

Ladies and gentlemen, good day and welcome to Phantom Digital Effects Limited H1 FY24 conference call.

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 star, then zero, only a touch-tone phone.

Please note that this conference is being recorded.

I now hand the conference over to Mr. Bhavya Agarwal from captive IR strategic advisors, private limited.

Thank you and over to Mr. Agarwal.

Thank you.

Hi, good afternoon everyone.

On behalf of captive IR strategic advisors, I would like to welcome you all from the H1 FY24 earnings conference call of Phantom Digital Effects Limited.

From the management team, we have with Mr. Dijoyar Hotraj, the managing director, and Mr. Vijay Krishnan, the chief financial officer of the company.

Over to you, sir.

Thank you so much, Bhavya.

This is the Dijoyar Hotraj, managing director of Phantom Digital Effects Limited.

So thanks for hosting us today for our Q2 and H1 earnings conference call.

Good afternoon. We are pleased to welcome you to the Q2 and H1 FY24 earnings call.

It is with great enthusiasm that we share with you the remarkable achievements and developments that have transpired over this period.

Before delving into the detail of our achievements, I would like to briefly introduce our company.

So much in 2011, Phantom Digital Effects goes over a decade of experience in the creative realm of visual effects industry.

We committed to deliver high quality industry standard content with clients globally.

Positioned at the forefront of India's creative view of fixed service providers, we call the prestigious VPN certificate, ensuring a data secure environment that aligns with the stringent criteria set by the motion picture association.

We provide comprehensive services, cover a spectrum of capabilities, including final short compositing, 3D elements creation, like like, like like, like,

creature and environment designs.

And many more commercials, which are films and web series helping them have pre production production and post production phase.

Operating from our 3D state of the last studio spaces in Chennai or headquarters Mumbai and Harabar, we have extend our reach globally through our marketing teams in the US,

Canada and the UK.

The workforce, the creating 650 employees, we have successfully delivered over 250 projects and 3000 shops, earning up to vendors,

and 15 content providers like Amazon, Walt Disney and Netflix, underscoring our international presence and acceptance by renowned content providers.

Our dedication to excellence has been praised and awarded with many honors for our work over the years, such as best VFX.

For the point, for just growing Indian company experience award and company of the years award.

Business updates in H1 FY24, we strategically expanded our presence both in India and globally.

It's kind of groundbreaking deal with the major OTT, a global leader in providing unparalleled content.

In streaming platform, this moment, this agreement is worth a minimum of rupees 1200 million rupees to be executed over 4 years and is open to expansion through mutual discussion among the parties.

Secondly, as a part of our strategic growth plans established a wholly owned subsidiary named Santa Maca Studios, limited based in London, UK.

Through this, we plan to cater to diverse business statements that is visual affected animation.

Our international revenue mix increased from 36% in H1 FY23 to 32% in H1 FY24.

With plans to further shift this 270 to 30% showcasing our commitment to the global market.

Further upcoming film, I'll earn which features the highest number of DJ shorts, photos and 500 shorts of optimity is one of a kind full length,

live action film with intense action shorts and creative storytelling, the sheer scale and complexity of this project demanded the highest level of technical.

Provost innovation and great with the from a talented team of artists and technicians.

The film series recently released and about the positive response for the superior quality that we have done.

To be the growing demand we have expanded our studio space, we have expanded our Chennai studio by 30200 square feet, bringing the total space with 35,000 square feet.

The strategy expansion allows us to increase our seating capacity by 180 seats,

relating our total capacity to accommodate 830 employees across all studios.

This expansion aligns perfectly with our goal of reaching a combined workforce of 1000 employees.

Coming on to our national, we have achieved revenue from operations of rupees 410.73 million rupees in H1 FY24 against revenue of rupees 260.46 million.

In the same period last year showcasing a growth of 57.69% of the average approved by 46.87 percentage in H1 FY24 couples with growth impact by 29.49% in H1 FY24.

Looking ahead, we are planning to enter into animation and giving business segment that will position us to serve a broader spectrum of industry simultaneously or aren't it in is dedicated to developing software that forces in the collaboration between

our team and AI, enhancing our capabilities through synergies.

Further, we are also expecting, we are also actively exploring inorganic growth opportunities that will complement our core offering, enable us to offer more specialized and efficient services.

In conclusion, we are genuinely excited about the future of random digital ethics.

Our dedication to quality innovation in client satisfaction reminds us we continue to push the boundaries of what is achievable, the dynamic world of digital ethics.

