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To,
The Manager,
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051

Symbol: BASILIC ISIN:
INE0OCC01013

Subject: Transcript of Analysts/ Investors Earnings Conference Call half year ended September 30, 2023, held on 08th November 2023, pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby submit the Transcript of analysts / investors Earning Conference Call conducted on 08th November 2023 at 02:30 PM to discuss the Company's performance for the half year ended 30th September 2023.

You are requested to kindly take the same on your record. Thanking you.
Yours faithfully,

For Basilic Fly Studio Limited

Nikhil Midha
Company Secretary & Compliance Officer
Encl.: a/a



“Basilic Fly Studio Limited
H1 FY2024 Earnings Conference Call”

November 08, 2023



ANALYST: MS. CHANDNI CHANDE – KIRIN ADVISORS

**MANAGEMENT: MR. BALAKRISHNAN –MANAGING DIRECTOR & CHIEF OPERATOR OFFICER – BASILIC FLY STUDIO LIMITED
MRS. YOGALAKSHMI – WHOLE TIME DIRECTOR & CHIEF OPERATION OFFICER – BASILIC FLY STUDIO LIMITED
MR. PRABHAKAR – DIRECTOR & HEAD OF STUDIO– BASILIC FLY STUDIO LIMITED
MR. SUDHARSAN DHEENEDAYALU – SENIOR VICE PRESIDENT – FINANCE & ACCOUNTS – BASILIC FLY STUDIO LIMITED
MR. NIKHIL MIDHA – COMPANY SECRETARY— BASILIC FLY STUDIO LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the H1 FY2024 Earnings Conference Call of Basilic Fly Studio Limited hosted by Kirin 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. Chandni Chande from Kirin Advisors. Thank you and over to you Ms. Chande!

Chandni Chande: Thank you. On behalf of Kirin Advisors I welcome you all to the conference call of Basilic Fly Studio Limited. From management side we have Mr. Balakrishnan – Managing Director and COO. Ms. Yogalakshmi – Whole Time Director and COO, Mr. Prabhakar– Director & Head Of Studio, Mr. Sudharsan Dheenedayalu – Senior Vice President – Finance & Accounts, Mr. Nikhil Midha– Company Secretary. Now I hand over the call to Mr. Nikhil Midha. Over to you Sir!

Nikhil Midha: Welcome all. Myself, Nikhil Midha, Company Secretary and Compliance Officer at Basilic Fly Studio Limited. Along with me, as stated by Chandni, we have Mr. Balakrishnan, Mrs. Yogalakshmi, Mr. Prabhakar and Mr. Sudharsan. Ladies and gentlemen, good afternoon welcome to our inaugural conference call to discuss Basilic Fly Studio financial performance for the first half of the FY2024. It is an honor to address you all, especially considering our recent listing on the NSE platform. Before we delve into the details of H1 FY2024, I would like to provide a brief overview of our company and its business model. Basilic Fly Studio, BFS was founded in 2016 and is a leading visual effects studio headquartered in Chennai with a branch office in Pune, India with subsidiaries located at Canada and UK. We specialize in creating captivating visual experiences that push the boundaries of creativity and technology. Our exceptional VFX solutions scatter to a wide range of mediums, including movies, TV shows, web series and commercials ensuring that every retail is meticulously crafted. Our journey has been remarkable beginning with a modest 800 square feet workspace and a handful of employees. Today we are a hub of VFX talent from India and around the world with more than 10,000 completed projects and collaborations with more than 300 clients including 900 movies, 2000 series, 8000 commercials. We have cemented our position as a top tier VFX studio. Our dedicated team of 500 plus members operates from offices in India at Chennai and Pune and London and Vancouver. BFS achieved record-breaking IPO performance in September 2023, leading to its listing on NSE emerged platform. In the preceding FY2023 BFS reported total revenues of 79 Crores with EBITDA of Rs.39 Crores and net profit of Rs.28 Crores.

Now let us shift our focus to the operational highlight of H1 FY2024. The first half of 2024 has been nothing short of remarkable and eventful. Notably, we secured the listing on emerged platform of NSE which marked a significant milestone for us. During this period we secured a substantial amount of new business and expanded our workforce to meet the surging demand from our esteemed



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customers. While the entire industry faced challenges during Q2 FY2024 due to some writers strike in the US, we managed to grow despite adversities. Our Canadian subsidiary demonstrated resilience by achieving break even numbers. The resolution of the strike paved way for a surge in the new work orders. In anticipation of this increased demand and in line with our commitment to delivering the highest quality of work, we expanded our team and appointed key senior positions in crucial domains such as VFX supervision and production, compositing, and pipeline management. One notable addition to our senior leadership team is the renowned VFX supervisor and producer Dan Levitan who brings a wealth of expertise to VFX. His decades of production experience spanning to over 85 feature films, 100 plus series episodes and numerous national commercial spots have endowed him with a wealth of knowledge and problems solving skills. His appointment with BFS will fortify our presence in the American market and open doors for exciting collaboration. Our compositing supervisors another significant addition to our team with over 15 years of valuable experience. Their exceptional talent has been recognized with a prestigious nomination for the 2023 Global Stage VEF Award for their work on The Lord of the Rings, The Rings of Power. Their dedication and skill are a testament to the high caliber of talent within our team.

Now let us delve into the financial highlights of H1 FY2024. Standalone H1 FY2024 highlight reveal a total income of 49.89 Crores, EBITDA of 24.07 Crores boasting a strong EBITDA margin of 48% and a net profit of 18.93 Crores with a robust net profit margin of 38%. Consolidated H1 FY2024 highlight indicate a total income of 51.93 Crores, EBITDA of 24.05 Crores and a strong EBITDA margin of 46% and a net profit of Rs.18.88 Crores exhibiting a formidable net profit margin of 36%. We did experience a slight decrease in profitability due to the strike but our Canadian subsidiary managed to be at the break even. I would like to draw your attention to the significant growth we achieved in H1 FY2024 compared to the full fiscal year FY2023. Our revenue was approximately 63% of FY2023. EBITDA was approximately 62% and net profit was approximately 68%. Our strong performance during H1 FY2024 combined with the infusion of funds from our IPO position us well for the future growth. Motivated by our promising growth prospects, we are gearing up for our transformative journey. Our ambitions plans include establishing two new dedicated facilities in India and expanding our international markets with a focus on Europe and Australia. In addition to these strategic initiatives, BFS is actively exploring new opportunities such as venturing into kids entertainment and fostering new collaborations in this regard. Empowered by our exceptional performance in H1 favorable industry condition, the proceeds from our IPO, our dedicated team and the robust project pipeline we retain an optimistic outlook not only for H2 FY2024, but for the years to come ahead. Now I would like to open the floor for the Q&A session. We are delighted to address any questions you may have. Thank you for your patience and for accompanying us on our journey.

