






Basilic Fly Studio Limited

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June 09, 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 Q4-FY26/ FY26 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 audited financial results for the quarter and year ended March 31, 2026, held on June 02, 2026.

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

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For Basilic Fly Studio Limited

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



Basilic Fly Studio Limited

Q4FY26/FY26 Earnings Conference Call

June 02, 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 Limited Q4 FY2026 Earnings Conference Call hosted by Valorem Advisors.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

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

On behalf of the company and Valorem Advisors, I would like to thank you all for participating in the company's earnings conference call for the 4th Quarter and full year of the Financial Year 2026.

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

Now, let me introduce you to the management participating with us in today's Earnings Call and hand it over to them for their opening remarks.

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

Without any further 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. Welcome to our earnings conference call for discussing our performance for the 4th Quarter and full year of the Financial Year 2026.

Before I give you the operational highlights of the period under review, let me first start by giving a brief overview of the company evaluation for those participants that may be new to our company.

BFS was started in the year 2013, became private limited in the year 2016, and we opened our first foreign subsidiary in July 2021 in Canada and our second foreign subsidiary in April '22 in the UK. We got listed as public limited in September '23, with a record over-subscription of 287x. We acquired a 20-year-old legacy, Emmy and BAFTA award-winning company based out of the UK, named "One of Us" in July 2024.

Today, we provide end-to-end visual effects services across films, television series, web content, and commercials. In FY'26, three of our movies named "Mission Impossible, The Electric Slate, and Shutter Bird" got nominated for Academy Awards. We also collaborated with major top-tier film production and TV networks across the year.

Today, our 775-plus employees operate from Chennai, Pune, London, Paris, and Canada and we are planning to expand to Bangalore & Mumbai In India and North America overseas very soon. Our premium clients list includes Netflix, Amazon, Disney, Sony, Warner Brothers, HBO, and many more. Netflix and Amazon contribute greater than 50% of revenue, while Europe and North America contribute greater than 80% of revenue.

Allow me to walk through the business updates for the period under review. During the period, consolidated total income amounted to INR 418 crores versus Rs. 306 crores in the last year, a growth of 36.6% year-on-year. Our PAT amounts to INR 50.6 crores versus Rs. 44.7 crores last year, a growth of 13.2% year-on-year, maintaining an EBITDA percentage at 20.89%. CFO Mr. Gaurav Mehra will be covering financial updates in detail in his briefing.

We continue to execute strongly across our global delivery platforms, reinforcing our position as a trusted Tier 1 Visual Effects partner. We have successfully delivered 410 projects for 108 global clients during FY'26, demonstrating our ability to operate at scale while maintaining delivery quality across diverse production requirements.

FY'27 looks even more promising, wherein our order book stands at around INR 232 crores, and bidding volumes go all-time high, reaching an active pipeline of approximately INR 456 crores.

On the domestic market, also we have achieved a significant breakthrough by onboarding both Netflix and Amazon for full-length domestic OTT mandates.

We are investing in people and technologies as well. Happy to share that we have onboarded 14 senior leadership hires in FY'26, which includes the names such as Adrian De Wet, ex-Netflix, and Abhishek Nair, ex-ILM. Their credentials include blockbusters such as The Matrix and Harry Potter series, The Sandman and Tron, respectively. We are investing in technologies such as USD, proprietary AI-powered compute AI production workflows to drive more efficient operating models and lead technology by example.

Our leadership hires include names such as Sebastian Gödel, who is among few leaders driving AI in the creative VFX domain. BFS India becomes the sixth facility worldwide to achieve TPN Gold certification. Stella Howard speaks about our global standard benchmarking.

With that, I will now hand over to Mr. Zameer Hussain, our COO, who will walk us through the operational and technical updates of the company.

Zameer Hussain:

Thank you, Bala. As we scale our business globally, our operational strategy remains centered around a simple principle. Every investment we make must improve scalability, strengthen margins, or deepen our competitive advantage.

FY'26 was an important year in that journey. We continue to strengthen the structural advantages that differentiate Basilic Fly and One of Us within the global VFX market. Our India-led delivery model remains to be one of the strongest competitive advantages.

Through the selective migration of roles from the UK and Europe into India, alongside the continued expansion of our Bengaluru operations, we have established a structural cost advantage of approximately 30% to 40% compared to the traditional delivery locations. Simply put, we are not just growing in capacity, we are improving in the economics of growth itself.

Secondly, technology has been a major area of investment during this year. Historically, VFX production has been constrained by labor-intensive workflows where the costs rise almost linearly with the output. We believe the future belongs to the studios that can break this equation.

To address this, we have actively deployed proprietary AI-enabled workflows especially on the compute AI side across the production environment. These are production-grade systems and they are already operating within the live delivery pipelines and span advanced 4K de-aging and age conditioning, AI-assisted 3D generation, and high-fidelity texture creation as our important proprietary modules.

