



Note on Phantom Digital Effects Limited as on 19-3-24

Group Call Link

About the Business www.phantom-fx.com www.phantomxf.org

Incorporated in 2016, Phantom Digital Effects Limited (Phantom FX, The Company) is a leading creative visual effects (VFX) studio offering end-to-end services for film, web series, and commercials. The company holds the prestigious Certified Trusted Partner Network (TPN) designation. The company is co-founded by a team of creative-driven professionals capable of managing complex and scalable VFX production tasks, delivering high-quality, industry-standard content for clients. With an impressive clientele and extensive industry experience, Phantom FX has earned the trust of clients, positioning itself as one of India's most reliable visual effects providers.

Phantom Digital Effects Limited (NSE: PHANTOMFX) is one of the leading creative visual effects (VFX) studio specializing in Film, Web series, and Commercial projects. The company, headquartered in India with additional offices in the United States and Canada, holds the esteemed Certified Trusted Partner Network (TPN) designation, underscoring its commitment to industry standards and security. Phantom FX, strategically located in Mumbai, Chennai, and Hyderabad, extends its global presence through subsidiaries in the UK and administrative offices in Los Angeles, Vancouver, Montreal, and Dubai. Offering end-to-end services to global production houses, including final compositing, 3D element creation, animation, and more, the company, co-founded by a team of creative-driven professionals, has earned a solid reputation for managing complex and scalable VFX production tasks. With an impressive clientele and industry trust, Phantom FX solidified its position as one of India's most reliable visual effects providers, achieving a notable listing on the NSE Emerge platform in October 2022.

January marked a historic milestone for us with the resounding success of "Ayalaan," a ground breaking sci-fi phenomenon. garnering widespread acclaim for its captivating narrative and unparalleled visual effects from critics and audience. The synergy of our in-house tools and software's, coupled with the unwavering efficiency of our technical team, played a pivotal role in realizing our ambitious projects within remarkably short timelines.

So, the company registered in 2015 and as you all know, we got into the IPO a couple of months back. And the services that we offer is majorly it is called visual effects. As you all know, the visual effects is something that is involved in the movie business. But it is not just movie, but we are also, you know, catering our services for game cinematics. We also capturing services for commercials and, you know, AR and VR etc. But the major concentration as of now is in movie and commercials. And also, we are getting our hands on gaming as well.

Source:- Pg 3 Concall 18th Nov 22

So, we specialize in creating creative visual effects, you know, because there are other companies in India who call themselves the visual effects companies, but most of it is like 95 percentage of companies are non-creative companies who does the least level of job, you know, got outsourced from the international market. But Phantom from day one of its inception, we were keen on creating stuff. We are keen on doing creative business. So, we do all kind of official effects right from the concept sketches, storyboards and artworks too from the supervision to final delivery of the product.

Source:- Pg 4 Concall 18th Nov 22

Three state-of-the-art studios in Chennai, Mumbai and Hyderabad, India besides having marketing teams at Los Angeles, Vancouver and Montreal. The company's specializations include (i) Completing a Shot with final compositing (ii) Creating 3D elements, photoreal creatures, and environments (iii) Rig/Wire removal, paint cleanup, rotoscoping (iv) 3D matchmove (v) 3D animation (storyboard, animation) (vi) Pre-visualization Game cinematics (vii) Fire / water Fx and other natural phenomena 3D ride animation. The company provides high end visual effects solutions for commercials, feature films and web series globally, through its' offices based in India, and is contemplating to establish its presence in US, Dubai, Canada and London to cater to the Europe, Middle East and UK markets.

Services Offered by the Company

As a TPN Certified studio, PhantomFX offers a wide range of VFX services. The company's specializations include:

1. Completing a Shot with final compositing
2. Creating 3D elements, photoreal creatures, and environments
3. Rig/Wire removal, paint clean up, rotos copy
4. 3D match move
5. 3D animation (storyboard, animation)
6. Pre-visualization Game cinematics
7. Fire / water Fx and other natural phenomena 3D ride animation

What is VFX

Visual effects (VFX) refer to special effects that deeply reflect the story's visual representation and have been used in films in one way or another almost since the earliest films. Since then, visual effects have often been used and not only for special effects. VFX has been very much in demand in recent years. It is a crucial part of today's media and entertainment industry.