Moderator:

Thank you very much, Sir. We will now begin the question and answer session. The first question is from the line of Pranay Jain from Deal Wealth Capital. Please go ahead.



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Pranay Jain: Hi, good afternoon. Thank you congratulations to the management team and entire crew of the company on successful listing and also a robust first half to the year. I have a few questions. So I will start with three. First wanted to understand with over 50 Crores of revenue that we clocked in the first half of this year, could you give us a sense of the visual storytelling palette that we have executed in the form of movies, TV shows, web series and commercials? Some numbers on these fronts just to get more colour.

Balakrishnan: Good afternoon Mr. Pranay this is Balakrishnan Managing Director of Basilic Fly Studio Limited. To answer your question you said about the number of films, the ratio in which we are working on the films and television. I think the ratio would be 30, 35 and 35%. We would be working on film 35% and 30% of television series and rest would be commercial that is again 35%.

Pranay Jain: I will repeat the question for this revenue that we have clocked can you tell us how many movies, TV shows, web series, commercials we have executed. Is there any indicative number you can share?

Balakrishnan: If you look into the number of movies and television series I do not think that could really play a role here in terms of how we make the revenue. But in terms of the projects that we have done, what I could say is if you look into the major blockbuster movies that has released quite recently, we would have pretty much been part of most of them, for example, Barbie, Mission Impossible and a few other projects. We played a very good role in those movies and we have pretty much been a part of these movies and like for television series as well with The Crown and few other television series for major network like Netflix, Amazon for that matter and like for commercials if you take, we do work with the major advertising VFX studios in this matter and we do work on these as well on a consistent manner and we have very good ongoing relationship with these studios. So consistently whenever there is a major movie come to production, we pretty much be part of this movies and television projects.

Pranay Jain: Sharing of these names is definitely helpful. Thank you for that. So to get a broader picture, our scope of services, can you at least share some clarity how much of our revenue is coming from projects which are of global scale like for example Barbie or Mission Impossible that you mentioned versus the domestic projects like Tejas or some other local shows or regional commercials? How much of our revenue is international projects versus domestic?

Balakrishnan: If you take international projects, we pretty much work 100% international projects and the revenue that we generate out of these projects for example when we get into movies like Barbie and Mission Impossible we have our substantial part of our team working on these projects and like which we have some projects which would be on a floating mode that is where we will have our television and commercial projects also around going on the floor as well would be on the floor and the revenue that comes out of it would be of no lesser in the sense you take they would be of quick turn around and the



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margins may not be that much in comparison to movies, but still we do pay quick turnaround of these projects that just makes sense when we look into the overall perspective, when we deliver all these projects. Domestic projects we have not done any domestic projects. Very recently worked on Leo and Leo is the one project which we done based upon very recently, the fact that we thought we will also get to do something on the domestic market as well. That is the reason we were going on Leo and we have plans as well maybe to work on some of the domestic movie projects, maybe have a separate not to get into include that into our current division. So based upon our global reputation, when we get into the domestic market we could get the kind of response from a clients network, production network as well. So that is the reason we got into this movie Leo.

Pranay Jain:

So as our focus remains on international project and you mentioned earlier on this call that we are looking at international expansion in European region, Australia. So as part of this regional diversification, could you give us a sense what are you aiming in terms of capability or projects from international regions over the next couple of years? I am actually interested in the big picture because in seven years, if you are almost on path to achieve 100 Crores in the financial year, which is quite commendable, how are the next two or three years going to look like? This is geographically also segment wise you mentioned that kid's entertainment will be a focus area. So what is it that we are looking at increasing our presence in animation, gaming, out of home media, so wanted to get visibility on these two things.

Balakrishnan:

Looking into the future, we do have bigger aspirations in terms of building a global integrated entity that is not only within India but also sizeable teams in London as well as in LA. We have a VFX supervisor now who works closely with production networks. He comes from that expertise where he has worked closely with the decision makers in the industry and played a key role in terms of creative aspects of building those movies and television series as well with networks like Paramount, Walt Disney and Warner Brothers so that would really help us in terms of building our mission, in terms of building a team as well, not only looking at working on some aspects of any project, but getting yourself involved in right from preproduction to final delivery, right from preparing cost and working closely with film makers and production houses helping them to realize their vision to come into final delivery. So these are the aspects that we have been working on and when we speak we are also working towards getting into children shows as well. That is something that has a very good market in terms of animation as well as visual effects. Aware that will bring in more stability and long term projects as well which will help us to work on projects. Maybe we can go up to 40-45 episodes. We have that kind of executives who have that closer connection and networks with these decision makers in the industry. And like we also have really good creative team as well worked on movies like Star Wars and other award winning movies and television series not only in India but also in London as well as in LA. So that would really take us to places and we are also in talks with some of the companies working out some close collaborations and if that really works out, we would have a



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great role to play in terms of in terms of working on movies and television projects that would come into slate for the next year.

Pranay Jain: Great so as part of what you just said, I will get back in the queue but regards to international just wanted to understand if we now have a team strength of around 500 in two years, how much is that going to be scaled up to and I believe major part of that will be domestic, but what could be the mix looking like across international markets versus India in terms of team strength.