Yeah, I am done with my introduction here now.

Now we are over to you.

So should we open the floor for the Q&A session?

Yeah, we are open to Q&A.

Thank you very much.

We will now begin the question and answer session. Anyone who wishes to ask questions, please press star followed by one on the Dutch phone phone.

If you wish to withdraw yourself from the question, can human press star followed by two?

Participants are requested to use only hands-up while asking a question.

Ladies and gentlemen, we will wait for a moment while the question is assembled.

The first question is from the line of swapping Kogra from SK Enterprises.

Please go ahead.

Hi, sir.

Am I over with?

Yeah, yes.

Yeah, yes.

Yeah, so my first question was with respect to the growth guidance that we have for F524 to double our revenue with F524.

So can we do a problem of one 10 or one 20 crore approximately by F524?

Yeah, I think this is a session here.

We are for taking to you on this.

So we expect the the error increase to be in the range of 35 to 80 percent.

So which means we could look at it in top line growth of around 90 to 100 crores for F524 at this point of time.

All right, sir.

Can you give us an update about the total employee count right now and what is the medium to long term aspiration with respect to the employees?

Any please repeat your question please.

Sir, what is the total employee count right now and what is the aspiration for medium to long term with respect to the total employee count?

Okay.

So we are around 150 people right now.

You know, we are projecting to grow up 2000 in the next six to eight months.

So that is that is what projected and you are supposed to retain a ship of employees.

No, sir.

I just wanted to know our aspiration to grow the employee base in future.

So more.

Yeah, it depends on the right.

You know, so we have quite good business and of course when we are expanding in, you know, in North American and Europe in region.

So there are more projects coming in.

So obviously we will need more, you know, workforce to tackle all this new incoming projects.

So we are in the growth phase.

So we are constantly hiring and we will be expanding more.

So just a follow up on this.

Do we have any internal software or any technology to track the efficiency of employees?

Yeah, we have developed our own production management software.

And we have our own employee, you know, software, something similar to Sierra.

So we are evaluating all the employee performance to that software and, you know, all of this.

Even the increment and everything happens to that software.

That's a one product of that.

Yeah.

Oh, it's a I joined me to come.

It's been developed over the years for four, four, five years, we've been developing something and right now it's in a very good stage.

And we are still, you know, improving its capabilities, you know, using a as well.

Okay.

Thank you.

So thank you.

I joined you for more questions.

Thank you.

Thank you.

The next question is from the line of brand agent from deal belt capital.

Please go ahead.

Congratulations, team on our robots first off.

I wanted to get a sense of what is our aim as we expand our team and also our footprint geographically in hitting the top line as well as the margins over the next couple of years.

As you have said that international revenue contribution could be about 70%.

So I'm assuming that things are only going to look stronger from your own.

Yeah, of course, because, you know, we have clearly established our presence in the past and we have built a very robust case team as well.

You know, throughout the American continent and European continent and wherever we have gone in the past one year, you know, there has been a tremendous, you know, welcome from everyone.

And everybody has so excited to see Indian studio who has done, you know, this extensive VFX work, you know, because we have not almost all the major studios in Hollywood and everybody.

The first thing that we hear from them is like saying we never knew that Indian, you know, grown VFX company can do such good VFX work, you know, because they have seen more of process oriented work so far.

But, you know, what Phantom has done is like more of creative work and the recent past we have done so many interesting projects that has built our show in to a very remarkable, you know, real of our work.

Everybody are so excited to see what we have done in the past and, you know, there has been many deals that has been broken as I speak actually.

So, what is the revenue and margin aim over the next couple of years.

I think FY 25 we are looking at anywhere between 135 to 100% of the crores of top line and we expect the epidemiologists to remain at the 35 to 40% level and back margins over on 20 to 30% of this one of them.

And of the theme expansion that we are doing how much is going to be overseas, whether it is Canada or US or UK.

Sorry, come again.

I'm going to have 1000 people including artists over the next six to eight months as you indicated how much of that is going to be in the overseas areas like West Canada and UK.

Mostly in Canada and sorry in the US and the UK is what we are looking at.

So, it will be a very small number, but that will be, you know, like that is actually being planned so that we can keep our expenses, you know, relatively low and more of execution will be happening from India.

So, more of creative and the proportion team will be the presence will be there in the American and European continent.

But are these effects supervisors are the pre visualization guys, what is the kind of talent we're looking at overseas.