Some of the Past Projects done by the company

Indian Projects		
S. No	Name of the Movie	Scope of Work
1.	Vikram	VFX & CGI Compositing
2.	Beast	VFX
3.	RRR	VFX
4.	Minnal Murali	VFX & CGI Compositing
5.	Robot 2.0	VFX & CGI Compositing
6.	Bahubali 1 and Bahubali 2: The Conclusion	VFX Comp
7.	Puli (South)	Set Extensions, VFX, CGI & Bridge
8.	Ayirathil Oruvan	Photo Real CG Shots
9.	Maaveran	Set Extensions & Compositing
10.	Seemaraja	Set Extensions, CGI & VFX Compositing
International Projects		
S. No	Name of the Movie	Scope of Work
1.	Avengers	Stereo Roto & Paint
2.	Van Helsing	VFX Comp
3.	Transformers	Stereo Roto & Paint
4.	Dangerous	VFX
5.	Superman & Lois	VFX
6.	The Art of the Walking Dead Universe	VFX
7.	Outlander	VFX
8.	The Flash	3D Matchmove & Rotomation
9.	Grey's Anatomy	Roto & Paint

Industry Dynamics

GLOBAL VFX INDUSTRY OVERVIEW The global visual effects (VFX) market attained a value of USD \$28.81 billion in 2022. The market is further expected to grow in the forecast period of 2022-2030 at a CAGR of 10.8% to reach almost USD \$65.45 billion by 2026. The global market is being led by North America, majorly being driven by the increasing use of VFX in Hollywood movies. In 2021, the Indian VFX sector grew by 103 per cent to reach Rs 38.2 billion, while post-production grew by 49 per cent to reach Rs 14.4 billion.

The constantly evolving VFX market, which is subject to rapidly changing clients behaviour and tastes, and depends on audience acceptance of content for which the Company provides VFX services and the long-term popularity of the brands.

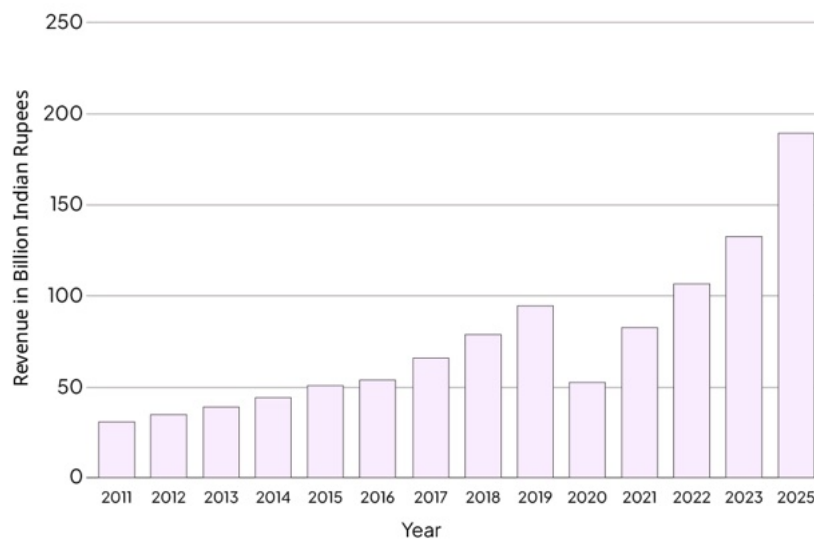
The global visual effects (VFX) market attained a value of USD 26.64 billion in 2020. The market is further expected to grow in the forecast period of 2022-2027 at a CAGR of 11% to reach almost USD 49.83 billion by 2026. The global market is being led by North America, majorly being driven by the increasing use of VFX in Hollywood movies.



