August 24, 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 Q1-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 ended June 30, 2026, held on August 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
Digitally signed by IKKURTHI CHANDRAMOHAN
Date: 2026.08.24 15:11:36 +05'30'

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

Encl: Transcript

Basilic Fly Studio Limited

Q1 FY2027 Earnings Conference Call

August 17,2026

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 the Basilic Fly Studio Ltd Q1 FY2027 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 touch-tone 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: 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 Ltd.

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 1st 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 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.

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 afternoon, everyone. Before sharing our Q1 FY27 business highlights, let me briefly introduce the company for those who may be new to us. The Basilic

Fly Studio was founded in the year 2013, incorporated as a private limited company in the year 2016, and listed on the NSE SME in September ‘23 with a record 287x of over-subscription.

We provide an end-to-end visual effects service across films, series, web content, and commercials, and over the past decade have become a trusted creative partner to leading production houses such as Netflix, Amazon, Disney, Apple TV, Warner Brothers, and more major networks.

We operate through an integrated delivery model with studios in Chennai, Pune, UK, France, and also in Canada, backed by a workforce of over 800 talented professionals, enabling seamless global project execution and close alignment across geographies. Our services span the full VFX value chain, right from pre-visualization to asset creation, animation, simulation, lighting, rendering, and compositing, positioning us as a reliable partner for complex, high-quality production.

A key milestone was our July 2024 acquisition of a 70% stake in UK-based One of Us, a two-decade-old BAFTA and Emmy Award-winning studio with 300 professionals and credits, including Damson, Thor, Napoleon, Crown, and the Academy Award-nominated Mission Impossible project. This acquisition strengthened our creative capabilities and access to premium clients like Netflix, Amazon, Disney, Sony, and Warner Brothers globally, expanding our international presence in line with our vision of a globally integrated VFX platform.

We continued serving leading global studios and streamlined platforms through long-standing relationships that reflect our clients' trust in our creative capability, execution, and delivery consistency.

Now let me share the business updates for Q1 2027:

Delivered Projects Updates:

During the quarter, we delivered 89 projects, 28 movies, 53 series, and 8 commercials for 60 clients globally, including 10 new clients. This includes Netflix productions Glory and Lupin, where we delivered complex CG environments and water splash simulations.

We also worked on AMC's upcoming The Walking Dead Season 4, creating a detailed zombie decapitation sequence and a complex CG creature.

Building on this momentum, our business development efforts continued in gaining traction, focused on high-value, high-ticket opportunities. We have also won new international orders worth INR 105 crores FY27 year-to-date from leading streaming platforms, 25% of those FY26 reported revenue, giving strong FY27 revenue visibility. Our active bid pipeline stands at INR 700 crores, with 40% at an advanced stage of conversion.

We also achieved a breakthrough in the domestic streaming market as well, onboarding both Netflix and Amazon for full-length domestic OTT mandates, and domestic OTT sales revenue has already crossed 2x of our full year FY26 revenue from this segment.

Tech Updates:

As we scale globally, we are also investing in our technology foundation. Our unified data center strategy will connect all studio locations through centralized infrastructure, improving collaboration, data management, and operational efficiency. We have also established a dedicated future technology and AI excellence team to research and implement next-generation and AI-driven initiatives, strengthening our long-term competitive advantage.

We are also evolving from a VFX vendor competing on bids to a creative partner collaborating directly with filmmakers from early production stages. Last quarter, we developed a high-end creative presentation for an upcoming Apple show with VFX production starting in October. A strategic opportunity beyond its immediate monetary value will also earn some recognition back to us.

Now let me share updates for an evolving industry landscape shaping VFX's future:

India's animation and VFX industry is projected to reach US$2.2 billion by 2026. 6% of the country's overall M&E sector is driven by growth in film, OTT, content, gaming, advertising, and outsourcing based on an industry report.

Netflix's renewed commitment to India. We are all aware that Netflix's Co-CEO Mr.Ted Sarandos is meeting with Honorable Prime Minister Shri Narendra Modi, which signals strong confidence in India's creative and VFX industry, with notable investment in VFX and creative technology. Globally, the film industry is recovering post the Hollywood strikes, with a 2026 box office forecast at US$35 billion, the strongest since 2019. Spider-Man Brand New Day has surpassed US$2 billion worldwide, only the eighth film to do so, while The Odyssey has crossed US$1.2 billion, with IMAX revenue of US$289 million, which shows 26% of its box office came from large-format experience, showing audiences' continued appetite for premium cinema. US production is also stabilizing, with the Los Angeles feature film shoot days up 52.3% year-on-year.

Likewise, the global trend continues. The Middle East is emerging as a strategic hub for global entertainment, with Saudi Arabia, Abu Dhabi, and Qatar investing directly in entertainment assets and creative technology companies, notably Abu Dhabi's US$200 million investment in DNEG, valuing it at more than US$2 billion.