And any other thing is we don't need any pre visualization or, you know, other technical people here, but they're because we have more than efficient people here in India itself.

So we are just looking at a few good supervisors and good producers who can help us out with client handling and be the face of company and probably a few technical supervisors who can, you know, help us out in product project development and all.

So that is what we are looking at there, you know, because the time has a great ability of, you know, technical aspect actually already. And we all, we all pretty have a couple of supervisors who are working from beta and other major studios are now with us.

So we don't need any more people in terms of the artistic level, but we will be hiring more people in terms of client facing and client handling.

And before I get back in the queue, you could give us the sense of what your order by then, you know, like over the next six months.

Since the strike is ended, if you could tell us what are the bigger projects that you are most excited to walk about.

And if you already gave some example of a 500 short project, something like that, if you could qualitatively and quantitatively elaborate.

So we get the kind of work that we are doing in terms of not just a better quality or better scope and something which is more margin-appreciated.

High value.

Yeah, we are actually, you know, working on a lot of things.

Being a creative studio, we are working only on the creative content as you all know.

So we have already delivered so much of work in both domestic and international market.

We have created so many environments.

We have created so many action sequences with lot of vehicles, you know, and all this.

What is not possible practically everything is being done here at Phantom.

We recently delivered on show with a heavy car chase sequence where we created a lot of vehicles and the complete environment and stuff.

And we are recently working on a show where, you know, in which we are creating an alien world, a spaceship and other stuff.

And there are a few upcoming projects which we are talking about, you know, talking about some creation work.

So it's more of a creative based movie where, you know, you see people being chased by creatures and, you know, all this typical Hollywood stuff, but, you know, we are all doing everything now in our almost most of the projects are awarded completely for us.

Right from scratch.

So we are developing, you know, from the previous, still final delivery.

So we are already working on addressing projects.

But then we have mentioned of the movies because presently we don't know how much of a revenue is coming from movies compared to OTT shows and commercials.

So if you would give us spread and any.

Yeah, we are not in the report because we will be in project names at the moment.

You know, there are various reasons for that.

You know, mostly it is like the client doesn't allow us to reveal any of that information in public until we complete that project.

So a couple of projects we worked on is like fast to be worked on this movie called Leo where we created a complete car chase sequence, which was like very much applauded by all the technical, you know, people around the filmmaking industry.

And we are also working on a film called Island where we are creating alien that is a shape and all the alien world and what happened wrong and stuff.

We recently worked on film TV series called Kalapani, which is a product throughout the country, which was released in Netflix, which had a lot of visual effects and it is all in this visual effects everybody even Netflix, you know, plotted as for that work.

And there are future projects where we are working on, you know, creating talking dogs and, you know, as you said, creatures and stuff which I cannot reveal right now.

But, you know, at the time goes, I will definitely believe that.

So just to add further, Pranay, the look at the current revenue structure of most of the revenue comes from movies, I would say in the range of 70 to 80% followed by OTT and then common ships.

So we expect this proportion to change as we make more forage into the international market in the future.

So OTT is how much, approximately, OTT would be about, maybe roughly around the 15%, 10 to 15%, all right. Thank you so much and we should be all the best.

Thank you. The next question is from the line of Sahish Sharma from S. Kapiti, please go ahead.

So congratulations on good numbers. If we look at our inventory that has increased from 7.5 crore to 18 crore in September 23, can you please explain the reason for the same?

Yeah, I think some other projects that we are working on were actually unveiled as of the previous September.

So that is how you see the spike in numbers. So we expect to close the revenues for these projects on a double A P L 30 step number in the following two quarters.

So it should stabilize in Q3 as well as Q4.

Right, sir. And if you look at the receivables as well, those are actually increased from 16 to 22 crore and again wanted to understand this like this is like a banoff.

In general, we should expect that inventory and receivables can remain pretty high, even in the future.

No, definitely this will lead just to help you understand. I think the receivables have come down by about two crores compared to Q1 of FY 24.

If I have to have April to June, but if you look at the overall breakdown, I think less than 45 days is almost equal to 70% of the overall visible that you see as of September and good amount of follow up and collections have happened in the next

45 days between October first till November. But the numbers will definitely come down as you go forward.

Have we made any progress from hiring any senior talent in USA for heading and expanding and like what are like how are we seeing that scaling up like how much could it contribute this year next year and so forth.

Yeah, we have hired a few major players, which we will again once they join.

So that is going to create some more remarkable difference when it comes to client facing people because they have their own reputation in the market so that will lag on the daily for sure.