Balakrishnan: We are looking into double maybe 800 to 1000 strength in the next one year time and likewise in India and likewise is not only about the numbers we are also working on training at the moment and upscaling our artists for example 15 artists and we have 15 artists and they can work up to the capability of 35-40 artist based upon the skill set. It is not only one skill set but multiple skill set is what we have been working on at the moment with the unreal and effects training being provided to the artist at the moment. So this way we are trying to build and making sure that we are ready to pick up more work and accommodate.

Yogalakshmi: We are also working on software development and developing a lot of tools which can reduce the number of mandates required to do a particular task. So that automization is also happening whenever we have similar shots, we can automate and we can reduce the mandates needed so that we can deliver the projects quickly and take up more projects and more creative work. We are concentrating on that also.

Balakrishnan: And we are only one among very few, not very few, may be based out of India we have one company where we have a director of digital transformation role and that is being handled by Jamie Brains who is based out of London and in his past experience, he has head pipeline teams in D neck industry, global industry leader and they won seven Oscars and he comes from that background and he leads the team and we are building a team under him ad he has recently come for a summit as well how to explain the plans that we have in place for building tools and also in terms of how we will adapt A strategies and automation stuff. So this would really help. So we are also looking at ways where apart from numbers, how we can increase our productivity and making the best use of resources available to us.

Pranay Jain: Thank you. You mentioned 800 to 1000 that is overall team or you are saying domestic team in the next one year?

Yogalakshmi: Overall team and we are mainly concentrating on international market. Domestic is a plan which could happen, but as of now we are very much into the international markets. You mean within India how many artists in that way or taking up the project wise you are asking about the domestic.



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- Pranay Jain:** No, I understand your project focus is international, but I am asking if 800 to 1000 is the team you are aiming how much of that is going to be international versus domestic.
- Yogalakshmi:** International would be very less comparatively. We are planning to have only boutique presence internationally.
- Balakrishnan:** We are planning to build sizable teams in London and likewise as over a period of time we will grow the teams out there proportionally, mainly in India and proportionally we grow team in London as well as in home.
- Pranay Jain:** Great so just one small suggestion now with regards to the name of the projects that were mentioned by you in the earlier answer, if you could share that in the forthcoming presentation shows, commercial, whatever it is that you would like to highlight that would add some picture and colour to the lines of work that you are doing and will give some more perspective to investors.
- Balakrishnan:** We will definitely look into that and recently we released Dumb Money from Sony Pictures. We have our credits as well. The team credits that we listed in the movie that was quite recently released.
- Pranay Jain:** Which movie sorry.
- Balakrishnan:** Dumb Money by Sony Pictures.
- Pranay Jain:** Okay congratulations. Thank you.
- Moderator:** Thank you. The next question is from the line of Khushi Jain from KRIIS PMS. Please go ahead.
- Khushi Jain:** Hi team congratulations for the good set of numbers. I had two questions. First of all, I wanted to ask what is your payment procedure when it comes to our project is it on a milestone basis or how does it work because I have noticed that the receivables have shot up on receipt.
- Nikhil Midha:** This side Nikhil. Khushi thanks for the appreciation to keep you updated on the fact it is like we work on milestone basis and the payment cycle in this industry works around like on an average of 30 to 90 days. There are customers, vendors who are paying us within 40-45 days also and there are ones who are paying us within those 90 days also. And as you mentioned there is a hike in the debtor side. So it is nothing like that the money is getting delayed or something. It is like these are new customers whom we are building relationships with and because the industry works on our tenure of up to 90 days, we want them to have enjoy that liberty of up to 90 days. So that is the reason it is looking on a little higher side and when compared to the percentage is less than 10 percentage of the total which is



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more than six months outstanding and we have around like 61 debtors and out of that only just four holding less than 10% are more than six month debtors.

Khushi Jain: Okay that helps a lot. Thank you. And my second question is around, I had a lot of questions around it, but have you all incorporated AI in any of our processing because I think a lot of softwares are now able to reduce the rotoscoping work.

Balakrishnan: Yes regarding AI stuff, we are using a copycat tools, which would really help us in terms of reduce the roto work. We have this reduction in rotor work we are also involving our roto artists into other streams as well so that really helps us. Once the roto work gets reduced we are currently using them into compositing stuffs, so we are converting all of our roto artists into compositors and also into FX training. And this roto work is reduced using a copycat tool. We have been using and we are also trying to work on that to customize more.

Khushi Jain: Okay Sir thank you. Wish the team a happy Diwali.

Moderator: Thank you. The next question is from the line of Anika Mittal from Nvest Investments. Please go ahead.

Anika Mittal: Sir you had mentioned you have done 900 film projects and 2000 plus web series over the last 10 years so my question is why the substantial numbers came in FY2023 only, which is the year before IPO and why are we at only 90 Crores level despite the huge numbers of projects you have mentioned?

Balakrishnan: Madam If you look into the number of projects, maybe we will have some projects where we will have a substantial role to play with and apart from that there would be some floating projects since based upon the capacity that we have we will have two types of projects, one is to have the stability and we will always try to keep relationship with multiple clients at the same time. We would not be in a position to move away from one particular client based upon we do not have any availability. So that way we try to work on some part on some projects and we always have some projects where we work on the substantial part. So likewise that is the reason why we do multiple projects and at the same time that it is how it is reflected on the revenue as well and based upon your other question about why the numbers are more in 2023, it is more a reflection of how the streaming platform and the demand that we received from streaming increased over a year. And even if you look into the previous years as well before COVID we could able to see the surge in the revenue and just after COVID we could not able to make use of that into expanding our team based upon the restrictions that we had during the just post COVID and if you look into the numbers further down that is where we could really able to utilize and expand our team in Pune as well as in Vancouver and these are the main reasons, particularly if you look into Vancouver we had some closer creative team work in



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Vancouver location as well that really helped us to bring in more production based projects. These are all the combination of multiple factors that really helped us to build our business over the years and we really see a lot more store for us in the future as well based upon the demand that we see continuously with the streaming platforms and various other long form, short form and other formats coming in, in terms of the way that things can be narrated with the story telling and other format.