This is alongside Saudi Arabia's US$55 billion acquisition of Electronic Arts very recently and Qatar's new 40%-50% production incentive, a deliberate Gulf strategy to own IP, invest in leading entertainment companies, and build regional VFX infrastructure. This signals the

Middle East's ambition to become a meaningful hub for VFX animation and creative technology, and an important new growth market for us.

Our Honorable Prime Minister Narendra Modi's Independence Day address on 15 August 2026 highlighted VFX animation, gaming, and digital content as key to India's soft power, a strong policy endorsement that reinforces the sector's strategic importance and supports Indian companies moving up the value chain from execution-led services to creative partnerships.

In a nutshell, we see the sector to be more vibrant than ever and also see our contribution increasing gradually as reflected in the total order book Q1 winnings and also in our bidding pipeline.

With that, I will hand over to Mr. Zameer Hussain, – our COO, for the operational and technology updates. Over to you.

Zameer Hussain: Thank you, Bala.

On the operations and technology, maintaining a competitive cost structure remains the key as always. Our India-led delivery model gives us a structural cost advantage of 30-40% over the traditional delivery locations abroad.

This quarter, we continued migrating select roles from the UK and Europe to India while expanding our Bengaluru's presence, which we expect to drive durable margin expansion. Technology remains central to our strategy. This quarter, we integrated the ComfyUI into the new pipeline for our proprietary tool sets like the de-aging, age conditioning, asset creation, and also the 4K texture creation as well.

We also completed our transition to owned NetApp infrastructure, replacing cloud dependence while improving scalability and control. The Project Hybrid, as we call it, and the USD pipeline integration are both in the pre-rollout testing phase with Project Hybrid on track to be rolled out at the end of August and the USD pipeline integration by September, enabling seamless interoperability across the global studios.

We also continued strengthening our security infrastructure. Our annual Red Team Assessment remains on track for September completion, and the newly initiated Paramount Security Assessment is progressing as planned, expected to be at the first week of October.

Our Chennai and Pune facilities helped Basilic Fly become only the sixth studio globally to receive the prestigious “TPN Stella Award”, reflecting our robust security framework and our IT team's efforts in maintaining world-class standards.

We also continue investing in talent and leadership. This quarter, we ran talent development boot camps in Chennai and Pune for MatchMove, BodyMation, and RotoPrep, and strengthened our leadership with Ajit Nair as the CG supervisor, Venugopal as the 2D supervisor, and the Pune studio head, and Stuart Lashley and Sebastian Gourday as the VFX supervisors. Both of them bring a deep experience in industry and technology specifically, and they have been key drivers of technology and AI workflow expertise. We have also got in Ameya Samant as the Senior Business Development Manager, leading strategic sales and market expansion domestically.

With that, I will hand over to Mr. Gaurav Mehra – our CFO for the financial performance.

Gaurav Mehra: Thank you, Bala and Zameer. Good afternoon, everyone.

Let me take you through the financial updates for the period under review:

India's standalone financial updates:

For India business on a standalone basis, revenue from the operation for the quarter stood at INR 26 crores, reflecting an increase of 28% year-over-year.

EBITDA for the quarter stood at INR 11 crores, an increase of 29% year-on-year. EBITDA margin for the quarter stood at 42%, remaining stable compared to the same quarter last year.

Profit after tax stood at approximately INR 6 crores, an increase of 17% year-over-year, with PAT margins of 20%. A decline of 271 bps on year-on-year basis due to the depreciation and tech investment.

Moving to consolidated financial updates:

Revenue from the operation for the quarter stood at INR 104 crores, reflecting a growth of 10% year-over-year. EBITDA for the quarter stood at INR 14 crores, down 23% year-on-year. EBITDA margins at 13.91%, a decline of 584 bps year-on-year. Decline in EBITDA and EBITDA margins are primarily due to the unrealized FOREX loss, higher management travel, overlapping work migration costs, and increased IT expenses.

Profit after tax for the quarter stood at INR 7 crores, a decrease of 44% year-on-year. PAT margins for the quarter stood at 6.3%, a decline of 637 bps year-on-year.

Further, the decline in PAT was primarily a cascading impact of EBITDA pressure, further impacted by the higher exceptional severance costs and increased depreciation from tech investments.

With this, now I open the floor for questions and answer sessions. Thank you and over to you Purvangi.

Moderator: Thank you. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Our first question comes in the line of Viraj Mahadevia with Money Grow. Please go ahead.

Viraj Mahadevia: Hi, thank you. So, as highlighted by Bala, the sector prospects remain very bright. How does the management feel about the tangible profitability and delivery against these bright prospects of the sector?

Balakrishnan : Good afternoon, Mr. Viraj. As we have been looking towards this year from now on towards the end of the year, we have been looking at projects which have already been awarded to us where we would start primarily between the larger chunk of work would be between September and March and April and beyond that as well. If you take this quarter where we have worked towards making sure how we will position those work between the European location as well as in India location.

And when we look at that, we look at a huge prospect of the work between these months. And if you have any specific questions, I would be happy to answer.