So last question from my side, can you please talk a little bit about the risk of generative AI model and also you are moving that we are also using some internal product can you just you know, share how we are using it and just to make sure that you know we are ahead of the curve

basically to you know how what are you doing to ensure we don't get disrupted by this kind of technology.

You know what I say is like in a baby chest, you know it is not yet there to create or replace something entirely visual effects but what we are using for is like we are trying to reduce more of our manual efforts where we put lot of man hours, you know repeatedly

or some less creative work where which we call process oriented works and also we are trying to build some systems where we can reduce this manual work and get it done by a so we are we are already we have already implemented the AI successfully

in so many aspects of it. We have started using a in a rotoscoping which is a process oriented work. We have already started using a in even in the concept stages, you know certain concepts are you know being drafted by initially by a and then

our artist has taking forward from there and then you are using it in paint and we are using it in some 3D as in development as well but it is still in a very baby stage actually so it is not going to completely

replace any creative industry that we see going forward it is just help our industry to you know make our products more better and deliver our clients and better product in a very quicker way so that's what I'm seeing.

Thank you so I'll come back in the future.

Yeah, thank you.

The next question is from the line of Ashwin from the investments please go ahead.

Yeah, thanks for taking my question.

So the question is that so I see now that we're getting into the production business the production and distribution part of it.

I believe for Ireland is all to be being a payment producer made of banking course.

Just all the people out the management is viewing this side of the business and how critical is it going forward.

And just want to get a final of this introduce the element of personality and loneliness with the business now that you're getting into production.

Yeah, see the thing is getting into production and it is not completely getting into movie production till date and all that we are doing is like we have co-producing things.

This actually gives a major over our competitors, you know, to bag in more project.

And you know, since Phantom have very good track record of delivering products on time, you know, people come to us and this is an edge when you offer them this co-production model and you know it also increases our possibility to increase the profit.

So that is one reason we have, you know, got into this and yes, of course we will be.

Yeah, yeah, yeah, of course we'll be going into a full production mode in the near future.

So that these are all, you know, additional add on values that bring on to the table actually more of films that we get involved with the more the brand name that it established and that is the way going forward.

And almost all the major, you know, studios are doing it already.

So we don't want to be repeating on that.

So that is one major reason we are into the cooperation and production technology.

I'll just one other question.

So I believe we're looking to raise about 50 calls of through QIB.

So this basically entails for a 30% kind of a valuation, which is quite significant.

And just want to understand what is the kind of opportunities that we see that requires such a large capital raise and there these funds we're looking to deploy what opportunities are looking to take.

So I told you, it told you like we are, you know, developing a lot of tools and software.

So we are investing on technology and infrastructure as we speak and unlike other companies, you know, we are into high end creative stuff.

We are creating creates the development.

And so it demands heavy computing power and, you know, every year, you know, there is a huge, you know, based and technological updates on the hardware and software side.

So we have to be invest on that to be on top of, you know, the whole technology and to be competitive as well.

So that is one main reason we are raising this funds and we are expanding in the North American and Europe in region.

So we are hiring more people from these areas as well to increase the business scope.

So that is one major reason and the co production models have also it has its own dynamic investment as well.

So that is that is also playing a very major role in this.

Okay, just one follow up on the co production site.

What is the payer structure in terms of the co production site in terms of is it, if you can just walk through the different model and what are the specific aspects are looking at.

Are we looking at like a fixed, maybe selling to this tutor or are we looking at taking a share of profit of the business of the new.

It mostly differs between project to project.

So I talk now we have involved in distribution.

Right.

So, you know, we get almost, you know, all our payments getting done before the movie release is what we are following.

And there are some cases we have to wait till the movie, you know, it's the status and then maybe in the first few weeks, you know, we will be able to become the money.

And there is, you know, when it comes to co production and you have the IP credit as well.

So, you know, you will also be able to record more profit through royalties as well.

So, so there are more than many different models when it comes to this business. So, if there is no definite, you know, models for this.

I talk now we are, you know, the time to time when project to project basis, we are deciding on this.

And the, thanks for all the information.

Yeah.

Thank you.

The next question is from the line of Rahul Dassani from the tell analytics.

Please go ahead.

So, possible.

So, yeah, good.

So, I wanted to understand you said there are various ways in which we can play this out.

But what is it for ILR? What is overall project size for ILR? And then can we start expecting the numbers coming in from that project?

Yeah.