Anika Mittal:

Okay Sir my second question is you mentioned in one of the interviews that we get advances from the customers in case of production houses and in case of VFX studios as well. We get our money realized within time. So two questions on this side, one if payment cycle is too good then why would Cashflow to EBITDA ratio is too low at 11% only and second in September results quarter also I agree you reported 19 Crores of PAT but just look at the cash flows they have turned negative. So help me to understand if we are that good in trade negotiations with our clients why the same is not getting reflected in our numbers?

Nikhil Midha:

Madam as you mentioned about the advances, so just to clarify we have clarified that earlier as well. These advances are not something that we long for these advances are which the production houses and studios give to us to pre book us so that we make ourselves available as and when their projects are coming up. So it is kind of like they do not want to lose an opportunity of working with us because they know the perfection and the timelines that we can meet out for them. Not everybody in the industry could help them meet out the same that is the reason they come up giving such advances to us, to pre book us. And as a passage of time is moving, we are even getting rigid on that front, not everybody we are catching those advances. We are working on that model only with very, very reputed studios, so that the relation sustains and continues with them and as you mentioned about the cash flows, okay as you mentioned they are not reflecting the same value as it should be. So as the industry was into a surge, you understand that there was an international issue going on in US and most of our counterparts have seen a decline in number and we with our Canadian subsidiary which happens to be our North American arm of the business have sustained the market with breakevens so that is not really a negative cash flow, it is a cash flow having impact of the issues going on in US in the name of the strike and we were sustaining and supporting our Canadian subsidiary as and when required. That may probably be one of the reasons that you are coming up with that kind of a question.

Anika Mittal:

Okay Sir one more question from my side. What is our growth guidance for FY2024 top line, PAT margins and cash flows themselves?

Nikhil Midha:

You are talking about the first half year.

Anika Mittal:

For full complete FY2024.



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- Nikhil Midha:** Madam that is something I cannot comment around at the moment. But yes, it would be better than what we have delivered in H1 because we have a lot of more opportunities to fulfill.
- Anika Mittal:** Sir I have listened an interview I think at the time of IPO, the management has guided for 60 to 70% growth in top line and 30% PAT margin.
- Nikhil Midha:** Yes, we are very hopeful and working towards that but I do not think on this kind of a forum we could make any commitments to that. But yes, we are actually working on the same benchmarks what we have already stated on a public forum earlier.
- Anika Mittal:** Okay thank you. That is it from my side.
- Moderator:** Thank you. The next question is from the line of Darshit Vora from Robo Capital. Please go ahead.
- Darshit Vora:** So congrats on the super result. I just have two questions. So first one is you said that you are planning for two new facilities in India. So what do you think like how much would that cost and are there any plans of taking any debt or will it be all from internal accruals?
- Nikhil Midha:** To answer that it is like the two facilities that we have mentioned, they were a part of our objects to the issue and very well detailed mentioned in the prospect. So that is where we are going to apply our IPO proceeds. So at the moment we do not see any requirements for the debt coming in.
- Darshit Vora:** Okay so no debt.
- Nikhil Midha:** At the moment no Sir.
- Darshit Vora:** And just give some kind of overview on revenue and margin for the next two to three years, if you have any, do you see the strike in America, settling down any soon?
- Balakrishnan:** Even if you look into this first half yearly time period as well, we really made sure that the revenue that we generated even in spite of strike and other challenges. We kind of came up with these numbers and based upon the projects that we had and we made sure that utilize every other opportunity that was available to us not only in American market but also European and other markets as well. So that is the kind of clientele that we have and even in spite of this writer strike and other things, we are very much on track and we have been doing a good job in terms of acquiring project. The writer strike is over and active strike should be over anytime soon. They are very much close to the resolution and it should be over by next week. Potentially we see projects getting up. There should be a lot of projects which should be ramped up that is from January or else from December end that is post the New Year we should see a lot of projects ramping up and we will have a greater opportunity



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since there are a lot of projects on hold and which would come up and there will be a lot more requirements open up in North American as well as the UK market as well. So that will create a lot more opportunities for us. And if you are looking into the next quarter that is the next half yearly and further next year we do have a lot more opportunities even now with executives that we have in place. We are picking up with some bigger projects that would start by March and apart from the regular projects that we have. We will have some bigger projects to start by March, April, May so where we will involve ourselves right from preproduction to production so that will have further good margins which will be worked out globally with artists in London as well as in India so that we can see some good margins as well on these projects. These are bigger names and bigger production houses so we are very hopeful on acquiring and we are already working on some of the preproduction parts on these movies.

Darshit Vora: Okay so the operating margins will stay above 45% in your opinion going forward.

Nikhil Midha: We will be able to keep that at the same levels.

Darshit Vora: Okay great. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Rahil Dasani from Mittal Analytics. Please go ahead.

Rahil Dasani: Yes good afternoon, Sir. I had a few questions. My first question is what proportion of the business or project should we get from the roto paint segment?

Balakrishnan: Good afternoon. If you look into roto paint, we are more of a full service VFX company. We do good amount of roto paint and apart from that if you look into percentage wise when we take a full service project, there will be some amount of roto and paint involved in it. Our comp work and CG work and if you look into the overall prospect, the roto and paint would be some part of it and our creative team would work right from roto starting from 2D to final end of 3D lighting effects and every other aspect.

Rahil Dasani: And I understand from this that we do not yet standalone rotor project it is usually a complementary to other services?

Balakrishnan: Yes it is just a complementary to other services. We not only have roto and paint projects, we have fully serviced VFX projects. That is why when we build, we have a creative team here and also a team in London VFX supervisor based out of LA. It is all about working right from preproduction to final delivery. So that is where we are very much involved in the terms of projects that we work with.



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Rahil Dasani: Okay that is helpful. Secondly, what is the proportion of roto paint employees in the total employer base right now and what would it be after expansion?