The business impact is clear. These technologies reduce execution timelines, lower post-shot costs, improve artist productivity, and thereby enhance project-level profitability. Most importantly, the benefits compound as volume grows.

Alongside AI, we are investing on creating the USD pipeline, which is the Universal Scene Description pipeline, along with also hardening our infrastructure in terms of our storage with NetApp to gear up for the next level, which opens seamless integration across the global sites and which becomes a more efficient operating model.

To give you a brief, USD enables multiple departments to work simultaneously on the same asset or the shot rather than the traditional sequential workflows. This reduces the handoff delays, minimizes rework, improves version control, and accelerates production timelines. It also

strengthens interoperability across different software applications and also geographic locations, which is particularly important as we continue to operate an increasingly integrated global delivery model across India, London, and Paris currently, and also for our future sites.

Equally important is that it strengthens our ability to qualify for higher-value Tier 1 global mandates. USD is not merely a pipeline investment. It is an investment in accessing the next tier of revenue opportunities.

Security has always remained non-negotiable in Basilic Fly. As Bala touched upon, our Chennai and Pune facilities successfully renewed the TPN Gold certification through 2028, and also our winning of the Stella Award, where we have become globally the sixth facility to receive this award. These achievements reinforce the trust our clients place in us and further strengthen our position within the premium segment of the global VFX market.

As we look ahead, our strategy remains clear. We are building a globally integrated VFX platform powered by technology, strengthened by talent, and scaled through operational excellence. The investments we are making today in AI infrastructure, pipeline architecture, security, and the leadership are long-term assets designed to expand our margins, increase scalability, and strengthen client confidence, and most importantly, to position Basilic Fly and One of Us for the next phase of global growth.

Thank you. And with that, I hand over to our CFO, Mr. Gaurav Mehra, who will be taking us through the financial performance for the year.

Gaurav Mehra:

Thank you, Bala, Zameer, and good afternoon, everyone. Happy to share FY'26 strong business and financial performance, another year of consistent growth and sustainable margin, even after absorbing the long-term initiative cost, and impacts of project re-scheduling.

Before I jump into the numbers, at the outset, I would like to share that we have delivered strong growth in our India standalone business, both in terms of revenue as well as margins. While maintaining the healthy consolidated revenue growth during the year. Consol margins are impacted primarily by the project shifting to FY '27 and initial period cost of strategic hires.

We have also undertaken several strategic initiatives across technology, infrastructure, leadership & offshore expansion to build a stronger foundation for sustainable growth and improved profitability over the long term. I will talk about these initiatives in detail as we discuss the results.

I will now share the Financial Performance for the Quarter and the Full Year FY '26"

I will start with Standalone Financial Performance.

Revenue Updates: Supported by strong business momentum, India business continued to deliver robust results. Your company has delivered Q4 operational revenue of INR 27 crores and FY'26

revenue of INR 120 crores. At full year level, growth stood at 64% on a year-over-year basis. Last year, we were at INR 74 crores. India growth reflects client confidence on BFS being the vendor of first choice, our increased offshoring opportunities and strong execution capabilities.

Standalone margin updates: There is not only significant growth in terms of the value due to 64% revenue growth but the margin percentage has also improved in Y-o-Y by benefits of scalability and sharp focus on the cost control measures.

Full year EBITDA margin improved by 0.5% on Y-o-Y. FY'26 EBITDA margin stands at 43.1% versus 42.6% of last year. Full year PAT margin improved by 1.5%. FY '26 PAT stands at 24.2% versus 22.7% last year.

I will move to the **Standalone operating cash flow:**

Operating cash flow has significantly improved by INR 15 crores from negative INR 5.9 crores last year to positive INR 9.1 crores in current year, driven by strong earning conversion and also supported by recovery of aged debtors.

Margin improvement led by the better volumes due to increased offshoring and higher project wins as a preferred vendor for our client.

Now I will move to the **Consolidated financial performance for the group. Revenue updates:** Operational revenue for the quarter stands at Rs. 113 crores and for the full year at INR 408 crores delivering robust growth of 34% on Y-o-Y basis. Last year revenue was INR 304 crores. Growth driven by the full year consolidation, industry revival, higher winnings.

As Bala touched upon in his speech, FY '27 sales pipeline looks even more promising with an order book of INR 232 crores and bid pipeline of INR 456 crores.

I will now move to the **Consol margins update:**

EBITDA margin shrank by 3.3% and 2.6% for the quarter and full year respectively. FY'26 EBITDA margin stands at 20.9% versus 23.5% last year. PAT margin shrank by 2.3% and 2.5% for the quarter and full year respectively. FY'26 PAT margin stands at 12.1% versus 14.6% last year.

Consol full year margins are impacted primarily due to the project shifting to FY '27 and also impact of the 14 senior hires, which is the initial period expense investment. Consol operating cash flow improved by INR 2.9 crores from INR 20 crores last year to INR 22.9 crores in the current year. For the full year, this OCF improvement is due to the better convergence and the partial recovery of the aged debtors.