Visual effects or VFX refer to special effects that deeply reflect the story's visual representation and are used in films in one way or another. Films used matte paintings to create ceilings that did not exist on the sets. VFX with CGI is widely used to produce movie, commercials, games & tv shows.

India's animation and VFX industry was valued at approximately Rs 107 billion in 2022. Interestingly, within this market, the VFX segment contributed the highest revenue, totalling around Rs 50 billion in fy 2022. The industry is expected to reach to 200 billion (i.e. 2000 Crores, 40-50% is vfx proportion which is 1000 Crore by Fy 2025). The domestic vfx industry is expected to grow by 30% from Fy 23 to fy 24. Digital subscriptions reached C27 billion in 2022, with 99 million paid video subscriptions across almost 45 million Indian households.

Market Size Of India's Animation And VFX Industry From 2011 to 2022, With Estimates Until (In Billion Indian Rupees)



The 6 Best Best VFX Studios in India

- 1- Prime Focus Limited.
- 2- Red Chillies.
- 4-Reliance Mediaworks.
- 5- Tata Elxsi.

- 6- Moving Picture Company.

VFX and the Indian Film Industry

Sherry, who leads YFX Studios, mentioned in an interview with India Today a few months ago that their long-standing Hollywood-affiliated post-production unit has been handling VFX and CGI work for high-budget action films in India. However, there is a noticeable shift happening. Indian filmmakers and production houses are now moving towards investing in and establishing their own domestic post-production units instead of relying on Hollywood for these services. **The future of the VFX and animation industry in India looks promising, with significant growth potential.** The demand for VFX and animation work is on the rise, especially in the fields of films, TV shows, and marketing campaigns. This increasing need for high-quality work is expected to greatly benefit the industry. Additionally, government initiatives and collaborations with educational institutions are playing a pivotal role in fostering the growth of this industry. That's it for today. We hope you've found this article informative. Remember to spread the word among your friends. Until we meet again, stay curious. **In the last two years alone, the Indian visual effects industry has created 60,000 jobs and with studios like MPC in Bengaluru going on a hiring spree, another 1,20,000 jobs could be created in the coming years.** Animation and VFX demand, domestic and overseas, increased, resulting in a revenue of over C100 billion in 2022 for the very first time. Digital advertising grew to US\$ 6.1 billion in 2022 and is expected to reach US\$ 12.2 billion by 2027-28.

The Technology can be

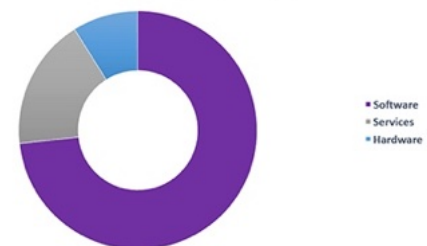
- 1) AI (Artificial Intelligence)
- 2) AR (Augmented Reality)

KEY MARKET PLAYERS

- Adobe Inc.
- Autodesk Inc.
- Blackmagic Design Pty Ltd
- Chaos Software
- Corel Corporation
- Foundry
- Maxon Computer
- PIXAR
- SideFX
- Sitni Sati

Global Visual Effects (VFX) Market

Market Share by Component (%)



Source: www.expertmarketresearch.com

Due to the growing potential of AR in the media and entertainment industries, the increasing number of visual effects service providers are taking AR. **In 2021, the Indian VFX sector grew by 103 per cent to reach Rs 38.2 billion, while post-production grew by 49 per cent to reach Rs 14.4 billion.** The key factors that contributed to the growth are OTT platforms sourced more Indian content at global quality.