Viraj Mahadevia: I think, Bala, my bigger point is something for you and the Management Team and the Promoter Group to think about. Your stock price is halved since the IPO three years ago. Your EBITDA margins have halved since your IPO EBITDA three years ago. I think building a business is a fine balancing act between growth, investments, employee hires, but also delivering profitability. I think while we are laser focused on the former, I think we have gotten our eye off the latter a bit. Would you tend to agree?

Gaurav Mehra: So, to add on that, Mr. Viraj, so I think we should read the number from this perspective that while, as I mentioned that EBITDA and EBITDA percentage looks to be down on year-over-year comparison, we should look into the reasons. So, the primary reason driving that, so if I can call out the number, our consol EBITDA stands at INR 14.4 crores for the quarter, versus the last year corresponding number, INR 18.6 crores. So, we have a gap of about INR 4.2 crores. Now a large part of these INR 4.2 crores are coming from the unrealized forex, because we have the debtors and some outstanding as you know, and the rates were particularly higher by the March versus compared to this quarter, particularly the Canadian currency. So, it's not a real loss, it's a national loss because we need to reinstate the financials as per the accounting standard. Also followed with that some extent with the management travel, which should be taken off as one-off expenses related to the merger and acquisitions, related to the strategies what we are doing. That's what is driving into the EBITDA primarily.

Now the next component is coming that if I say that the severance cost, now the severance cost incurred for the quarter is almost equal to that what would be incurred into the last year. So, we have incurred a INR 2.9 crores, which is reflecting in financial as an exceptional item, versus INR 3.2 crores for the full year. We can take this slowly, but that case the profit comes gradually. We have taken that entire hit in a quarter so that the profitability can be can be delivered in a more faster way. Always our H1 revenue will be lower compared to the H2 revenue.

So, as the upcoming quarter looks like, I think we are set with the order book Mr. Bala called out, with the bid pipeline what we called out, and the hits taking larger part in Q1. So, I think that sets the platform for the upcoming quarter.

Balakrishnan: To add up to what Gaurav mentioned, I would like to add, and also when we transition work between Europe and India, we plan this quarter mainly because where we anticipate between September and March where we will have a larger chunk of work, which is highlighted, and for that we need to do transition reduction in employees over there in a timely manner. In a sense, timing is also very important. When we have those deliveries in cluster, we wouldn't be able to do this. We need to choose a timeline where we would be lighter compared to other period of the year, and that is what we did. And to replace this, we are also planning up a physical facility to be in Bengaluru from operationally from October, where we are looking at 150 seat for of India Bengaluru for more high-end work. Apart from the service work which we do in Chennai and Pune for one office collaboratively, we are also looking to increase the capacity in Bengaluru, which will start from October. So, due to which we have to do this expense on this particular quarter.

Viraj Mahadevia: I understand, but I would say that any new company that comes for listing has a long rope, and I think investors have been patient with the long rope and the explanations and the integration and the outsourcing and everything that's going on, and I appreciate you have a lot going on and you are taking the right steps to create value. But I would urge the management team, number one, if you can put out a slide, Mr. Mehra, to the exchange, explaining what these one-offs are in terms of an EBITDA bridge on a normalized basis with these various one-offs coming out. Number two, it would be helpful to understand from the management team when the sales engine actually starts firing, because currently we have loaded with a lot of wonderful international experts on the BD side and the VFX side, but we are unable to see any tangible translation into revenue.

So, what is the Management Team's view on this? Because you need to help take us along and help us see what you are seeing in terms of the future growth journey of the company. Because frankly, the last two, three years have been quite uninspiring.

Gaurav Mehra: Thanks for mentioning the last point, Mr. Viraj. As you said, management has taken two, three one-time initiatives, including doing the offshoring work in parallel, investing into the business development role. I am very happy to share those investments already starting, forming up the return. If I can share, as Bala mentioned, that we got a huge new winning of INR 105 crores by now for the financial years, and we also won part of a quite sizable number, which is almost a 500% return on what we have invested on that person. There is a pipeline, as Mr. Bala mentioned, INR 700 crores. We were never to that huge pipeline. That itself is reflecting what's building in that. So, it's a combination of the both. It's not completely pipelined.

We got a great winning as well. We are awaiting for a few more bidding to be confirmed in a month or so. If that also turns up, then the number goes too high. We sit at a quite healthy pipeline as we talk, which we had also shared in the earlier press release. So, I think we should look at both. I completely buy your point that probably we need to call out that all these one offs more precisely. We have mentioned that into the Investor Presentations asterisk to all the deltas to call out this clearly, but happy to do a separate slide for more clarity going forward.

Viraj Mahadevia: Very helpful, Mr. Mehra. Point taken. I think, like I said, one is some kind of sales funnel. In whichever way you want to protect client confidentiality, but something that depicts really what is going in the business. I think we have to get beyond just showing logos and this kind of stuff in our deck. I think get down to the nuts and bolts of really what's going on in the business and your sales funnel.