In overall, India delivered significant growth in revenue and PAT with consistent improvement in margin percentage. Consol margins were impacted due to the project rescheduling, senior hire initial period expenses.

With that, I handover back to Mr. Bala for his closing remarks before we open the floor for Q&A. Over to you, Bala. Thank you.

Balakrishnan: Thank you, Gaurav,

To summarize, India continued to deliver strong growth during FY'26, while our offshoring strategy gained further momentum across the group. While the quarter reflects planned investments and transitional costs, we have also taken decisive steps toward:

- structural lowering our cost base,
- increasing offshore operational leverage,
- optimizing infrastructure spend, which has significantly shown the reflection in our overall performance and likewise strengthening long-term margin resilience.

With a strong offshore foundation, growing technology capabilities, an active bid pipeline of approximately 35 million GBP and continued focus on execution excellence, we believe we are well positioned for sustainable growth and improved profitability going forward.

With that, I would now like to open the floor for the Q&A session. Thank you so much. Over to you, Purvangi.

Moderator: Thank you, sir. We will now begin the question-and-answer session. The first question comes from the line of Nitin Babulal Gandhi with InnoQuest Advisors. Please go ahead.

Nitin Babulal Gandhi: The 14 senior employees which you had hired, what are the costs which are yet to start reflecting revenues going forward and what will be the key milestones like for them to undertake? That is the question first.

The second question is with reference to what is the historic conversion for bid pipeline? Is it 50%-60% or what is it? If you can share that, it will be very helpful.

And third question, what is the max potential revenue based on our available facility at this point of time?

Gaurav Mehra: Shall I take that bid question, Bala?

Balakrishnan: Yes, please go ahead.

Gaurav Mehra:

Sure. Thank you, Mr. Nitin, for your questions. I will go question by question.

So, your first question relates to the senior hire cost and the benefit out of that. As you know, that the industry is reviving after the strike period and management has taken a strategic initiative to hire. Bala named a few people like Adrian De Wet, like Abhishek Nair, who comes from the premium studios like the Netflix and the ILM. This is strengthening our team. 14 Hires roles go to different areas.

In a common language, I can say that Adrian performs the role of the business development. He is the senior VFX supervisor and very happy to share we have also got first winning done via our senior hires in the month of April to the tune of close to 3 to 3.5 million GBP. These all the 14 strategic hires go to different, different roles. About five to six people are in the business development role across the geographies of North America, Europe, UK.

The other people are on the operational side at different levels as well as into creativity. Bala mentioned one person, Mr. Sebastian, who comes from the background of AI to lead the AI initiative for the investment company is making.

So, in a nutshell, this belongs to the different, different areas. These are overseas as well as in India also to drive the domestic expansion for the company. So, we are exploring the new geography overseas as well as exploring the domestic expansion and happy to share that within the first quarter of FY '27, we secured two full series from Netflix and Amazon for the domestic market.

Coming to the cost aspects of this, their Payscale has both the component of both fixed cost as well as the variable cost. Variable cost belongs to the business brought by them depending upon the achievement of the margins improvement. All put together, variable & fixed, the total cost will vary in the range of GBP 1.2 to 1.5 million annually, all resources put together.

Not every role is a new role. It is a combination of the new & upgrading few roles as well where the backfill was required and we have gone to the next level of the leadership position for those.

Coming to the bid pipelines, as Mr. Bala mentioned, today we stand at INR 232 crores of the order book and INR 456 crores of the pipeline. Traditionally, our winning ratio ranges from 60% to 70%, but it is hard to say. What is changing for us is that in the previous period, we used to do the bidding for an average ticket size of 1 to 2 million. We have changed our bidding scalability with the connection through the leadership hires.

As I mentioned that in the first quarter, we got the first winning done to the size of 3 to 3.5 million and the others in the bid pipeline are as high as 7 million, 5 million. So, I think if we win any of them in terms of the value, the percentage can change significantly.

Moving to the third question, the max potential revenue possible from this. So, with the current workforce, we range into the range of 75% to 80% of our utilizations. We are also investing into the AI and technology, which will enable us to deliver more in the lower cost operating model with the existing workforce. We are also evolving the module where the expansion is possible immediately, rapidly at a lower cost by outsourcing. We are expanding our channel partners both for India as well as overseas where any scalability can be done in the immediate period with minimal commitment of the cost. I hope I addressed all the questions.

Nitin Babulal Gandhi: Yes, thanks. Most of them have been addressed. But if on the pipeline, if you can share, what is the overall execution time frame for order separately?

Gaurav Mehra: Go ahead, Bala.

Balakrishnan: Yes, for the existing orders that we have in hand, I think 90% of that will be executed by end of Q4 next year. And that some would be spilled over to the Q1 of the following year.