Balakrishnan: Maybe if you look into the roto paint artist for example some of the company hierarchy would be very different for example even if they do compositing and other stuff, since they start as roto paint artist, we would keep the designation as same until the level L1, L2, L3 that is how it changes up and for that matter we have a category of generalist, what we name them as 2D generalist who do compositing and also do roto paint as well. If you look into the numbers, it would be predominantly we will have lot of 2D generalists that is 75 to 80% of generalists who do 2D and remaining all 3D generalist. So that is how we have the proportion between teams and we have a separate standard where we will keep them as roto paint because that is how international companies do follow in terms of designation. We are very stringent in terms of how we elevate in terms of percent because we keep very high standards for them to move up the value chain.

Rahil Dasani: Okay and secondly you mentioned copycat tool could you speak more about it, how would it replace your roto artist and how fast is it growing?

Balakrishnan: It is very much in a testing stage as well as copycat. Copycat is something that whenever we work on some shot, we can use that when we have a sequence which has similar kind of shots where we can use this copycat to make sure that it understands the shape of the one shot and can replicate the other at some level. So from there where we can use that to complete that scope so it keeps understanding based upon the data that we have and based on the work that we do. So it evolves over time and it gets better with time and the results are also quite better as we use that tool more.

Rahil Dasani: Okay lastly there was a mention of you working in Leo, you had a project. So can you speak more about in terms of your significance in the shot?

Balakrishnan: We did a lot of maybe the fire shots. We did a lot of fireworks, fires and the explosion, the fire and a few other stuffs as well with the beauty or look of the aging of the LEO character and few other stuffs as well. We worked on over 35-37 minutes work on that movie.

Yogalakshmi: During the last moment that we got into the project and it was like a request from the.

Balakrishnan: And even we received a screen credit on the movie as well. On screen credit and the beginning sequence, it is not towards the end credit but also the beginning title also we received credits. So that is the kind of role we played in the movie when we look into that beginning credit MPC is the company and we are the second company, I think third company, second company is Unify. Even though we got into the very last stage of the project, we got that kind of a welcome from the production house to have us work on the project.



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- Rahil Dasani:** Okay so what I am trying to understand is because if I am not wrong one of listed peers has also got part of this project so what was the reason to get this at the last moment.
- Yogalakshmi:** We were not actually into the domestic market first place.
- Balakrishnan:** And we had this request also come from production. So we just thought we will take this time. This time we will try to work on this one to see how the domestic market. We also have a good reputation since based upon our global reputation the gates are quite open for us to come into the local market. The production network would have liked us. Because even if you have seen MPC is a global company they have come on to this domestic movie this time around so likewise we thought we will also try to see during the last that. Initially the post production of this movie was been there for I think one year. In the last 3-4 months we thought we will give a try so that is the reason because we are very busy with other Hollywood movies before that.
- Rahil Dasani:** Okay and lastly, the shorts that you did were these new shorts or were these are more of a refining shorts of the other VFX company.
- Balakrishnan:** It is a whole shoot that we did from our side. We did not collaborate with any other company. We did our finishing shots from our side.
- Rahil Dasani:** That is helpful. Thank you very much.
- Moderator:** Thank you. The next question is from the line of Aditya Suvana from Niveshaay. Please go ahead.
- Aditya Suvana:** Do we anticipate the subletting trends from Hollywood movies making its way to India and if so, which media subletting firms are looking to partner with Indian members for subletting?
- Balakrishnan:** I am not sure whether I am understanding your question right but I will try to see, maybe I am just trying to understand if that is something maybe for Hollywood movie we partner with subletting to another company in India.
- Aditya Suvana:** Yes.
- Balakrishnan:** We usually take all in house maybe if there is any project which we can send it out or outsource maybe those are the projects we do outsource but the majority of the work that we do all by in our in house capacity.
- Yogalakshmi:** And also we make sure that the subletting company has a proper approval, security approvals before we sublet to anyone.



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- Aditya Suvana:** Which medial sublet company do we have a strong relation?
- Balakrishnan:** We do not use any particular vendor for this stuff maybe contractors who come in and can work remotely.
- Yogalakshmi:** Yes those are little discrete and also we do not disclose such information.
- Aditya Suvana:** Do companies like Marvel, Netflix, Paramount and operate their own VFX houses. If they do, how much subletting do they engage and to which company do they sublet their VFX work?
- Balakrishnan:** Okay you mean the biggest studios like Marvel. Yes Marvel pretty much work with the major VFX studios around the globe. It would be quite tough to name them, but it is all very much global renowned VFX studios and even though we are based out of India, even in the early stages we have directly worked with Marvel Television, Warner Business Television so that is how we have built our relationship and that is what really helped us to take it forward one step out ahead of value chain where we now have teams in London and senior VFX executive is sort of in LA where we would now place ourselves in terms of getting ourselves right from preproduction to post with these major networks based upon the relationship that we have already had working with them even with Apple and Paramount Plus as well. We have also received credits on these movies where we worked with Apple and Paramount Plus recently Sony Pictures Television for Dumb Money.
- Aditya Suvana:** And can you please quantify the impact of the strike on the company of that writers strike.
- Balakrishnan:** Regarding writers strike we certainly say there is an impact even with writer strikes we have really made sure that we have worked on projects and the revenue that we would have seen half yearly. This is in spite of writers strike if not for writer's strike I think it would have been more than doubled. That is the kind of revenue we would have generated if not for writers strike. Now the writers' strike is resolved and we see a lot of opportunities with writer strike the industry was very stringent and that is the time where we have made use of these kind of opportunities and still generated worked on projects and generated revenue for this half yearly and moving forward with the resolution, the writer's strike and all we see a lot of opportunities coming in and particularly for a company like us who have strong base in India and also creative leadership team in India, we would have excellently positioned to acquire these projects and take it up to the next level. This is something that is really good for us in terms of how we position ourselves as the company moving forward in taking of those projects.
- Aditya Suvana:** Do we started seeing new orders coming from the Bollywood business.