So, I learned the, the, the, the, after the contract signed up with the customer and the work done so far.

We expect to have the receivables collected later by the movie, which is January, 2024.

We also expect some inflows in this quarter as well.

And what would those numbers be exactly?

The 23 crores is the value that we are seeing as of September.

And we expect these to be collected in the coming two quarters.

Let us play January, 24.

20,000 you said.

Yeah.

Okay.

And just on air, just like the last part, it's going to last things.

So, I could also see that the estimate is getting into some copycard.

Take to replace the rotor work.

I understand you said it's, it's in various shifts, but can you speak more about it's out there?

How is it already replacing the workforce?

What are we doing exactly in this? What's the efficiency?

Can you speak? Can you speak? Can you speak? Can you speak? Can you speak?

Can you speak? Can you speak? Can you speak?

Just on AI, you were speaking that you all are using AI for the not clear, not so creative work.

So, that's because we're using some copycard.

Take to replace the rotor employees.

So, like we were talking about how is it changing the skills in favor for you?

How is it changing efficiency?

I know what the baby says, but if you would like help us out for you.

Yeah, it is actually one of our recent major VOTD platform clients.

You know, we tried this rotoscopy AI and it reduced 70% of the work already.

So, regarding the copycard, copycard, it's the plugin that comes default with one of the software that we use. So, I'm not sure what you are mentioning, but that is that the copycard tool is something that is in existence for the past two years with the default software that we use for rotoscopy. So, I'm not sure what other people are doing with it, but we are using a lot of tools already that exists. And also, we have developed some in-house tools to improve the productivity and that has actually reduced 20% of existing workforce in rotoscopy.

So, 70% of rotoscoping is being done by these tools.

Yes, yes. So, how is it?

On top of it, we have to invest a lot of money, of course. You know, it will not completely replace the rotoscoping as of now because every shot will have some, you know, like for example, there will be multiple layers in every shot. So, this software that helps you to give you, for example, if there is four layers that you have to do on this, this will, you know, get you two or three layers. So, the fourth layer, of course, which is in very detail, has to be done by manual job. So, that is still there.

And how is this AI or technology changing the workforce or workforce structure?

Yeah, as it said before, the, you know, the less creative jobs are, you know, being reduced.

And that actually helps us to deliver projects, you know, very fast away, you know, because this actually has, you know, like these are all very time-consuming jobs, which were, you know, which demanded a lot of manpower previously. And that actually created a lot of bottlenecks.

But, you know, that is being taken care by this AI, you know, is reducing at least 50-60% because it is a, you know, effort that we are putting in and workforce as well.

Okay, so when you say the workforce structure is changing, so are you like laying off this employer's or are we trying to upgrade them to create a work?

So, we already, we, you know, like with Pentium, we already had a very less number of this, you know, rotoscoping and paintwork team because we were using some outsource models before and we were all actually having the team for our own requirements.

So, we were not, you know, majorly to the outsource model like many other companies.

So, we never needed that many number of, you know, this rotoscoping and paint people.

So, we have a very less number of people and we are planning to upgrade them into other departments.

So, in-house the trainings are happening, we are upskilling them.

So, we will be observing them, the eligible candidates will be absorbed into other departments.

And probably we will be, you know, retaining the remaining people for the rotoscoping and paintwork that is needed in-house.

Go ahead, that's it.

Secondly, previously you told me around 70 to 80 percent of the numbers.

I found them in the rest from audity and you said as you step to all of them,
this number would also change.

So, you will somewhat mean to say that you all will be favoring audity as you would step to all of them.

For all you would, all you would have all you would have mentioned.

No, it's jolted as random shifts to Hollywood.

The 70 to 80 percent revenue which are coming from flames will, this ratio will change.

So, what that ratio will be in-house?

It's open on the body nowadays in a lot of commercial.

Yeah.

Yeah.

So, commercial also we are looking at, but, you know,

at some how, what it is and film is what we are, you know, concentrating more.

And the more we move into the international market, we are looking at, you know,
that production house is what in our work already.

And every, every 40 houses or one way or other involved with production houses as well.

So, we cannot just, you know, separate and look into this 40 and production house is different
because almost all the production houses now have their own audity platform.

For example, Disney or HBO, everybody have their own audity platform.

So, we cannot differentiate anymore like ODP and production houses.

But of course, you know, this, the major place when it comes to audity is Medley,
it's Amazon and Apple.

We are closely working with a lot of shows with them.