And apart from that, we have been bidding on a few projects, which will also be filling up in the coming current year as well, which we have been bidding aggressively. And yes, so that is the current status with the order that we have on hand and also the project that we are bidding.

Nitin Babulal Gandhi: What is the order intake in the month? That is the last question. Order intake in full year, sorry, FY'26.

Balakrishnan: For the last year?

Nitin Babulal Gandhi: Yes, last year and next, FY'27, what do you expect? Either way which if you can share what are the best.

Balakrishnan: So, INR 232 crores is the order that we have on hand at the moment for the current year. And also, as we mentioned earlier, the bidding pipeline is approximately at 35 million GBP. So, out of which, we are very confident of winning maybe 40% to 50% of that. And maybe that will roll out between the next half of the year and to the next financial year as well. So, that is the current situation. And I hope that answers your question.

Nitin Babulal Gandhi: Thanks. I will come back again with somebody else to take it forward.

Moderator: The next question comes from the line of Viraj Mahadevia with MoneyGrow. Please go ahead.

Viraj Mahadevia: Hi, Bala, Yoga, Gaurav. Congratulations on stable results and seems to be a transition year. Based on your order book, do you think you could deliver a top line of 500 odd crores, 500 to 550 crores in FY '27? Can you assume orders of INR 232 crores, some wins of the active pipeline, plus your incremental steady flow business?

Balakrishnan: Yes, I think we would be able to add on 30% to what we did in the current year and the last financial year. And 232 to start with is looking very good for us. The momentum really looks good. The current order that we have in hand, and we have plenty of scope to bid and get things realized as we move forward in this current year. So, we do see maybe organically 30% more conservative. We would be able to get to 30% more than what we have covered in this current year.

Viraj Mahadevia: Fantastic. And now, given that you have done the hiring of these senior hires, of the upcoming hires ahead of winning business, assuming an incremental 100 to 150 crores of top line on an annual basis, if your cost structure were not to change materially, could you deliver an incremental PBT of about INR 70 crores from hire revenues?

Balakrishnan: Yes, absolutely. In terms of our delivery, yes, we would. Because we have these senior hires in place, and at the moment with Adrian De Wet, we already have a project under his name. And likewise, Adrian De Wet joined in September. And likewise, a few other key hires joined only after September to March. So, it will take a bit of time where they would get the project in place as well.

And in terms of delivery capability, the network that we have in place, for example, the platform that we have in place, the infrastructure that we have developed in place, we would really be supportive of adding more resources globally, and also to be not only within the physical locations that we have, but also with the remote we would be able to connect within India and also outside in other locations as well and also make sure that we would be seamlessly connected between locations.

So, that is where we spent most of our last 18 months building this network infrastructure and framework for us to be able to deliver any bigger project simultaneously, as in we hired the senior key understated as well as...

Viraj Mahadevia: Well, it was appreciated on the global delivery model construct with AI, etc. My question is slightly different. If we were to add INR 150 crore of incremental revenue in FY '27...

Moderator: I am sorry to interrupt, Mr. Viraj. Could you please use your handset because the voice is breaking in between.

Viraj Mahadevia: So, if you were to have this level of hires, your incremental employee headcount cost should not change materially. So, a large part of the INR 150 crores, assuming you have 20-30 crores of incremental cost, 100 plus crores should flow down to the PBT level. Does that understanding resonate with you, Mr. Mehra?

Gaurav Mehra: Yes, Mr. Viraj. So, as you said, you see that currently we stand, and I will take it up at the PAT level. So, as you know that our current PAT level stands at INR 50 crores. So, even if I take the current

PAT percentage on another INR 150 crores, we can very comfortably add as is close to INR 16 crores, which takes the number of the PAT to INR 65 crores to INR 66 crores.

Now, as we mentioned, the idea of this all-technology investment, AI-driven workflow, hiring seniors, is to build an operating model at a much lower cost. Mr. Zameer mentioned about the USD, which enables more offshoring. I would like to call out that we are expanding Bangalore. We started this way back in October, November, and as we speak, the team has grown to a size of around 40 people. Now, this all-expansion, now this all-shifting to the offshoring, is adding to the PAT percentages.

So, to answer you that around INR 70 crores or so doesn't look to be quite difficult, keeping the finger crossed. I think we should be able to achieve more than that with the current pipeline. The major benefit of what we expect to be unlocked is we are now bidding the pipelines, we are now bidding the projects of much more scalability than earlier.

I mentioned in the bidding pipeline that the projects are to the tune of the 7 million, 5 million. Now, the benefit of the bigger projects comes with the scalability. When you deliver a lot of smaller, smaller projects, the scalability benefit can be unlocked to a limited extent.

So, we think that with the as-is position, it should take us comfortably within the range of the 65 to 70 crores of the PAT with the current visibility. With the initiative being driven, that should add another 2% to 3% in the range, if not fully, I think it should comfortably add within the range of the 1.5% to 2% on an annual basis. So, it should surpass the INR 70 crore number, which you mentioned.