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- Balakrishnan:** We also have very good relationship with Netflix and a few other places as well that is something that we have been working on closely and we have been working on projects as well. As I mentioned earlier, based upon our global reputation, we are getting very good projects here. It is up to us based upon how we kind of allocate between international as well as Bollywood and domestic markets maybe that is something as we move forward we will try to see if we can place a division as well for different division to work for domestic movies but we do not want to gel this between our already reputed national division so that will move forward and likewise future plan we will have some team to work on the domestic market which we have been doing already.
- Aditya Suvana:** Thank you and happy Diwali.
- Moderator:** Thank you. The next question is from the line of Jatin Jadhav from Sahasrar Capital. Please go ahead.
- Jatin Jadhav:** Hi I had a question in terms of capabilities like I have a very crude understanding of the industry so please help me out here. There is some stool specialize in the weather, skin textures and probably the environment where do our capabilities lie.
- Balakrishnan:** We have video capabilities in real time environments building up concept based complex environments and likewise effects that is fire, water, as well and likewise concept as well building concepts, pre-visualization and also on set we have a very good refuted onset VFX supervisor based out of LA who have recently worked with directors like Michael Bay as well. So we have that kind of expertise in our team and which really helps us focus right from pre-visualization, pre-production and also environment based projects and also action, like car case and all those things.
- Jatin Jadhav:** So will it be safe to say, let us say a production house comes to you, you can handle their entire business from start to end of a particular movie which has VFX.
- Balakrishnan:** Yes very much because you can see the team, right. We have a team of VFX supervisor even in LA as well as here in India in that instance. In LA we have VFX supervisor who can go from onset who can closely work with film director right from the preproduction stage, designing the concept and so we have that expertise right from the beginning to final delivery.
- Jatin Jadhav:** Alright thank you so much and Happy Diwali for you and the all the team.
- Moderator:** Thank you. The next question from the line of Aditya Shah from CJ House Please go ahead.



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- Moderator:** As the current participant is not answering, we will move on to the next question, which is from the line of Mohit Maheshwari from Vijit Global Securities. Please go ahead.
- Mohit Maheshwari:** Congratulations on the good set of numbers and on successful listing. My first question is at present, what is the total head count and what we expect this year end?
- Balakrishnan:** Based upon the half yearly result, we are very much on track to do better for the next head count. Team members, we have been constantly recruiting and even for our Hyderabad and Salem facility we are recruiting. Currently it is 500 plus artists across locations and like you see we are constantly recruiting team members for Chennai, Pune as well for Hyderabad and Salem. Even for Hyderabad and Salem, even though we do not have a physical facility yet, we are still looking for it and identified a few of them. And what we still have remote artist started working for us.
- Mohit Maheshwari:** You have mentioned that 8 to 100 employees in next one year in one of your previous so is that the mass end or from here next year.
- Balakrishnan:** It would be a year from now.
- Mohit Maheshwari:** Okay and my next question is when we can expect revenue to come from Hyderabad and Salem facilities and what revenue we can expect from this team facilities.
- Balakrishnan:** If you look into the revenue, the revenue generation, it will not be based upon facility in India, the work will be distributed between different facility probably like Hyderabad, Salem facility but even for now the Chennai and Pune we do work together and that is how the revenue is being generated it is more of a collaborative work in India and for subsidiary it can be different in a way based upon the taxes and the incentives that we get in different locations that is how it is created.
- Mohit Maheshwari:** So based upon the trainees that we have and the capacity that we would have in Hyderabad and Salem it would be proportion to what we have.
- Yogalakshmi:** Everybody integrates into a project and we all work together, but we internally have the bifurcation of how much work is getting delivered from which location. But then we do not expose it outside. But it is all equally spitted between the artists across all locations in India.
- Mohit Maheshwari:** Okay so what is the update on object clause, any update on object clause?
- Balakrishnan:** We recently in Hyderabad and we attended the VFX Summit where we have identified a few locations and also discussed with the government representatives as well over there where they are offering some attractive incentives for a player like us. Maybe it can go up to like 60 to 70% of rent



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incentives on the real estate. So these are very attractive for a company like us when we get such kind of incentive from the government representatives and the teams are working over there. So we would soon be there in Hyderabad and we have identified few locations which should be released and likewise in Salem as well. Salem also we have a team in place. We have recruitment going on in Salem and in the New Year we should have facility start up in Salem and likewise even in Chennai we have some sanction plan and we are already in talks and also finalize a place based on the current building itself additional 200 to 250 seater facility here in Chennai additional.

Mohit Maheshwari: Okay and my last question is what is our current order book and when can we expect this to be completed? Any order book we have maintained.

Balakrishnan: We have some very good projects in the sense where we have working with major production networks. For example, we consistently worked with the production on Netflix and few others and also with some commercial houses as well. So we have this project ongoing and also we are working on some pre visualization part on some of the movies which would start from April, May as well. So there are some very good projects coming in and we have very good order book in place.

Mohit Maheshwari: Okay so in terms of amount you can mention?

Balakrishnan: At the moment it quite varies between project to project and that we still bid, the numbers can get increased or it can change from where it is now. So it is something that we would not be able to tell now, but we will announce and release as and when we have information.

Mohit Maheshwari: Okay and my last question is as an investor how could we come to know the revenue visibility, what revenue guidance you can give for next six month end for next two to three years?

Balakrishnan: Okay the confidence that we can provide you is based upon the previous numbers that we have generated as well in the current year as well as the current half yearly as well as the previous year and even a year before as well. The VFX industry company based out of India we have made sure we are quite on top on those things as how we expanded not only within India and Chennai as well as in Pune and also we are one of facility where we quickly moved on to Vancouver as well to have a creative leadership team in Vancouver and building a team so it is all looking better and we are very much geared up to make it really bigger and better for next half yearly as well as moving forward next year once the strike gets over, things would be much better for us and bigger.

Mohit Maheshwari: Okay thank you so much.

Moderator: Thank you. We will take the next question from the line of Nihar Shah from Crown Capital Please go ahead.