Number two, what is the cost on a no-name basis of these individual hires and what sales or pipeline of one or pipeline business are they generating against that? So, we can see is this BD engine of yours actually starting to fire and extrapolate as in what this means for future years? And thirdly, what is the normalized profitability after all these various one-offs coming in?

I think three of those things coming into the main deck will frankly give a lot more understanding than everything else in the deck put together.

Gaurav Mehra: Absolutely. Thank you very much. Just to give you the number at the outset while we will try to get this more informative. If I take out all the one-offs that I said, the severance cost, either we call out the increase in the depreciation because of the recent tech investment or we call out the effects. If we take out this all, our PAT percentage is still at the same percentage of the 14% or the 15% range what we had it earlier. So, it's a timing gap more.

So, the two parts now, we need to look out more into the EBITDA than the PAT because it is inevitable that the investment, the depreciation not to come in. So, we need to look out from the EBITDA perspective and that's what contributes to the cash profit. And we only need to take effects and all which is uncontrollable to any organization.

Viraj Mahadevia: So, I think just an EBITDA bridge on clean EBITDA versus reported EBITDA is incredibly helpful. And you can do it over six quarters for all. I mean, just as an example, because every time there's some exceptional, there's some severance cost, there's something, but I think more importantly over the current period.

And then something on the sales funnel bridge which gives us a little more clarity into understanding that are these BD heads really translating into a pipeline or tangible wins?

Balakrishnan: Sure. In terms of the key hires we had hired last September to between the last September and February last year, that is this year. And we have seen some very good movements from these progress. And also what's based upon these key hires.

Viraj Mahadevia: Why don't you put it in the deck? And we don't need names. I don't need to do what X has done versus Y. We can call them A, B, C, D, E as key employees. We don't need to know the names per se, but something that gives us visibility into really what is going on behind the scenes and are these hires translating into something or are they going into a, sorry, forgive my English, a little bit of a black box and weighing down profitability?

Gaurav Mehra: No, absolutely, Mr. Viraj. I am not sure if a few of our pointers missed your attention. As I said, it's not completely black box. So, in investor presentation, we have called out the outcome from these investment. We have called out these all exceptional. So, it can be elaborated more definitely, but it's been called out in the investor presentation.

Moderator: Thanks. Thank you. The next question comes from the line of Kaushal Agarwal with Veera Bharat. Please go ahead.

Kaushal Agarwal: Hi. Good evening. Actually, I just wanted to understand, in the previous phone call, there was a mention about 50 of high costs from UK to Bengaluru and Pune.

Moderator: Your voice is not very clear.

Gaurav Mehra: Maybe if you can repeat your question, please. Sorry.

Kaushal Agarwal: I just wanted to understand that one thing that you have mentioned in the earlier presentation as well, that structural changes will impact our 30% to 40% cost when you shift your basis to Pune and Bengaluru. So, I just wanted to update on the same. What is the timeline we can expect the impact in the P&L?

Gaurav Mehra: Sure. I will take up that question. That 30% to 40% is the saving happening into the employee-related costs for those. To give you the sense of the comparative, the average cost of a resource in India versus average cost of resource in London or France, the delta is as high as 7 to 8 times.

We are taking the multiple initiative. One initiative, as I said, that building more offshore capabilities and transitioning those roles to the offshore as soon as possible. To be honest, it wasn't at this momentum earlier.

As you can see, the more severance costs coming into the financials. So, it has picked up the great momentum in the last two to three quarters specifically. Beyond the offshoring, we are also doing the savings into the tech front.

So, if you recollect what Mr. Bala, Mr. Zameer mentioned earlier, we are building the USD pipelines, we are building the AI, which is reducing the manual efforts, which is increasing the volume, which is reducing the cost of operation. So, when we say the 30% to 40%, it's relating to that tech-related cost and this.

To answer you from when it will start coming, our tech part is getting capitalized into the Q2 or early in Q3. So, that will start from the running quarter partially and coming quarter. As far as the employee offshoring is concerned, it's partially already in-built. So, if we talk about last two quarters, we have already migrated close to 30 to 40 high-end roles, and we have a huge expansion plan in Bengaluru. So, all to materialize, it should be all done by the end of the FY27, by March '27.

Kaushal Agarwal: So, to understand it, it will take an impact to a whole year post-FY27. We will see the positive impact on the Financials.

Gaurav Mehra: I am saying it has already started, and it is coming gradually every quarter. I am saying that the last leg, what we are looking out, maybe. So, not the benefit to start from March '27, but by then we should be over with all the initiatives.

Kaushal Agarwal: Okay, understood. One more thing. There were some debtors of around 140 crores as of March '26. How much we have recovered till now? Do you have any number?