Viraj Mahadevia:

Yes, my mathematics says INR 70 crores incremental PBT, which means you should target a PAT of INR 100 crores and a INR 550 crores top line. But anyway, maybe we can pick that up offline. My next question, Mr. Mehra, is regarding the aging receivables, I think it was about INR 40-50 crores. How much have we collected and how much is still outstanding?

Gaurav Mehra:

So, we have got good collections done in March. Just to name you, we got an outstanding collection of about INR 20 crores within the month of March. And post the balance sheet, we have received another INR 17 crores. So, within the last two months, April and May, so in the last three months, we have received close to INR 37 crores.

Yes, so now to talk about the number, debtors as on the 31st March after knocking off March collection stand at INR 100 crores.

Important to note within the INR 100 crores of the total receivables for the India, about INR 35 crores belongs to the intercompany. So, net only INR 65 crores belongs to the external customer. We still do have some aging more than 6 months, which is in the kind of range all put together close to INR 59.5 crores. I am not counting the April and May knockoff. Our receivable of the INR

100 crores of the March came down to Rs. 86 crores after taking the knockoff of the collection of April and May.

So, there is a significant amount of the reduction into the aged receivables. We are expecting the April and May high collection trend to continue in the rest of the H1 as well. So, we think the aged receivable should be behind us gradually, latest maybe by the H1.

Viraj Mahadevia: So, what is the net aged receivables outstanding as of today after April and May collections in your estimate?

Gaurav Mehra: I said it is ranging around the INR 86 CR from the current reported number of the INR 100 CR, close to INR 15 crore down, INR 14 crore down.

Viraj Mahadevia: But those are not aged. No, aged was 40, which you collected. I am talking about the aged receivables, ones that have already extended beyond the receivable period. Out of that, you collected some and some you collected in April and May. So, what is the balance? You are talking about overall receivables. I am talking about only the aged receivables.

Gaurav Mehra: Right. So, more than the 6 months as I said that because as the time passes that the others will also pile up. So, as I said that the more than the 6 months aged receivables as of March stand close to versus the 53 last year.

And if I do the knock-off of April and May, it should come down by 7 to 8 crores. In June we also expect some collections. So, in my mind this should come down under 40 by the end of the Q1 of FY '27.

Viraj Mahadevia: And are clients still showing receptivity to repay those aged receivables from the old?

Gaurav Mehra: Absolutely. So, as we mentioned earlier we continue to do more work and now we are stressing more on that clearance of the aged receivable as soon as possible and we get a very good collection into the March and the last 2 months and expect that momentum to continue.

Viraj Mahadevia: Great. Any update on the incremental acquisition that you are looking to make after your fundraise last year? I think the cash balance is about INR 45 crores.

Gaurav Mehra: We are working very actively on that. To give you some perspective, by now we have evaluated close to 7 to 8 companies across the geographies. We are in the advanced stage with the 2 to 3 players.

When I say the advanced stage, almost finalized from our end and waiting for the counter side and meeting to take it to the next level. We will be sharing the updates with the investor as soon as we are able to move to the next step. But it seems to be at a quite advanced stage as of now.

Viraj Mahadevia: And assuming at least some, if not all of these were to go through, how much incremental revenues could you generate from inorganic in FY'27 and '28?

Gaurav Mehra: The typical ticket size that we are evaluating ranges in between the Rs. 200 crore to Rs. 300 crore ticket size of the M&A acquisitions.

Viraj Mahadevia: Is that the value of the acquisition or the revenues?

Gaurav Mehra: I am talking about the top line. I guess you were asking me that.

Viraj Mahadevia: Yes.

Gaurav Mehra: That is the top line for the consolidation.

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

Shikhar Mundra: So, this INR 73 crores of investment which we have done this year, is this entirely for the AI software which we are building?

Gaurav Mehra: I will take up that question and I will request Mr. Zameer and Bala to add on that. So Mr. Shikhar Mundra, thanks for the question. So, this INR 73 crores, not only the AI, it is multiple aspects and it is within India as well as outside India.

So, as we briefly mentioned, we are investing into something called USD, Universal Scene Description, which enables the India team to operate on the same pipeline where the London people are operating.

We are investing into storage. Mr. Zameer mentioned that we have expanded our storage multiple times with our NetApp storage. We are also investing into AI. We are investing into the workflows. We are upgrading our tools.

So, I wouldn't say it is limited to AI, but AI is a significant part of that, including the ArcLab and the others that we are exploring overseas. So it is across. I will request Mr. Zameer also to say if I missed any of the terms.