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- Nihar Shah:** Hello, am I audible, am I audible now?
- Moderator:** Mr. Shah your voice is breaking, Mr. Shah I would request you to kindly rejoin the Queue.
- Nihar Shah :** No problem.
- Moderator:** Thank you. We will take the next question from the line of Akshada Deo from Vivog Commercial Limited. Please go ahead.
- Akshada Deo:** Thank you for taking my question. Most of my questions have been answered by other participants, but what I wanted to know was, what is the average age of an ongoing project that you have currently not revenue wise or milestone wise but how long do you typically work on a project? The average age for the same.
- Balakrishnan:** To put an average, the average may range up to four to six months.
- Akshada Deo:** Okay so that would include TV shows, movies, as well as commercial advertisements.
- Balakrishnan:** This is primarily movie and television if you look into commercials, commercials average would maybe we will have more commercials but commercials average sometimes it can be only one week and three days to one week some commercial that is the kind of timeline that we have for commercial. If you bring in commercials into average we will have a very different picture so I thought for movies and television is something that we work substantially and that is where the more of work comes to six months as an average roughly we work on these projects. Some projects may go up to more than a year and some of them can be less than two months. On average, it will be up to four to six months on these projects substantially but if you look into commercial, this is a picture like four days to one week time, maximum 15 days work that we do on commercials.
- Akshada Deo:** Okay and your current revenue breakup from movies as well as TV shows that would be how much percentage?
- Balakrishnan:** Movies and television it would be pretty much the same, like 35-30%. Maybe movie it could be 35%, 35 to 80% both together in terms of revenue.
- Akshada Deo:** Okay and this is your future order book so far what you have lined up reflect the same.
- Balakrishnan:** Yes.
- Akshada Deo:** Thank you.



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Moderator: Thank you. The next question is from the line of Yash Bajaj from Lucky Investments. Please go ahead.

Yash Bajaj: Hi thanks for the opportunity and good afternoon team. I am fairly new to this company, so just wanted to understand what is the bidding process like when we back these projects and how many such players are bidding, who are our competitors?

Balakrishnan: For example, at the moment we are competing with smaller to mid level and even bigger studios in UK, US, and Canada at the moment. So that is the kind of team that we have in place as well that is how we built our team, slowly starting from India being a 10 member team in Chennai and now we have teams across not only in Chennai and Pune but also in London and in LA as well and Vancouver where we have a commendable team who have worked with major film makers and production networks. So we are very good reputation there. The team list, if you look into the leadership team and also the other team members so the competition is such that that is how we are positioned with major VFX studios as well and the other question sorry, what is the other question that you asked?

Yash Bajaj: I was just asking that in terms of like who do we compete with are the major VFX studios which is across the globe, right?

Balakrishnan: Yes, we have teams across the globe.

Yash Bajaj: Okay and we directly bid to the studios like something like Paramount or Disney or there are other, like other players in between all those?

Balakrishnan: For example as a company that is how we built our company working closely with the bigger VFX studios directly and from then based upon how we developed our team, we did not get to work with production network directly. Now we also keep this business going as well where we work with VFX studios as a subcontract mode but predominantly we as a team we have developed, moving into working closely with production networks with teams in London as well as in LA and also our teams here in India So we do both but predominantly move towards working directly with production. If you look into entire from global perspective, we are very uniquely positioned in this manner. And if you look at from India, we would be the only company where we started in India and have moved on to Vancouver and London and having a VFX supervisor in LA. It is not some other company has done in the past if you look into the way that we have moved forward and we have bigger aspirations as a company. We have shown it year on year in our previous growth as well.

Yash Bajaj: And just one last question a follow up so how much would be directly with production as of today and how much would be subcontracting?



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- Yogalakshmi:** We have already discussed this and it has been 70 and 30 but now we are in a position that it will get 50:50 slowly and then we will be doing more of production work.
- Balakrishnan:** It looks like some 25 it would be more of production work, it would reverse the trend from 70 production and 30 so that is the kind of trend, the kind of project that we are working on at the moment as well.
- Yash Bajaj:** Okay so just to clarify 70 is sub contract currently, right as we aspire to make it 50:50 right?
- Balakrishnan:** Yes.
- Yash Bajaj:** Okay got it. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Parikshit Kabra from Pkeday Advisors LLP. Please go ahead.
- Parikshit Kabra:** Hi congratulations. I hope you can hear me. Lovely to hear from all of you guys again. I just had one question. Since we are expecting all the strikes now to get resolved and everything and so hopefully the next quarter should be a bumper quarter are we ready for that kind of bumper quarter in terms of manpower? Because at least as far as I can see or what I have been able to track based on information, that it does not seem like we have hired a lot over the last 3-4 months so what is the capacity utilization? Is there a ready set of candidates that we can onboard immediately next month as soon as the demands are coming in? How are we thinking about handling the demand coming in?
- Balakrishnan:** If you look into the hiring terms, we have still been hiring. For example some of them are in notice period. We recently hired some very senior creative executives as well as here in India and the creative artists and so they would be ideally joining by January. And if you even look into our current team, it is not that we have given them some exposure into unreal as well as in effect area as well. So these are the disciplines where we will have a very higher scope of work coming in complex scope of work and also will have a very higher bigger margin compared to previous work that they will be doing.
- Yogalakshmi:** And also now we are training people to have multiple skill sets. So we are training a lot of people to become generalists. So obviously their potential will be in a different level in days to come.
- Parikshit Kabra:** But what would be your capacity utilization as of this quarter?
- Balakrishnan:** This quarter we have over 500 plus artists in India.



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That would be the capacity that we will be using and likewise being constantly recruiting and we recently released offer letters for many artists in many other roles as well here in India and likewise we are also building our team in London as well. We have been recruiting our team in London. We recently have very senior environmental generalist joining us in London and likewise we will have a well rounded team by December and January in London.

Parikshit Kabra: Alright. Thanks a lot guys.

Moderator: Thank you. The next question is from the line of Mayur Shah from Marinotex Engineering. Please go ahead.

Mayur Shah: Hi everybody. Congratulations for the good set of numbers. My only point is that what are the risk of bad debts in your business? I mean suppose if your debit days are ranging from 45 to 180 days and if you all give in your services and how do you head against the bad debts if any. I mean what are the risks involved?

Nikhil Midha: We have been in this industry from almost a decade now and till date we have not had even a single penny of bad debt that has happened. There might be slightly delayed payment at instances but they are all mutually discussed and informed in prior to us. So that does not disrupt the arrangement in any manner.