OTT platforms in India, up from around 2,000 hours in 2019, and this is expected to reach 3,500 hours by 2024. The quality of Indian content has found resonance with customers across the globe, and therefore has automatically led to higher quality standards. Platforms like Disney+ Hotstar, Netflix, Zee5, MX Player and Amazon Prime Video are releasing content in seven to 10 different Indian languages. This is giving a fillip not just to audio post-production business, but also dubbing, titling, sub-titling, promo creation. Around 50% of Indian animation and VFX studios will adapt to real-time technology/ virtual production by 2025. Bigger studios have already started using software like Unity and Unreal in their pipeline. For smaller studios, this could be a challenge because of the kind of investments involved in implementing these technologies, and will probably be used for specific projects.

Growing the Business

Boost in the Gaming Industry:- The Indian mobile gaming market is poised to reach US\$ 7 billion, in value, by 2025. This will accelerate the demand for Visual Effects that are vital for gaming aesthetics. The government plans to invest 200 crore rupees in importing state-of-the-art equipment for use by AVGC start-ups and others. The State-run CSC e-Governance Services will open 10,000 cinema halls in rural areas by the end of 2024. Hollywood studios increasingly outsourcing their work to the Indian VFX industries owing to availability of skill talent and the cost effectiveness.

The Indian gaming market is expected to grow from \$2.8 billion in 2022 to \$5 billion in 2025, growing at a CAGR of 28-30%. The quantity of gamers in the nation is supposed to expand from 420 million in 2022 to 450 million by 2023, and it will hit 500 million

by 2025. Thus, this industry is poised to generate 10,000 to 12,000 direct and indirect jobs in 2023. The Indian animation industry is estimated to grow at a CAGR of around 15% during the period of 2021-2026, the prime movers of growth being the increasing demand for animation content from various sectors such as media and entertainment, gaming, advertising, visual effects, education, and e-learning.

Tanuj: Sir, actually had a question on the Capex that we will incur for the next two years or acquiring about 2,000 people? So, I just wanted to understand what would be the cost that we will incur?

Source:- Pg 4 Concall 18th Nov 22

The turnover for the business is manpower based as it's a services company. The company aims for contracts of 1 Cr to 10 Cr bracket. The company has own production management software and tools that we have built in-house with our technology team. They enjoy a revenue per hour of about Rs 14000 for international projects vs Rs 9000-10000 for domestic projects. The management aims to have a 50:50 split of international vs domestic business as international business is higher margin business.

The contract could be operated like this. See, there are two process which needs to be understand. One is on a bidding process where the bid is completed or the contract is awarded to us. The client has to pay advance. Okay. The advance percentage could be minimum 10% and maximum 20%, or it depends upon the cases to case, the advance might vary. However, while doing the

Source:- Pg 8 Concall 18th Nov 22

Astha: Sir, what would be your expected contribution from the OTT in the coming years?

Bejoy Arputharaj: We are expecting that to be at least around 60, 70%.

Source:- Pg 9 Concall 18th Nov 22

Utsav Srivastava: So, I have a couple of questions. One is that is the growth in this business linear? So, my question, basically, if you have 300 people right now, and you are doing about 13 crores a quarter, and I multiply both by 6, so does that work? If people go to 1,800, will revenue go to 80 crores a quarter?

Rajinikanth E.S.: Yeah. You are right. The more we are increasing the number of employees, the top line and the bottom line will be different.

Utsav Srivastava: Correct. And it is linear.

Rajinikanth E.S.: Yeah.

More the employees more the revenue. The revenue is directly proportional to the employee strength and project quality they choose to do.

Utsav Srivastava: And the other question I have is that as you build and keep on doing more and more VFX, is it there that, let's say, you have created a fake submarine or artificial submarine, and tomorrow you get a similar order. So, does the cost of delivering the next order become that much closer, lesser? You can use the same images of the same things over a period of time. Does it work that way?

Bejoy Arputharaj: Yeah. Of course, you know, we call that as digital assets. So, for example, if we are creating a tiger or a lion for a project, that is the asset of Phantom. So, when there is another project with a similar need of a tiger or a lion in a different movie, we actually charge for the making of the tiger. But you know, the fact is like we already have this asset. So, we save a lot of time. So, we do a few changes so that it doesn't look similar to the previous movie. But you know, that actually saves a lot of money. And also, it's a good profit margin for the company.