Zameer Hussain: Thank you, Mr. Gaurav. Yes, it is not just on the AI. It is on the technology by itself, one being the infrastructure where we have procured the NetApp enterprise storage solution, which is a very high bandwidth storage that really caters to the effects in CG caching and CG heavy rendering as well, which becomes a foundational piece into our Bangalore expansion as well. The second one being the seamless integration of pipeline integration of London, Paris, and India as well.

So, earlier we were doing it with a model of AWS where any cloud service is always cost intensive. And now I think we have restructured the codes and we have made it in such a way that it is hybrid mode, where out of the three components of the technology that we are using for real time, which is main storage, computing, and also in terms of the rendering, only storage would remain on the AWS for the shared work, and the computing and the rendering will happen on prem. So that brings the cost significantly down to around 62%, and that even goes exponentially in terms of the volume growth. The more you use it, the more benefit you get. That is the second part.

The third aspect is the USD pipeline. This USD pipeline is very crucial. Number one, it puts us into a league of the Tier 1 mandates that we can secure. Because earlier we were very location centric, and even we were not able to take in work which could be shared between the other studios because from the bigger studios, like a few studios, where the assets have to be shared for us to really work on, which we were not efficiently doing it.

But now with this USD solution, we will be able to work and our interoperability between the studios will become very effective, and it puts us in the Tier 1 league in terms of execution as well. Not only that, this USD pipeline also brings in or reduces the redundancy significantly in terms of multiple revisions and all. It is more like, if I may say on a document, into the same assets.

Balakrishnan: To summarize, it is more about investing in bringing efficiency, flexibility and seamless ability. So, it is the main aspect of investing into USD and also our AI workflows. So, that is where we have been investing in. And these investments would really play a major benefit in getting into bigger projects. That is what we have been planning for the next couple of years.

Shikhar Mundra: How much of this type of investment is pending for FY'27? How much do you plan to invest more?

Gaurav Mehra: I would say it may be another close to 15 to 20 across the year, not immediate. Because, as I said, it carries a significant portion into the overseas as well. And just to add, apart from these operational technologies, we also have some capitalization happen into the R&D spend, which we are doing as an ongoing process in the company.

As we move to the next level, now the projects that we are taking are high-end projects, which involves a lot of R&D-related work. Those can also be capitalized. That also contributes to some part of that, which is depending upon what projects we land. If we land with more projects of that complexity, it may increase.

Shikhar Mundra: But given the fact that only 15 to 20 CR, so a major part of these investments are done. Because we invested, I think, something more than INR 70 crores this year.

Gaurav Mehra: Yes.

Shikhar Mundra: So, this intangible assets under development of INR 59 crores, this is roughly what all we discussed, right?

Gaurav Mehra: Yes.

Shikhar Mundra: So, these investments we are making, they are not on hardcore assets. They are more on the technology side or the software side.

Gaurav Mehra: I wouldn't say, because hardcore Zameer mentioned that kind of what we did it into the storage and few that as well. But largely, yes. Largely remains into the AI tools and building the pipeline, which comes more into the intangible rather than the PPE classification from the accounting perspective.

Shikhar Mundra: And from the accounting perspective, then how do you quantify this as, let's say, INR 59 CR? I know that is the time spent by our internal team employees, which has been capitalized as 59 crores for building these.

Gaurav Mehra: It is not entirely internal, and that is not possible. It is a mix of the internal as well as external. So, it is a mix of both. So, yes. But the people who are dedicatedly working on building those, yes, we consider their cost also as part of the capitalization as per the accounting standards.

Shikhar Mundra: And one last question. Does the employee cost, which we are reporting right now, is this 14 new hires also included in this employee cost? So, are these peak employee costs?

Balakrishnan: Absolutely.

Shikhar Mundra: So, going ahead and continuation to the last participant's question. So, shouldn't we see a much big jump in operating leverage given the fact that the incremental revenues which you are adding, I mean, a great chunk of it should ideally flow to the bottom line. So, I mean, why just a couple of increases in PAT percentage? Why shouldn't the jump be much higher?

Gaurav Mehra: So, once you do that, that is the capitalization we were talking about, that will bring back some depreciation there. So, whatever the investment you are bringing, that will also be part of the P&L in the coming period, not PAT.

So, EBITDA may improve more, but I guess on the PAT with the current visibility, we think it will be offsetting. So, even in the current year, so the cost initiatives are there which will deliver the leverage, but we are in parallel investing. So, in the current year, that all 14 hires which we have done, it does not absorb their full year cost.

Their onboarding has been gradual since October. So, it may carry for a few people six months, few people one month, few people two months. Next year, it may carry the full year cost.

So, it is on and there may be some offsetting and definitely we wanted to keep the number conservative and try to always deliver more than the recommended or as per the guidance.

Shikhar Mundra: And, sir, last question on the receivables, like in spite of the collection of a receivables or debtor days are still at 120, 135 days. Is this something normal which you should, I mean, estimate going ahead or is there further improvement, scope of improvement over here?

