probably the impact of the severance, impact of this may be larger because this initiative we started in Q2, and as you know, there is a process of a legal notice period and cost hit at a later part. And the cost saving what we are talking about, those are just being started. So, more benefits to come in the current quarter. So, there is a timing gap to that. Coming to your question on the receivable part, it belongs to our existing customer and it belongs to the customer which is still continuing the work, we are still doing the regular work. It does not pertain to any single customer, it pertains to close to seven to eight customers who are with us for more than six to eight years. And as I said, their work continues even now. Coming to whether there is any sort of the bad debts, we do not foresee at this point of the time. There happened one instance for a smaller value way back in Q2 which has been provisioned 100% which has been part of our published financials. But at this point of the other than that, there is no indicating any such sort of the news.

Pankaj: Gaurav, can we get what is the amount which is outstanding for more than six months?

Gaurav Mehra: As you know that for the quarter, that is the unpublished information. Once you come for the March, definitely we will be happy to detail that.

Moderator: Next question is from the line of Praneet, an individual investor. Please go ahead.

Praneet: Thank you so much for the follow-up. I see that our India operations have gone through a huge bump-up. So, I was just trying to understand how much of the new business was from our resourcing from our international division versus how much was net new order additions?

Gaurav Mehra: So, I think it is a mix of both. As I said that after the industry revival, we are getting the volume spike up from existing customer as well as we mentioned that we onboarded 12 new customers including the 52 happy serving customers. So, it is a mix of both, the new as well as the existing one. To give you a flavor, the new one should be contributing in a range of 15% to 20% in total.

Praneet: So, 15% to 20% of the growth or 15% to 20% of the overall revenue?

Gaurav Mehra: I am saying growth.

Praneet: Okay, understood. Got it. In terms of the resourcing capability, did we reach a peak in terms of what we wanted to resource and as a percentage of value of work or is there more scope to go forward?

Balakrishnan R: There is more scope to go forward and as in we have been recruiting more artists in India as well as in Chennai as well as for Bangalore and that is when we mentioned about the hybrid solution which we are integrating into the system. Currently, we have 60 users and we have been waiting to integrate this completely so that way, up from 60 we are looking to grow that to 150 in Bangalore and likewise in Chennai and Pune as well we will have similar growth as well over a period of time. And likewise to add to what Gaurav mentioned about the new projects in India. Apart from traditional film and TV projects which we have been delivering for clients we have also started a new initiative and we have been delivering production-ready projects which is completely generated out of AI and commercials and ads where we have been delivering for clients for the commercials which where we do not have much of a copyright issue and that is where we have our users. So, more of a hybrid of AI and VFX where we have been delivering product-based commercials to clients as well so which is again really improve our revenue.

Moderator: Next question is from the line of Pranay Jain from DealWealth Capital. Please go ahead.

Pranay Jain: I wanted to understand the funds that we have raised this year. What is the utilization earmark across the key categories and by when we will be infusing it and by when do you think it will start reflecting into the results that we want?

Balakrishnan R: So, as I mentioned that out of the total fundraise in an overall, we have utilized close to 48%-odd number and the larger part remain unutilized related to the inorganic growth opportunity where we are progressing at an advanced stage of discussing the LOI and that is how the utilization looks like.

Pranay Jain: So, what is this inorganic opportunity or the new growth areas that we are looking at - is it in terms of capability? Is it geography? Is it client side? How are we looking at this?

Balakrishnan R: For this new acquisition we are looking more at a North American market and likewise currently we are fully covered for traditional VFX as well. What we have been also looking is to cover more towards the experience side market. Experience is what we do see again as a diversified as well as a specific market as well and on top of that experience from commercial as well in North American market. That is the reason. That is what is our understanding is.

Pranay Jain: How comparable would their unit economics be compared to ours? Is it similar? Is it better?

Balakrishnan R: Maybe I can take up that question. So, I think in kind of the revenue of the size when we did the last acquisition kind of a \$200 million to \$300 million. So, there are different prospects what we are evaluating at this point of the time. Few are of the larger size, few are of the smaller size. So, as I said we are in a stage of LOI, once it gets finalized we will be happy to share more details with investors.

Moderator: Thank you. We will take our next question from the line of Vishal from Smart Horizon Opportunity Fund. Please go ahead.

Vishal: Hello. Hi sir. One question for the One of Us limited acquisition. We have acquired to expand the global footprint so how quickly we are seeing the actual cross-sell revenue from this acquisition? Can you please quantify the contribution from One of Us Limited in FY'26?

Balakrishnan R: I am not clear about the question. May you please repeat?

Moderator: Can you use your handset mode please, Vishal?

Vishal: Just a second, ma'am.

Moderator: Sure.

Vishal: The question is you acquired acquisition for the One of Us Limited to expand global footprint. So, how quickly we are seeing the actual cross-sell revenue from this acquisition? Can you please quantify the contribution from this acquisition in FY'26?

Balakrishnan R: It is very significant to detail you and in fact it is important to share that this acquisition they were our customer even before acquisition. So, it is a well-known culture and the well-known

knowing the entity each other. There is a significant increase into the offshoring business to talk about the cross-sell. It is also helping that whomsoever we know they are directly in the contact of the production houses. We are getting other sorts of the work to give you the flavor of it. I would say the cross-selling at this point of the time will be in the range of 8% to 10% kind of a range. But the more benefit of the cross-selling is coming from the offshoring because before acquisition we were one of the vendor for them for offshoring work now exclusively with us and the offshoring is at a different level as we mentioned. We are opening the Bangalore branch and it is going in a very fast-paced manner. So, this all opportunities are coming in my mind as a part of the integration and collaboration opportunity.

Vishal: Okay.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference back to management for closing comments. Over to you sir.

Balakrishnan R: Thank you so much. Thank you everyone for joining the call and we really appreciate your time and if you do have any queries, please do forward it to our IR and PR team and we would be happy to answer any questions that may come to us. Thank you so much.

Moderator: Thank you members of the management team. On behalf of Basilic Fly Studio Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Balakrishnan R: Thanks everyone.