Excellent operating leverage will kick in when the business scales and has lots of content ready at their disposal..

Source:- Pg 10 Concall 18th Nov 22

Jayesh: So, my last question is, what is the average duration of contracts? So, is there a different execution time for OTT or commercials, like what exactly it is, like the average duration of the contracts?

Bejoy Arputharaj: Commercials always comes with a very short time. You know, it will be few weeks or maximum will be a month or two. But for movies it goes beyond 1.5 years also, you know, 18 months also,

Source:- Pg 12 Concall 18th Nov 22

Growth Guidance By the Management

Rajinikanth E.S.: I would say from 2024 and onwards, on an average of 25 to 30% could be in incremental.

Acquisition :- Tippett Studio



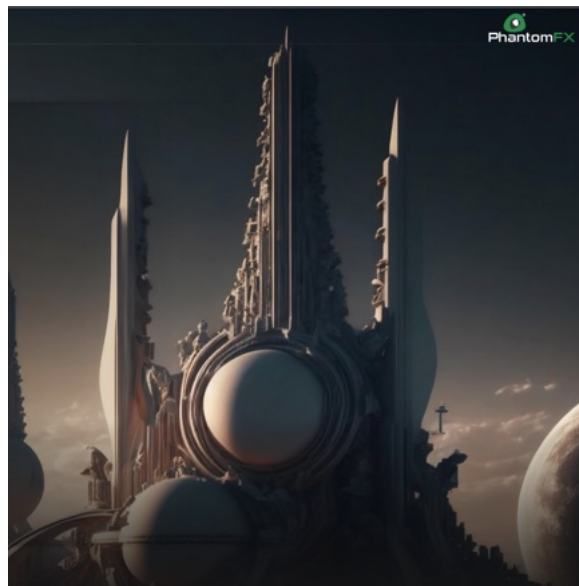
Phantom FX Acquires Oscar-Winning Tippett Studio: A VFX Powerhouse Merger

Phantom Digital Effects Limited (NSE: PHANTOMFX), a creative visual effects (VFX) studio, has acquired a majority stake of 80% in Tippett Studio. This acquisition will give Phantom FX control over the operations of the legendary visual effects production company founded by Oscar-winning filmmaker Phil Tippett. This strategic move is a significant milestone for both companies and the broader VFX industry.

Tippett Studio, renowned for its ground breaking work on blockbuster hits like JURASSIC PARK and STAR WARS, will continue its operations under the Tippett name, maintaining its commitment to delivering top-tier VFX and postproduction services to clients worldwide. The collaboration also entails Phantom FX's commitment to retaining Phil Tippett's involvement, leveraging his expertise to develop compelling intellectual property (IP) alongside the Tippett team and also underscores Phantom FX's dedication to fostering creativity, innovation, and growth within the VFX landscape. Gary Mundell, CEO of Tippett North America, will maintain his position and join the board, along with Cliff McDowell, who assumes the role of COO for North America. Phil Tippett himself will remain actively engaged, serving on the board and contributing creatively to the studio's projects. Tippett Canada will remain integral to the company's operations, continuing to deliver exceptional visual effects and storytelling services. The recent launch of Tippett Productions, a Canadian-based venture focusing on original content creation, underscores the studio's commitment to nurturing new talent and bringing captivating stories to life. The acquisition of Tippett by PHANTOMFX is expected to result in a significant increase in revenue growth of 20-25% during the 2024-2025 financial year. Tippett has several upcoming projects with leading Hollywood production houses and studios. This acquisition may lead to the addition of 250 to 300 employees in India, the United States, and Canada for PhantomFX, which will further enhance its global footprint and capabilities. While Indian VFX studios like PhantomFX contribute significantly to major streaming platforms such as Marvel and Netflix, there persists a perception that India primarily offers technical support rather than creative input. By partnering with Tippett, Phantom FX aims to challenge this perception and showcase its innovative and artistic capabilities on the global stage”.

