

Company Name: Basilic Fly Studio Ltd.

Management Participants:

- Mr. Balakrishnan – Managing Director and Chief Executive Officer
- Mrs. Yogalakshmi – President - Business Strategy, Whole Time Director
- Mr. Gaurav Mehra – Chief Financial Officer
- Mr. Zameer Hussain – Chief Operating Officer and Global EVP
- Mr. Akilan Rajendran – Senior Manager, Financial Planning

11th Annual Valorem Conference Highlights:

- Scaled from 5-6 employees in 2013 to 750+ workforce globally, with presence across India, UK, France, and Canada
- Delivered 430+ projects globally, with 3 projects in Academy Awards Top 20, including 1 Oscar nomination
- Acquired 70% stake in UK-based “One of Us” in July 2024, strengthening access to premium clients and award-winning capabilities
- Strong growth momentum with INR 294 Cr consolidated revenue (9M FY26), up 74% YoY, nearing FY25 full-year revenue of INR 304 Cr
- India standalone business delivered 105% YoY growth, reaching INR 94 Cr in 9M FY26, exceeding INR 74 Cr in FY25
- Robust order book with INR 300+ Cr order wins (FY26 YTD) and INR 220 Cr revenue yet to be recognized, providing strong visibility
- Profitability improved at standalone level with EBITDA margin at 46.5% (+418 Bps) and PAT margin at 29.2% (+571 Bps) in 9M FY26
- Cost optimization initiatives underway, including hybrid cloud transition targeting ~50% infra cost reduction, saving INR 6.5-14.5 Cr annually
- Global Animation & VFX market at USD 197 Bn, projected to nearly double to USD 386 Bn by 2031; core VFX segment growing from USD 11 Bn to USD 17 Bn (7% CAGR)
- Indian VFX market growing at ~18% CAGR, expected to reach USD 2.2 Bn by 2026 (vs USD 1.4 Bn in 2023), positioning India as a key outsourcing hub

Key Questions & Answers discussed during the conference:

- **How is the company’s 750+ artist workforce structured?** The workforce is divided into three categories: (1) a core team and (2) full-time contractual employees, which together account for ~70% of the total workforce, and (3) part-time/freelance artists, who make up the remaining ~30%.
- **What is the status of the company’s migration from SME to the mainboard?** We meet all eligibility requirements for mainboard migration; however, the NSE has advised us that it can only proceed with the application from September onward.

- **What is the company's involvement in the upcoming Harry Potter series?** We have signed a contract for the first season of the new Harry Potter series, which is tentatively expected to be released in late 2026 or early 2027.
- **What were the key reasons for the decline in margins?** On a standalone basis Current year YTD EBITDA margin stands at 46.5% improved by 4.1% to LY margin of 42.4% & PAT margin improved by 5.7%. On a consolidated basis, the decline was driven by one-off severance costs, annual appraisal revisions, ramp-up in hiring, and increased investments in senior leadership across India and the UK.
- **Does the company plan to raise additional funds in the near term?** No, there is currently no requirement to raise additional funds, as we have sufficient unutilized capital from the recent QIP along with adequate internal reserves.
- **What is the company's M&A strategy and target profile?** We are targeting an acquisition in North America using proceeds from the QIP, focusing on a business which is also in gaming and immersive experiences, which offers higher-margin opportunities.
- **What is the purpose and scale of the new Bengaluru facility?** The Bengaluru facility has been set up exclusively to support "One Of Us" operations; it currently has a headcount of 38 employees and is planned to scale up to around 100 over time.
- **What is the outlook on the company's margin profile going forward?** We expect a steady improvement in operating margins of ~150-200 Bps annually post FY26, primarily driven by increased offshoring of operations from acquired subsidiaries to India. Over the medium term, we believe operating margins of ~30% are sustainable. At the PAT level, margins are expected to stabilize in the range of ~27-28%, supported by operating leverage, cost optimization, and a more efficient global delivery mix.
- **What are the key growth drivers for the industry currently?** Key growth drivers include significant content spending by global platforms, such as Netflix's planned USD 20 billion investment in 2026, along with attractive tax incentives offered by governments in regions like UK and France, which are boosting production activity.
- **What AI-driven solutions are currently live within the company's operations?** We actively use a ComfyUI generative pipeline for proprietary tool creation and an ML-based system for precise production scheduling. Additionally, an AI-enabled HRMS tracks and gamifies artist performance, while AI-assisted VFX is already being delivered to clients, turning AI into a revenue-generating capability.
- **How is the company expanding its AI capabilities internally?** Internal expansion operates across three tracks: building a proprietary model library trained on in-house production data, and standardizing AI pipelines across global studios to prevent silos. Simultaneously, structured upskilling ensures AI literacy becomes a core competency for all artists, scaling adoption alongside headcount.
- **How is AI being integrated into VFX production workflows?** AI integration spans three stages: automating high-volume tasks for streaming episodes, and deploying 16-bit compatible compositing workflows to ensure production-ready color depth. Furthermore, the company is developing real-time AI rendering pipelines to compress delivery timelines and shift VFX production economics.

- **Does the company plan to monetize its AI capabilities externally?** Yes, monetizing AI is a key commercial strategy achieved by offering production-validated proprietary AI tools as client-facing solutions. The company is also developing AI-native production models, which provide end-to-end AI workflows that offer superior economics for high-volume commercial and episodic projects.
- **How does the company ensure quality while scaling AI adoption?** Quality is maintained through a pipeline-first philosophy that subjects all AI outputs to the same rigorous QA gates as conventional work. AI-generated elements undergo standard supervised review and technical validation against visual and 16-bit color benchmarks to ensure acceleration never compromises professional delivery standards.

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