And we are also working with a lot of direct production houses as well.

Okay.

Okay.

Okay.

Lastly, just to confirm the effort, the management guide is for 135 to 45 to 40.

I had a block 35 to 40 percent at the number I said.

Yep.

That's correct.

Okay.

So, thank you.

That was awesome.

Thank you.

Thank you.

Ladies and gentlemen, in order to ensure that the management will be able to address questions from all participants in the conference, please limit your questions to two participants.

Should you have a follow-up question, please rejoin the queue.

Thank you.

The next question is from the line of Adictus Rana from Niveshai.

Please go ahead.

Good afternoon, sir.

Anna, what is it?

Yes, yes.

Yes.

And as you know, the strike is over.

So, I am interested in understanding the impact of the strike on the company.

Could you please share the outcome of the strike and additionally,

I have new orders from the Hollywood business within the company.

Yeah, of course, the strike has reflected in the business, you know, greatly because there were, you know, pre-signed orders that were supposed to come in on this, you know, how fairly has been greatly postponed because they were not able to finish the shoot on time.

And also a lot of competition in terms of domestic market also has come into play because all these people were completely dependent on the Hollywood film market, ran out of projects and they had to pitch in on some, you know, the domestic project as well, so that actually created an additional competition when it comes to winning the projects.

But since Phantom had very strong base and kind of relationships, we were able to manage it with the existing projects and the client aid.

Yes, of course, some new projects that we had in pipeline has been slightly pushed to the next quarter.

Sir, which production houses, big production houses,

completely do we have strong relation?

I think that is a bit confidential, he has not really,

in the public forum probably we can connect in person and we can discuss about it.

Sir, do we receive any text on the UK, US or Canada, if so, what are they?

Next benefits.

Yes, X benefits.

We are currently evaluated in the same way,

we are aware of certain benefits that are available, but we will have to evaluate them as we go forward.

Oh, thank you.

The next question is from the line of Adictor Shah from CJ House.

Please go ahead.

I just wanted to know the breakup between domestic and exports for the quarter.

We are at around roughly 70, 30% domestic and international for the first half of the year.

And, yes.

But, Sir, a couple of other listed players, even though they had the writers,

I can only focus on international, I have been able to grow faster on a quarter and quarter,

you are on your basis, so just wanted to understand what is stopping us from growing at the same level and on the export side.

We cannot comment on others performance, but when it comes to Phantom,

we are not into the non-creative space.

So, we are in the creative space and that demands a lot of, that creates a lot of dependency from the shoots and the production houses.

So, the production houses has completely put a lot of problems on hold, so that is one major reason for us.

And do we see an impact to continue going forward or now that the writers, I can...

No, everything is cleared and we have already started getting green lights from almost all our clients.

But, the revenue, because generally there will be a gap between when the production starts and you get the project to do your VFX on.

So, the stoppage, maybe the stopping of the production impact will come to you later on.

So, are we feeling that we are getting the revenues in as well?

No, the first quarter everything will be sorted out as well as we are expecting.

So, we have already started getting contracts and other procedural stuff.

And since the Phantom is involved right from the pre-production stage,

we will be getting into the production right from where they start.

Okay.

We will not be waiting for, not every project needs to be waiting till next in the post for Phantom.

Got it. And so, how many offices have we set up outside of India already and maybe some numbers, as to how much setting up offices outside India has actually helped in terms of growing the top line?

Yeah, we have offices in Vancouver, to watch Angeles, Dubai and London.

Of course, these offices have helped us in many ways.

The client has the credibility towards Phantom because when we meet people,

they say that every day they get mail from India saying that it's a real-sex company asking for work.

So, when your presence is there, in their city or town, it definitely adds value.

So, that has remarkably increased our visibility towards our clients

and we are hiring people in every station that says, as we speak,

and that is also helping a lot in terms of building credibility and building a stage for Phantom.

For it. And are we hiring people who have already been in the industry in these places

and have the connect, or is it fresh files and real room then?

No, no, no, we are hiring people from the industry.

Okay, and the last question here, you know, with Roto and the basic,

your worries were getting slowly replaced by AI.

Are we seeing this risk that a lot of the other guys were not into creative, such as how we are.

The other guys will face a kind of reduction in business,

unless Roto green screen part.

So, they will upscale and then they will get into creative and create competition for us.

I will say that we will take at least three to four years for them to reach what Phantom has achieved.

So far because, you know, there is a track record needed to bag any big project and there is a credibility that you have to build and the quality consistency you have to build. So, that is not very easily done.