About Tippet Studio

Tippett Studio stands as a renowned animation and visual effects powerhouse under the leadership of the esteemed Phil Tippett, a recipient of two Oscars and multiple Emmy awards. Nestled in Berkeley, California, the studio boasts a team of dedicated designers, supervisors, animators, and producers committed to delivering top-tier visual effects solutions at competitive rates. With a diverse portfolio ranging from classic stop-motion animation to cutting-edge computer graphics, Tippett Studio caters to clients worldwide, earning a stellar reputation for excellence and client satisfaction. The Company's impressive roster of recent projects includes high-profile ventures like "THE BOOK OF BOBA FETT," "THE MANDALORIAN Season 2," and "LOCKE AND KEY Season 2," demonstrating their versatility across various platforms including Disney Plus, Netflix, and Prime Video. Additionally, their involvement in blockbuster hits like "FALCON AND THE WINTER SOLDIER" and "I KNOW WHAT YOU DID LAST SUMMER" showcases their ability to tackle diverse genres and mediums. Tippett Studio expanded with the launch of Tippett Canada, a fully operational post-production facility



catering to heavyweight clients such as Marvel Studios, Lucasfilm, Disney, and more. This expansion underscores their commitment to providing unparalleled visual effects services to a global clientele. Source:- [12/3/24 announcement](#)

We are thrilled to welcome top-tier talent like Mr. James Abadi to our business development team, strengthening our presence and extending our operations into Europe. Furthermore, in the US, we are capitalizing on promising business opportunities and are currently in the process of acquiring a multiple Oscar, Emmy and BAFTA award-winning studio to an extent of **3 Mn USD**. This strategic move solidifies our position as a global leader in the VFX industry.

Source:- [2/2/24 announcement](#)


QIP Fund Raise

Raising Capital for Growth and Sustainability

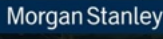
During the quarter, the company successfully raised ₹80 crores through a Qualified Institutional Placement (QIP) by allotting 19,39,200 Equity Shares.

Marquee Investors	Amount in ₹ Cr	% of QIP Size
Capital expenditure for the purpose of augmenting capabilities	65.00	81.25
Funding working capital requirements to meet the growing scale of operations	13.50	16.88
General Corporate Purposes	1.50	1.87


This includes marquee investors such as:




BofA Securities Europe SA-ODI



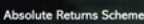
Morgan Stanley Asia (Singapore) PTE



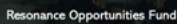
NAV Capital VCC – NAV Capital Emerging Star



Rajasthan Global Securities Private Limited



Absolute Returns Scheme



Resonance Opportunities Fund

Highlights for Q3 FY24 (October 2023 – December 2023)

Company Raises Capital via QIP with Top Investors

During the quarter, the company raised ₹80 crores through Qualified Institutional Placement (QIP) by allotting 19,39,200 Equity Shares. This includes marquee investors such as BofA Securities Europe SA-ODI, Morgan Stanley Asia (Singapore) PTE, Absolute Returns Scheme, Resonance Opportunities Fund, NAV Capital VCC – NAV Capital Emerging Star, and Rajasthan Global Securities Private Limited.

Source:- [2/2/24 announcement](#)

Risks

Competition: The high-margin business and its growing opportunities is attracting a number of players into this field which is increasing the competitive intensity. The VFX industry faces is the increasing demand for visual effects combined with tight project timelines. As clients demand high-quality visual effects in less time, VFX studios often have to work overtime to deliver the final product on time. This can lead to employee burnout and a decline in the quality of work produced, ultimately impacting the reputation of the studio.

The company does not own any premises of their own. All their offices / studios are leased and any termination of leases by the lessors can have adverse effects on the business. The Proceeds of the IPO were used as under.