Gaurav Mehra: So, that is unpublished information, Mr. Kaushal, for the quarter, we will talk more into the half-yearly result. But to give you the sense, as we spoke about into the last earning call, we got some good collection happen. If I can give you the sense, our collection for the March to June was almost 2x of the collection used to be in the normal. So, we got some good collection. So, the number we can talk in the actual, but we are getting those gradually received. In fact, some payment was scheduled for this month, which seems to be happening in the next month. So, we are getting those collected.

Kaushal Agarwal : Understood. Just one last thing. You have mentioned around INR 700 crores bidding pipeline is there. How much orders we have in hand? What exactly the orders that we have converted into orders? What is the number, current order book we have?

Balakrishnan: At the moment, this is all currently we have been bidding since we have also submitted to the clients. And we are having more advanced conversations in these bids, out of which 30%-40% where we have advanced conversation. Maybe the contract is not signed, but we are discussing towards the fine details of those projects. And apart from that, few others which we will be able to hear more towards September months.

Kaushal Agarwal: We definitely have something in our order book, apart from the bidding that is going on?

Gaurav Mehra: So, to answer that, including the new winning of INR 105 crores called out for the current financial year, we sit around the range of INR 250 crores to INR 260 crores out of the order book undelivered as we speak and to be delivered within the FY27. Okay.

Kaushal Agarwal" Got it. Thank you. Thank you.

Moderator: Thank you. The next question comes from the line of Tanishk Sarawgi, an Individual Investor. Please go ahead.

Tanishk Sarawgi: Hi, very good evening. Good evening. So, I wanted to ask how much of the proceeds from the QIP and the IPO round do we have unutilized and where are they actually kept?

Gaurav Mehra: So, we do have about INR 37 crores of the QIP unutilized and close to INR 21 crores of the IPO unutilized. And that remains large part into the fixed deposits.

Tanishk Sarawgi: So, for the QIP proceeds that we are eyeing for some inorganic growth, do we have any leads that where we can expect this acquisition or any inorganic growth to be happening?

Gaurav Mehra: So, to be honest with you, by now we have evaluated a large number of the M&A deal and in fact, the travel I mentioned that was also relating to that management travel for that. We are at an advanced stage. As soon as it materializes, we will be utilizing this and we are really looking out some very good player in the market. So, which can really add not only from the growth in the top line and bottom line, but also from the capability perspective and also opening the opportunity to the new geographies. So, that's what it's taking time. So, we are looking out into the geographies where our current presence is not that strong and to add a few more capabilities beyond our conventional VFX where we are already doing.

Tanishk Sarawgi: Okay, got it. Thank you. Thank you.

Moderator: The next question comes from the line of Shikhar Mundra with Vivog Commercial Limited. Please go ahead.

Shikhar Mundra: Yes, I want to understand. So, we are at INR 70 crores employee cost quarterly. So, when will this peak out? I mean, at some moment it has to peak out for the benefits of operating leverage to kick it and for the benefits of all the investments we are doing in IT and of the offshoring which we have been talking about for so many quarters. So, when do we plan to peak out this employee cost and actually see some operating leverage in the business?

Gaurav Mehra: So, Mr. Shikhar, I think it's not that we are speaking out this for very long. To the best of my memory, it is all happening largely from the December ending quarter. So, technically we have been speaking it out more for the last three quarters. As you know, it's not a quick process. It needs to follow the legal compliances it needs to follow. And if you see the overall number, if I take out even the last year number, current year number, both put together, it's merely a cost of the INR 6 crores.

And you know the severance cost is not a smaller cost. So, depending upon that, what we can appetite, what we can do, it's a process and it's not only what the cost we can bear, it also has the legal procedure, that what the timeframe we need to give them the consent. So, it is a time-taking process.

Coming to how it reflects into the profitability and that. So, as I said, if I take it out, it is already reflecting the profitability into both the reason overseas and all, but that is being overtaken with the severance cost happening at the same point of the time. When this cost is stopped, then it will reflect. We are talking about a quite a huge number. We are talking about the Bengaluru going as high as 100 number to 150 number. So, it's a time-taking process. It can't be started or completed within a quarter or two quarters.

Shikhar Mundra: And with the Bengaluru expansion, what will the employee cost we are expecting from next quarter onwards with these 100 employees being added more?

Gaurav Mehra: No, I am not clear. When you say that what is the employee cost, you are saying that what will be the cost?

Shikhar Mundra: Because we are adding more employees in Bengaluru right now, right or those employees have already been added?

Balakrishnan: We already have 39 artists working from Bengaluru and we are planning to have a physical facility. The idea is to have further more growth in Bengaluru and when we have this physical facility, it would be much easier for teams in London and Paris to closely work with teams here. And our plan is to look out for 150 seaters. By the end of this financial year, we need to grow towards that number. And we are also planning to have maybe 80 to 100 immediately and from there to grow. And that is what we have been looking at.

And when we do this, we will reduce the cost in London and Paris. So, that is the idea behind it. And we have this physical facility and the employee cost will be much lesser than what we would spend in London and Paris.