Mayur Shah: Okay my next question is Sir what are the gross margins in movies, TV and commercial respectively?

Nikhil Midha: In terms of accounting, if you talk about, we do not do sector specific accounting. We do manage the accounting as consolidated because there are instances when the same artist is in the entire day spending half an hour for one task and then entire another two hours for second work and the rest of the part of the workable hours for the third work. So it is very difficult at this stage to do that sector specific accounting, but as a consolidated thing we are doing the entire accounting operations.

Mayur Shah: So suppose on a ballpark figure, what would be the gross margin we all target for?

Nikhil Midha: We are very much aligned with the maintenance of EBITDA and the net profit margins as what they are right now.

Mayur Shah: Okay and Sir what are the risks involved in your business because this is something new for me. So I just wanted to know what are the risks involved in your kind of business, I mean some things a technology takeover or something different. I mean just can you give me some colour on that.



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Balakrishnan: For example evolution of technology would only help business to elevate and to go to the next level. If you take the risk, risk would be mainly about the description maybe the stoppage of the production and even for that we are finding solutions at the moment where we are planning to work on cinematics as well. When there is no production using tools like metahuman and unreal where we can create our environment, create our characters. These kind of challenges would only elevate us to move towards these areas where we can create our own IPs. So that is something that we have been working on based upon our internal resource that we had already and only I think based on these pieces, the challenge that we see and the grooming talent, training talents because there is lot more demand coming in even in the last year we had demand. The supply of talent is less where we are trying to train and we try to keep training them on different areas, the existing talent to different realms, and likewise new talents into areas where we can use them into creative aspects. So these are the risks that we have and we have been working out on these areas to avoid getting into this risk.

Mayur Shah: Got it Sir. Thank you and all the best for the second-half of the year. Thank you so much.

Moderator: Thank you. The next question is from the line of Pranay Jain from Deal Wealth Capital. Please go ahead.

Pranay Jain: I have two questions for Ms. Yogalakshmi. One is what is the order book reading as of end of H1 this year and what was it at the start of the financial year also I understand with the strike ending and hope brimming I am sure we have been in discussion with many stakeholders. So there is additional acceptable enough but on a conservative basis what is the order book expected to be by the end of the year? So present, before, and after our conservative estimate.

Balakrishnan: Conservatively we look to better whatever we have done in the first half so that is what we see for the next half yearly and likewise for next year we see a lot of maybe a growth compared to this year because of the strike gets over this year around and particularly the next year, we will get to see much more of a better risk moving towards more bigger opportunities and we will see a bigger boom around next year based upon the strike resolution and other steps.

Pranay Jain: But what is the order book reading right now? I mean it could be executable over 15 projects, size would be so much. So just wanted to understand what are we working on right now and what was it reading like six months back?

Balakrishnan: In terms of projects, we do have a bigger projects. In terms of reading, in the terms of cost, we have projects one project which is in the size of 4 to 6 Crores, which is something that we have been working on. And there is another project of the same size and there is other projects which is of smaller size as well so it is about the different projects that we work on which contribute to our



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revenue. We do have three to four projects of the same size and there would be some floating projects which should come up eventually.

Pranay Jain: These are 4 to 6 Crores project that you mentioned these would be executable over an average period of let us say x months tenure that is what it would be.

Balakrishnan: This is something that project also for example as we begin we would start getting packages for each project as we move forward. This is something that we have been working where we have slated for next 6-7 months time and again on additional this is something that we did not make sure that we book all our resource at one time. We would be open to some floating projects as well where we wanted to make sure that we are opening for the relationships other clients as well. So that is how we work.

Pranay Jain: So as we are expanding our relationship with content, platforms, OTT, production studios, any visibility that you can provide on the pipeline at least the visibility that you have right now. I know that there are things which are going to come later. We are not aware of it right now but whatever you can presently.

Balakrishnan: You mean the name of the projects?

Pranay Jain: No not necessarily the name, but the pipeline size it is going to be worth 15, 20 Crores over the next six months. Mostly movies, whatever colour you can provide.

Balakrishnan: As I mentioned there are three projects of size of 4 to 6 Crores. Maybe we could not be able to let you name of the project at this time, but this can grow in size. For example, one project 4 Crores another project around 4 to 6 Crores. So it would be around the 15 Crores for three to four months, which is in the order book and likewise we do also have projects coming in maybe for the next week as well, we will have some projects coming in and that is how we would keep getting booked as we move forward as in we have additional opening in our capacity.

Pranay Jain: Okay so just to understand this correctly and this is my last question, you mentioned that there are some bigger projects also which we are excited about, say post March so it will involve our global teams and then those other things you mentioned. So could you give us some sense because this seems to be like a new lead from what we have done before. So how is it going to be different and special for us? What is the exciting thing to look forward in these projects?

Yogalakshmi: You mean the scope of the work or?



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- Pranay Jain:** Yes, these big projects which are going to go on the floor from let us say March or April, how is it special or different from what we have done in terms of scope, scale, whatever it is.
- Yogalakshmi:** Scope is we start working from preproduction stages.
- Balakrishnan:** Yes that is how it would be very different in a sense in the previous project where.
- Yogalakshmi:** And these projects are written on a bigger scale. We have already done this before but this is going to be on a bigger scale.
- Balakrishnan:** Bigger scale in terms we would be involved more in terms of pre assessment so with the previous project we would have done preproduction bidding breakdown and all but this is something more towards previous part and other things. So this would be quite different from others in this way.
- Moderator:** Thank you very much, Sir. Ladies and gentlemen, due to time constraint that was the last question for today. I would now like to hand the conference over to Ms. Chandni Chande for closing comments. Over to you madam.
- Chandni Chande:** Thank you everyone for joining the conference call of Basilic Fly Studio Limited. If you have any queries, you can write to us at research@kiranadvisor.com. Once again, thank you everyone for joining the conference.
- Moderator:** Thank you very much. Ladies and gentlemen on behalf of Kirin Advisors that concludes this conference. We thank you for joining us and you may now disconnect your lines. Thank you.