Gaurav Mehra: Scope of improvement is always there, but I would like to take your attention that this INR 100 crores, we should consider in context of the increased revenue and the large part of the revenue coming into the last two quarters. So, we should not look at it. So, last year, we were at around INR 70-75 crores.

Last year, we were at the level of INR 70-75 crores and this year, we have moved from there to INR 120 crores and in fact, likewise into the consolidated. So, definitely that you know the debtors is the outcome as your revenue scales up. The good part is that the old receivables are gradually coming down. So, that is really helpful.

Shikhar Mundra: I mean, INR 78 crores has moved to INR 138 crores, but our revenues have gone from INR 300 to INR 400 crores. So, the percentage jump in receivables has been higher than the revenues. So, I was just pointing out to that fact. Just comparing last March to this March.

Gaurav Mehra: So, I think, yes. So, I guess last March, we also called out that last March, we were able to get some undue receivable received within March. The few which were falling into the April month, we were received in that.

So, that was a gap of about INR 15 crores to INR 20 crores from Netflix. We received an advance payment. So, this time, it is on the regular schedule. So, that also impacts when you compare year over year.

But largely to answer you that if you see the overall DSO, that ranges into the range of the 96. So, 96 is the typical 90 days period of the turnover.

Shikhar Mundra: And one last question. So, given the fact that most of the investments have been done and our margins are maybe on an inflection point, they can improve from here. And the company, so, can we expect some dividend payouts going future? Cash flows have also turned positive. Dividend payouts going ahead in the future, some payback to the shareholders.

Gaurav Mehra: That is always into the consideration of the management. But I would like you to appreciate that currently the company focuses more on investment and expansion. So, this cost what we have invested are not the smaller ones, both in the people and the technology.

And this can replicate the return in much more time than dividend. But definitely, that is always in the top consideration of the management. And as management decides, we will definitely communicate and we will try. If not the bigger one, if we can do some smaller one.

Moderator: The next question comes from the line of Saurav Panchal, an individual investor. Please go ahead.

Saurav Panchal: Thanks for the great performance. I have two questions. One is, I see that we have hired senior people here. So, what is the driving for this sudden move on the hiring part, aggressive hiring on this part? Is there any trigger for that? That is first question. And second question is, what is the plan for going main board IPO from SME?

Balakrishnan: For the first question, the main trigger for hiring the senior representatives and new business hires are mainly, as in, because we are not a standalone entity anymore with one of Us and being a public Company, we have a stronger presence here in India as well.

So, as a group, we have to grow beyond what we have done individually over a period of time. So, that is where we realized, we have this potential not only to build and work upon projects within the ticket size of 1 million GBP or 2 million GBP, but more than that, maybe target more at beyond 3-5 million or 10 million plus.

So, that is where we thought we need to have senior hires who are able to build that confidence, like how One of Us used to be a client for Basilic Fly and Adrian De Wet used to be a client for One of Us. And so, that growing up over the ecosystem really helps. And so, that is the reason we wanted to really go one level up and also evolve as a company.

That is the reason we brought in key hires, where we see opportunity in the industry. As in, a few companies are all struggling, as in, the industry as well. So, that is the right thing for us to invest and bring in these key hires to elevate our position and also attract new markets and take up big-size projects. So, that is the main reason.

Saurav Panchal: May I ask a follow-up question on the same? One more follow-up on this one is, so, is it going to be a new normal as we are upgrading ourselves from a Class 1 grade company? Is it going to be a new normal for hiring such an executive and is it going to be a continuous process going forward or is it just a one-time activity?

Balakrishnan: I think at this point, we are pretty much covered with the key hires that we already have. And also, since we have also worked upon our infrastructure as well as our operating ability, more flexible operating ability across the globe, I think we are rightly positioned with what key hires and also the process that we have been building and also be ready at the moment for taking up on bigger projects. And we need to focus more towards execution and bringing new projects at this moment based upon what we have at the moment.

Gaurav Mehra: Just to add on what Mr. Bala said, so, I think you will recollect that one of our primary objectives in the QIP was both the organic and inorganic expansion and the investment into the technology.

So, there are two, three factors which are leading to this aggressive hiring as Bala mentioned. So, one part is that we were holding those plans earlier because it required the capital infusion, which we are able to make it out now.

The Second part is that industry is changing from the traditional ways to more of the AI-driven ways wherein we are hiring the people who have that background and also investing into the technology which can deliver the client expectation.

The third part is that we are doing more offshoring. We mentioned about the Bangalore expansion and this team ramp-up is not possible unless we have the framework of required technology.

So, I think the combination of all these two, three factors as well as the management strategy to do the domestic expansion, that is what is driving that. To answer whether it will continue, I think as Bala mentioned, we are largely done with what is required for the near future. But as we expand, there can be a requirement and we have also upgraded a few roles to the next level compared to the earlier positions. So, it is a mix of both.