And if you take the severance cost, which we have incurred in the last quarter as well as this quarter, the last three quarters primarily, and also the tech investments which we have done, it will proportionally relate to what we have been doing with Bengaluru as well. So, this is primarily an exercise where we are moving from spending those expenses in European locations and transitioning more to India.

Shikhar Mundra: Can you quantify the severance cost for the last three quarters?

Gaurav Mehra: Not handy to me, Mr. Shikhar, but as I mentioned that for the quarter, it stands at INR 2.9 crores. For the last full financial year, it is standard INR 3.2 crores.

Shikhar Mundra: That's the part of the exceptional item.

Gaurav Mehra: Yes, that's the part of the exceptional item. You are right.

Shikhar Mundra: But after this new acquisition, then the same process will then again start again, right? Because then we will be again acquiring a new company and then we will again be laying off the employees. This process will start again, right?

Balakrishnan: Yes, to keep you posted, the company which we are looking out is a North American company. And also when we look at this company, we are not looking out for a distress partner, but a partner who is into a complimentary setup. And also a partner, for example, we have this tech investment already done as part of one of our acquisitions where we will have a seamless collaboration which we have done for the last one and a half years and more so in the last six months, which we have established already. And also, the partner we have been looking at is the partner that we have been making decent margins. The overseas location also will open up to a new market as well. So, that is the thing which we have been working with the new acquisition. So, that is where it is taking a bit more time as well for us to work closely on the negotiation deal and other things.

Gaurav Mehra: To add on that, Mr. Shikhar, that whether we acquire the new company, whether this severance will start again? Yes, it may start. First of all, the company what we are looking out they do have sizable offshoring. Having said that, whether there will not be any scope, if there will not be any scope, then there will not be any leverage. No overseas company is operating at a two digit, 20%, 30% PAT as India business is doing. So, I think that's an advantage. That's not a disadvantage. If this severance starts again, that unlocks a big value. And that always remains a part of the M&A strategy.

So, I won't deny that if we do, then it will not. But as I said, it's not a quick process. Apart from the legal aspects of the severance process, it has a huge dependency on the technology investment. We are done with that part because tech investment requires the money, then it requires the process to be seamlessly smooth so that when we migrate that work, it can be executed as smooth as it was happening onshore. So, it's a combination of both the tech as well as the employee, as well as the tech upskilling of the offshore resources. It's a lengthy process.

Shikhar Mundra: And so is it safe to assume that these kind of margins which we reported in this quarter, these are like rock-bottom margins. Things should only improve from here given the fact that there are so many one-offs and we should even see the benefits of offshoring coming in. And with sales growth also, we are expecting that to become better.

Sales growth should finally fire. So, is it safe to assume that these are rock-bottom margins and things can't be worse than this?

Gaurav Mehra: Absolutely. And I will not title that as a worse. As I said, if I am absorbing the severance costs, it's a part of the process. But yes, to answer you whether it can go down to this, we do not expect that to happen. As you know Q2, Q3, Q4 is better than Q1. As I said, our H2 is always heavier than H1 because of the Christmas seasonality, because of the schedule, . So, the bidding as well as the order book, we think we are in a very strong position for FY27 as the top line pickups, as those projects are scheduled to be delivered in the coming quarter, that should uplift the bottom line materially. All right.

Shikhar Mundra: Thank you and all the best.

Moderator: Thank you, Mr. Shikhar. The next question comes from the line of Rumal Shah, an individual investor. Please go ahead.

Rumal Shah: Hi. With fundraising at such a significantly higher price, what specific actions will you take now to rebuild trust and align performance with the expectations?

Gaurav Mehra: I don't know when you say rebuild the trust. I can understand the impact of the margins because of this initiative, but I would recommend as an investor, you should not only look for the quarter, you should look at what's the signed order book, what's the pipeline, what's the cost coming, is it the operating cost increasing, is it the new trend, or is it the one-off? So, to me, that is the distinguishing part.

So, if it is not the recurring trend, then I will not say that I need to rebuild the trust. It's a process we need to go through. And as I said, numbers speak for themselves, that the 2.9 savings cost in a quarter versus 3.2 in a year, that itself says what the heavy lifting the quarter has taken on it. So, with the delivery schedule of the order book undelivered speaks about how we should expect the quarter to come. So, we expect, to be honest, that Q3, Q4 will be the best quarter for us in the financial year.

Moderator: Alright, thank you. Thanks. The next question comes from the line of Viraj Mahadevia With Money Grow, please go ahead.

Viraj Mahadevia: Mr. Mehra, given everything you have highlighted with the new potential acquisition, can you give us a sense of, is it already a profitable business, otherwise we take on the risk of getting caught in the same loop again, of pressuring our consolidated financials with sort of legacy, Western market cost structures. So, is it already a profitable business? And then you will improve the profitability by outsourcing further to India?

Gaurav Mehra: Sure, Mr. Viraj. So, to share the perspective, we are talking at an advanced stage, there are two proposals. The one which we are pitching high is in the positive margins and a sizable positive percentages.