So, I am not seeing any competition immediately at least for next three to four years.

Why the new players?

Farina, thank you, sir.

Thank you.

The next question is from the line of Madan Shah from Manibi Investment Advisors.

Please go ahead.

Right, thanks for the opportunity.

What is the current investment that we have done into AI alone?

And where does this fit in the balance sheet that is in the inventory or in the other current assets?

We have the number for the island fit in the other current of the centibarance sheet to the extent of the work that has been done so far as we have.

And what would that be?

It is about a 23 course.

Okay, and do we expect any more investments into this or it is done now?

We are working that out.

I think we are currently being reviewed because the movie is later for release in January.

Some amount of work will definitely happen.

So, yes, there could be some amount of further amounts which will happen which is being currently under review.

Okay, and you also mentioned to one of the earlier participants that we are expecting around 23 crores of the sheets for this island.

I mean, so what about this?

We are also expecting some profit share as well.

No, no, no, I think this is only towards the aspect work that we are doing for the customer of this point of time.

So, I think basically he ran into financial trouble and that's how we got into this corporate using arrangement.

But there is a result purely for the aspect work that we are carrying out for this project.

Okay, so we would make a normal margins on this investment as well.

Yeah, yeah, yeah.

Obviously, I mean, just like any other project, we would have the margins as well as for this.

Okay, and we have already contracts in place, actually.

We have already contracts in place for distribution overseas and.

Okay, and my next question was, I believe the share of the creative revenue that we have would be essentially higher than the.

Roto revenue in part, compared to other videos.

But when we are guiding in terms of margins, they are at a similar level as to what others also make.

I mean, given that we are doing something which is more challenging and more creative, shouldn't that translate into higher margins than what others who are primarily into Roto work.

Yeah, it will definitely over the period of time when we are getting into more of international business and more of to play a kind of.

So that margin will definitely increase drastically is what you know, we see here.

And, you know, as we spoke with a lot of major production houses, everybody are very much willing to award us in a lot of creative work because we have a very strong track record of, you know, solid.

The work and solid creative work. So now they have seen what we have, you know, already and then already and what we are capable of.

So I believe that this is going to be a very, you know, it's a very time sensitive thing like, you know, in the short span of time, it will all change.

So what we are seeing.

Okay.

Thanks.

Thank you. The next question is from the line of Patrick Kulkani from Kamayake wealth management. Please go ahead.

Hello, hi, Sir. Good afternoon.

Good afternoon.

So, in the earlier, I mean, at the beginning of the conference, you said that you are looking for organic opportunities.

So, can I know what are your specific ideas for the companies which are looking for, and also are you looking to do opportunities in the actual foreign companies like Canada, US or Europe?

Yeah, we are looking at acquisition.

So now we have broken deal with a couple of companies. So the funding that we are raising will be going towards that as well.

So right now I'm not in the party to reveal, you know, who they are, you know, once the deal is, he or I will probably reveal it.

But that is the part you are going to add more value to the brand because these are two different new verticals, not to be affected.

So this is definitely going to add value to what, you know, Phantom has built over the years and this is definitely going to build a very big, you know, great, very big place in the market.

No, okay. Thank you.

The next question is from the line of Pranay Jain from deal wealth capital. Please go ahead.

Yes, I wanted to get a sense of the 120 crore deal that we have signed with Netflix.

How much of this is going to be episodic content versus movies and do we have some visibility whether a lot of the content could be international or is it going to be mostly for Indian audiences?

And if you could just tell us whether numbers are going to material start from F.I. to this or we are expecting a lion's share of the revenue to come back and did of this four year deal.

I mean, just wanted to understand what is the understanding you have on the numbers and other margins also going to be similar at present level or we have some more.

Yeah, the margins definitely will be similar or more. It will not come down for sure.

And the regarding the project is going to be both international and domestic that kind of understanding we have with this.

And they have already started giving a lot of projects for bidding and a lot of projects are awarded as well.

So, we speak we are bidding on the four projects and many improvements are happening as we speak.

And regarding this international we are constantly in touch with other players as well as possible.

So, much more news to come.

Okay, so, aside of this, we also announced some 6.2 crore work of orders out of which one is going to be a folklore kind of thing.

So, when do we expect contribution from this?

It could happen very soon as in this is what we are expecting in the next coming quarters and we are hoping to be there.

You are expecting connection with this system itself.

Yeah, in this system or maybe it could also split to the next system.