Moderator: Mr. Saurav, I would request you to please come back in the queue for further questions. The next question comes from the line of Sahil Shah, an individual investor. Please go ahead.

Sahil Shah: I just wanted to know the goodwill which is mentioned in the balance sheet since the last financial year. Is that the amount which you required One of Us for?

Gaurav Mehra: Sure, I will take up that question, Mr. Sahil. So, goodwill, as you know, as per the accounting standard, it is the difference in the purchase consideration paid to the company versus the networth. Yes, this entire goodwill belongs to the One of Us acquisition.

Sahil Shah: All right. And you all had mentioned in your earlier transcripts that you all should also be looking at gaming as an option to expand the business. Is that still in your plans?

Gaurav Mehra: Very much on the plan. So, the M&A partner, what we are exploring to give you that perspective, the primary strategy around that is first the diversification of the geography, second, the diversification of the services.

From the geography perspective, we are more dominant in Europe and the UK. What we are exploring to expand into North America, Spain, those markets from a geographical perspective.

From the capability perspective, services perspective, beyond gaming, we are also exploring the companies who are more towards the commercial as well as the immersive experience beyond VFX. So, we will get the opportunity of doing the cross-selling as well.

Moderator: The next question comes from the line of Bhavya Kumariya, an individual investor. Please go ahead.

Bhavya Kumariya: Any updates on the mainboard migration as of now?

Gaurav Mehra: Sure. I will take up that question. So, we have already kick-started the process. As you know, as per the norm, our eligibility lies by September 2026. To take the advantage and to move fast, the process has already been kick-started internally, whatever the preparation can be done before the timelines. And we are taking it up with the right consultant to move as fast as we can.

Bhavya Kumariya: I had another question about the acquisition. The previous call you mentioned about being in advanced stages of M&A and you have forwarded the LOIs as well. So, any updates on that?

Gaurav Mehra: To be transparent and honest with you, that the earlier LOI, what we were talking about in the earlier calls, that is on hold currently from the seller side. As I mentioned before, we are in advance. We do the two or three prospects at the max at a single point of the time. So, we are exploring with the other prospects and hopefully we should have the signed LOI very soon.

Moderator: The next question comes from the line of Viraj Mahadevia with MoneyGrow. Please go ahead.

Viraj Mahadevia: Hi, Mr. Mehra. Can you give a split of your revenues between the currencies? So, roughly dollar denominated, Euro, GBP and INR and presumably the benefit of rupee with what is happening against these currencies?

Gaurav Mehra: Sure. So, to give you the perspective and that goes with the geography. So, like the larger part is being contributed by the Euro. So, GBP and Euro is the major currencies followed by North America. So, our Euro contributes close to 60% of the total. Our North America contributes close to 21% of the total. So, that is the dollar money.

As if now we are 100%, almost not 100%, but we are almost an export company from the India business as well. Apart from the overseas business, we hardly do the domestic business. So, almost everything is in the foreign currency.

Coming to the answer of the benefit with the rupee depreciation and all currencies skyrocketing, definitely that has benefited us. And you can see the other income is to the tune of the INR 10 crores for the overall year. So, that benefits close to 20% to 25% on an average from the mix of all. That is how it is.

Viraj Mahadevia: And sir, you have these receivables coming back again, these trade receivables of INR 138 crores as of March 26. Of that, how much receivables are directly from the producers and how much are from other studios as subcontracted work? Can you give that split? Because clearly we want to see the latter reducing over time and going away, ideally, as we move from third-party outsourcer to direct solution provider to the end client.

Gaurav Mehra: So, we can see that from two perspectives. If you see the debtors standing into the India standalone, that primarily is from the subcontracting business, which means from the large studios.

Other than that, in the standalone, whatever, so to give you the numbers, so in India, as on 31st March, we stand close to INR 100 crores out of the INR 138 crores, which is largely from the studios. And the balance, INR 38 crores out of INR 40 crores, will be directly from the production houses, such as Netflix, Amazon, kind of the production houses.

Viraj Mahadevia: And do we expect this INR 100 crore number to start reducing over time as we de-emphasize third-party outsourced studio work and do move direct clients as our mix changes?

Gaurav Mehra: I mentioned that this INR 100 crores, if I take that old INR 100 crore means we have received close to another INR 15 crores in the April and May post-balance sheet date, so that itself reduces to the INR 85 CR, and we are expecting sizable collection into the month of June as well.

So, we expect, as I said, probably we should expect this to be substantially down by the time we talk about the Q2 or the September. So, there will be good recovery in the Q1 and more in the Q2.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to the management for closing comments.

Gaurav Mehra: Bala, over to you.

Balakrishnan: Thank you, everyone, for joining the call, and it is a great pleasure to interact with everyone and share our thoughts and likewise updates of the company. And to summarize, it is really a pleasure meeting you all, and thank you so much.

Moderator: Thank you, sir. On behalf of Valorem Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

(This document was edited for readability purpose)