That's more because they are more into the commercial side, which is a relatively more higher profitability business. And they also do have very flexible model where when the spike comes, their cost model is quite flexible. So, they are into the positive territory, that's what we are looking out.

The second proposal I am seeing, they are not very high profitable, but their valuation is quite attractive. So, as you always know, it's a combination of both of the things. But what we are banging on more is on the profitable one, where definitely the expectation is also a little higher. So, that's what is taking time, it's a process.

Viraj Mahadevia: Now I would urge the management to seriously consider an already profitable business as opposed to a second round of turnaround effort, given where the financials are today and the already existing loading on the P&L. My second question is, can you give us a sense of whether this will be funded by cash on books? I think you have roughly, from what I picked up earlier Mr. Mehra, about INR 80-90 crores of cash on books. Are you planning to borrow any funds for this or take on any kind of debt?

Gaurav Mehra: No, not at this point of the time. So, I think we have the appetite to go largely for the cost of acquisition with the funds in hand.

Viraj Mahadevia: Okay, that's good to hear. Because I think any other further risk loading onto the business would be disastrous.

Gaurav Mehra: No, so as I said, that seems to be making up and we are not talking about the 100%. So, we are talking about the majority. So. That makes up it all.

Viraj Mahadevia: Perfect, thank you. All the best in closing that.

Gaurav Mehra: Thank you Mr. Mehra.

Moderator: The next question comes from the line of Shashank Kanodia, an Individual Investor. Please go ahead.

Shashank Kanodia: Good evening. I just wanted to check with the kind of order bids that you already have and the discussions with the customers on the pipeline. So, what kind of revenue growth organically are we targeting for this fiscal year and next 2-3 years? Do we have any vision of obtaining a ballpark number?

Balakrishnan: You mean the next 2-3 years?

Shashank Kanodia: Yes, I am asking for both FY27 and let's say FY30 or FY29 targets that you internal build upon?

Gaurav Mehra: Sure, I will take up that question. So, as we mentioned, so as we talk, we stand at the INR 250 crores undelivered order book. That's not the winning. Winning is definitely higher. This is the undelivered order book which is to be executed within the FY27, and we are talking at the end of the 1st Quarter. So, we expect some bidding to continue. Winning comes from the bidding pipeline Our pipeline is at an all-time high. We have never been at this level of INR 700 crores of the bidding pipeline. A couple of them are really at a quite advanced stage.

If that materializes, the number can go up a little higher than last year's run rate and all. So, we expect this year to be good from the top line perspective and growth into the bottom line as well.

Shashank Kanodia: Sir, we have already clocked INR 100 crores for this quarter and you confirmed pushing to INR 250 odd crores. This is still less than the last year revenue number, right? So, I think something like INR 500 crores or something above that is on the cards for this fiscal year or it will be too bullish estimates to build upon?

Gaurav Mehra: Yes, I will refrain to calling out any number for the future perspective. But yes, as I said that we should cross the last year number comfortably and we expect a significant we expect a good growth on those numbers. So, if you see the historical trend every year we have been into the (+30%) growth into the top line. So, before the last year number of the INR 418 crores to be the total, we were at the INR 306 crores.

So, we expect the growth momentum to continue and we are more hopeful with the bid pipeline being all-time high and more can be assured once this gets converted into the winning and get converted into the order book.

Balakrishnan: To add to what Gaurav mentioned it is about when we bid on projects when we submit it is something that in the next three months we start to work on those projects. I mean whatever has been awarded is awarded already and we would start working on it as soon as it starts. And the ones which we submitted now it may start either be January or February or something in December as well.

Start lean and the delivery may go up to next June. So, the bidding can turn around as in with the kind of bidding pipeline which we have, which we have submitted. So, we will wait to get those awards through the course of next few months, and we will get to hear more and we will add on to our award updates as soon as we get to submit to the exchange.

Shashank Kanodia: But broadly what you guys could you know comprehend 30% kind of growth kind of will be targeted for this year as well right? The growth momentum to continue so largely be meant in that direction only.

Gaurav Mehra: That's our historical trend and we expect the trend to continue or surpass the historical trend.

Shashank Kanodia: And this is all organic growth that we are talking about.

Gaurav Mehra: I am not counting any M&A number add to this whatever we are talking is in the organic growth.

Shashank Kanodia: Next is three or five year vision if you could share for us. How do you see next three years or five years?

Gaurav Mehra: So, we expect this numbers to grow more than our CAGR so far. As I said, management has done heavy investment into the business development role. So, not sure if you have been following our earlier call. So, we have onboarded five to six business development roles and we got the first major winning. The minor winning always continue. We got the one major winning happened in this current quarter which is much more than our normal ticket size. So, our normal bidding ticket size used to be 1 million to 1.5 million and the winning I am talking about that is in the range of 4 million to 4.5 million. So, we are now currently bidding to a hybrid value.