We will have to see how we look at it as we move forward.

And about the capital raising.

We are looking to conclude it in this quarter so that we can start investing in the acquisition as well as the software or tools that we are building.

Because I wanted to get a broader thing that this is going to be used for some long term growth.

So, what are we going to use this differently for?

I believe we are going to as it is using license software and every studio has its own special things.

For example, Pixar will have a render man for rendering and presto.

Are you like building some rendering engines or server farms or higher content in the US or so forth?

Because that is going to be the requirement in the future.

So, what is really our investment going towards other than this acquisition and some outposts in foreign geographies?

How much is really going in software development and anything in server farm or internet.

I cannot give you a breakdown right now, but of course, as I spoke earlier, a lot of investments are going towards the technological advancement.

And we already have so many tools developed in our, but we are completely automating so many man hours taking repeated jobs.

And we are trying to reduce all these process oriented work.

You know, letting the creatives to only the creative work, but not spend their time unnecessarily on other manual jobs.

So, that is what our motive is here so that that will be increasing the productivity as well.

So, for example, when we brought in this new tool set that we developed recently that, you know, that showed us like at least a 10 percentage of increase in productivity.

So, that kind of, you know, improvement is happening when we invest ourselves in technology and that is what we are doing right now.

So, these are licensed tools or are we taking some open source software and customizing it for our requirement?

It works multiple ways we are using some, you know, codes that are being shared and some, you know, we are buying out some research papers and we are building stuff from that.

So, it depends on the need and the necessity of it.

Lastly, how transformative is this foreign gaming and other area going to be in the long term for us because it requires a certain level of expertise, talent and some track record as well.

So, what exactly are we penciling from this over the next two to three years, what investments will it take and what opportunities are we already targeting through some inorganic targets and otherwise whatever talks that we have had with prospects?

See, the software, the invention of software itself to reduce manual work, right. So, of course, when we invest more on development of software and tools and AI is definitely going to reduce, you know, the kind of man hours that we are investing on certain jobs

and that will definitely increase the productivity. So, the quantum will be increased. The quantity of what we are delivering to the client will be increased. So, the business also will be thriving.

So, that is the ultimate motto for investing ourselves in more technology.

I think we have only three minutes left. If there is anybody else, you know, we will, like, we have an opportunity to.

Yes, sir, in that case, shall we take the last question now? Yeah.

We'll take the last question from the line of Nikhil Chawji from Chris BNS. Please go ahead.

Yeah, hi, sir. Good evening. Sir, wanted to understand, since you mentioned that in regards to L&B invested 23 and will be collecting 23 only.

So, what sort of arrangement would that be like what I was not able to understand the commercials because we invested also 23 and we are receiving 23 or is there is my understanding wrong.

So, I think say 23 is what is reasonable in the books as a September issue you would collect further investment in terms of the work that we completed is being evaluated in this under review.

So, we will definitely have that looked at and then possibly transacted in this quote. And I think his question is about the profit set.

Okay, no, no, no, no, no, I'm, I'm not into, you know, what was the numbers we are showing that will be including the profit only like, so that is for sure.

We will not be just recouping what being a straight word, the investment will be along with the profit. I think that is what your business.

Okay, and when we see we are co-producing wanted to understand why are we not getting like we would be entitled to the, if the movie is successful, we would be entitled to some share, right, because we are co-producing you said.

So, how does the trend work?

And that's what is being evaluated now, so we will have to see how we credit the index.

Yeah, in terms of credit, of course, we are being credited as co-predisement.

Okay, but whatever, whatever, more or less, whatever you finalize, it will be more than 23, right, because our investment is in the course.

Of course, of course, of course.

Okay, got it, got it. Thank you so much.

That's it. Thank you.

Thank you.

Ladies and gentlemen, that was the end of our question and answer session.

I would now like to hand the conference over to Mr. Bichoy for closing comments over to you, sir.

Yeah, thank you. So, we are excited about the future of phantom digital effects, our dedication to quality, innovation and trend satisfaction remains unwavering as we continue to push the boundaries of what is achievable in the dynamic hold of digital effects.

If there is any further questions, you can very well ask our team to, you know, following after this, and thank you everyone for participating today.

Thank you very much. Thank you.

Thank you, members of the management.

Ladies and gentlemen, on behalf of phantom digital effects limited and captive IR strategic advisors, private limited back in the business conference.

We thank you for joining us and you may now disconnect your lines.

Thank you.