So, I think the trend is changing and in the bid pipeline also the quite a few bids which are at advanced stages in the range of the 4 million to 5 million. If those winning happens then the growth rate can be much higher. So, I think we should wait to get those converted into the order book then it will be more meaningful to talk about that.

Shashank Kanodia: One last thing. I don't know what kind of financial advisors you have but was listing a start-up a journey for you guys and what's your destination? Because normally in the course of time companies measure put operating margins, bid operating margins, share the opportunity sizing and then go for main board listing. So, what's the management process before going for main board listing versus studying the base business? You have a history of giving negative surprises quarter-by-quarter either in the form of low growth or in terms of debt or in terms of margin and stuff. So, I am coming from that perspective.

Gaurav Mehra: Now I completely understand your perspective. So, we are consulting that process with Big Four and currently it is at a discussion stage so whether to do it sooner or whether to do it later that is still those discussions are still on and probably we should be in a position to update more to time investor around the September or December. Anyway, it's due from the September 26 afterwards so we will decide that over the course of time.

Shashank Kanodia: I will be sure of that. A lot is due from your side to really live up to the expectations of investors.

Gaurav Mehra: Thank you for all your questions.

Moderator: The next question comes from the line of Shikhar Mudra with Vivog Commercial Ltd. Please go ahead

Shikhar Mundra: There is a clarification the INR 255 crores of undelivered order book that is as on date or it was at the end of Q1?

Gaurav Mehra: That's more on as on date. To be precise around the end of July.

Shikhar Mundra: Alright. Even if I add 255 plus 106 plus what we delivered in July we will still need to have some significant order to deliver the growth number which we are targeting for.

Gaurav Mehra: And we are still left out with close to 8 to 9 months. So, if this is whatever we are talking is 4 months, 5 months result so we have 2x of the time left out to gain that and to give you the perspective, we always will have the visibility of next 3 to 4 months kind of a thing. So, as I said, we have a very short visibility now we are sitting in a position where we have a schedule for the rest of the year. And we are still bidding. We have a heavy bidding pipeline.

Shikhar Mundra: Got it. And the timeline for this INR 255 crores will be what? Average timeline. I get it. It will be distributed throughout the year. But what would be the major chunk of this INR 255 crores? When will it get executed?

Gaurav Mehra: It is starting from the Q2 end and goes till the Q4.

Shikhar Mundra: Q2 to Q4. So, it's around 8 to 9 months will be the duration.

Gaurav Mehra: Right. And it's not evenly spread.

Shikhar Mundra: I am trying to understand from that perspective. Let's say we win an order of let's say INR 50 crores as on date. So, what is the average timeline when it gets executed? I believe the first few months might be the major chunk. The major percentage of that order might be getting executed. How does the math actually work or what's the average math of an order?

Gaurav Mehra: So, that's what I was saying. It's not evenly spread. Our revenue recognition depends upon the milestone achieved. So, once we complete that milestone then it goes to the client approval. So, sometimes it can be as high as 50% of the order. And in some stages it can depend upon which project is at which stage. So, like that. So, it's a mix of the 6 to 7 projects. So, all the projects will be at a different stage.

Balakrishnan: Usually, it's like a curve. It starts lean and it goes upwards. And towards delivery it is more intense. And it will then be complete. So, that is where it is. So, it is the usual process how we deliver.

Shikhar Mundra: Just for a wire comparison what was this undelivered order book like one year back? So, to take INR 250 crores around the end of July. So, what was it maybe last year July what was this undelivered order book?

Gaurav Mehra: I don't have that handy with me Mr. Shikhar.

Shekhar Mundra: Any approximation or any ballpark would be helpful.

Gaurav Mehra: As I said we were never at this much healthy order book. We always used to be in the range of INR 100 crores to INR150 crores order book. So, it's on the increasing trend.

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

Rumal Shah: What's your message to the shareholders who are sitting at a loss of 60%-70% with you?

Gaurav Mehra: Sorry can you please come again?

Rumal Shah: What is your message to shareholders and QIP investors who are sitting at a loss of 50%-60%?

Gaurav Mehra: I think if you are looking out from the share pricing perspective at the QIP versus now I think it was also largely played with the geopolitical things happening. So, if you see from the profitability perspective it remains in the same what we delivered earlier. I think we expect all the QIP investors and those to be the long term and we are trying to give as much visibility as we can in terms of the order book, in terms of the winnings, in terms of the technical updates. So, I think from my evaluation perspective these are bright prospects for the coming quarter.

Moderator: Yes, Mr. Rumal does that answer your question?

Rumal Shah: Yes.

Moderator: Okay. Thank you. There are no further questions at this time. I now hand the conference over to the management for closing comments.

Balakrishnan: Thank you so much. And I would like to thank every investor who have participated in this conference call. And if you have any further questions I would like to know more about the company. Please reach out to our Investor Relations Managers at Valorem Advisors. And I would like to thank you all again for your time and patience listening to us. Thank you so much.

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

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(This document was edited for readability purpose)