Particulars	₹ in Lakhs	
		Approx Capital Expenditure
New studio at Chennai		1,137.95
New studio at Mumbai		233.32
Cochin Studio		170.03
Hyderabad Studio		195.03
Total		1,737.30

VFX is an evolving market (with intense competition and fragmented industry structure) where rapid technological changes can hurt the business if they are not evolving and / or updated with the new technology. The inability to renew statutory / regulatory permissions and / or renew contracts with customers (customer project secrecy / web attacks / server compromises are some of their issues also) also can have adverse effects on the business.

The business requires substantial working capital and with the increase in size of the business operations the working capital requirements will also elevate. Delayed payment by their customers is what they have to deal with respect to their fund requirement's and in an event of non-payment by customer they can have significant cash flow mismatch's.

	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023
Debtor Days	43	34	5	64	99
Inventory Days					
Days Payable					
Cash Conversion Cycle	43	34	5	64	99
Working Capital Days	83	44	155	82	221

50% of Fy 22 revenues were from 5 clients which signifies client concentration risks in the business. To increase their cash flows, revenues they need to look for new customers regularly which states they do not have any large contract customers.

Clients which includes KJR Studios, DRP-Gunaa Teamworks, Zoic INC, RaajKamal Film International, Retrophiles Private Limited, MatchBox Shots LLP, VFX Cloud, Sun TV Network, 24AM Studios, Eros International Media Ltd, The Vermillion World, Konidela Production Company and Slingshot Creations.

As far as the receivable is concerned, there is only one customer who is likely to pay to us 9 crore, which is predominantly in a beer contract as far as Phantom is concerned. So, due to their internal financial thing as well as the conclusion of the final number of the contract value, the bills are held by them due to certain internal clarification, but however, they have promised to clear all these dues before end of this third quarter.

Source:- Pg 7 Concall 18th Nov 22

The Director's / Promoters of the business have no binding agreement that they cannot enter into other business competing with Phantom FX Digital. The company may also lack complete insurance cover from any natural calamity, lock downs, product liability claims.

Employee attritions rate is a key risk for the business . With the increasing in size of their business their employee requirement's will also increase in much more proportion. Currently only 1 member in Marketing which is the most important aspect to grow the technology business like Phantom FX.

S. No.	Departments	No. of Employees
1	3D	68
2	2D	57
3	Art	17
4	Roto	19
5	Paint	21
6	Tech	10
7	Production, Data IO & Edit	28
8	IT	5
9	Admin	6
10	VFX/ Onset	5
11	Marketing	1
12	Finance	3
13	HR	5
14	Management	6
15	Training	2
16	Trainees/ Interns	53
	TOTAL	306

WEAKNESS
<ul style="list-style-type: none"> • High cost of capital, basic inputs, and manpower cost • Upgradation of knowledge of our project execution teams • Dependency on promoters and KMPs

THREATS
<ul style="list-style-type: none"> • Availability of quality talent • Lockdown and suspension of commercial activities • High level competition • Rapidly changing technology making earlier one obsolete very fast

MARKETING

Our success lies in the strength of our relationship with our producers, production houses and directors. Due to strong network and branding with producers, production houses and directors. Our team, through their vast experience and good rapport with producers, production houses and directors are able to source new businesses for our Company. To retain our customers, our team regularly interacts with producers, production houses and directors and focuses on gaining an insight on changing taste and preference of viewers of entertainment industry.

We have experienced and skill management team to motivate the sub-ordinates and staff to step towards their achievements and organizational goals. With their efficient management skills and co-ordination with sub-ordinate, they are always working as a catalyst to encourage the entire team for the development and nourishment of the organization.

And they have only 1 member in this marketing team.

Revenue is based on percentage of completion method due to long term contracts (which has management's assessment of work completion and gives no clues of the acceptance of work done by the customer)

The contract could be operated like this. See, there are two process which needs to be understand. One is on a bidding process where the bid is completed or the contract is awarded to us. The client has to pay advance. Okay. The advance percentage could be minimum 10% and maximum 20%, or it depends upon the cases to case, the advance might vary. However, while doing the revenue, we are **booking based on the percentage of completion** as on the respective quarter or financial year.

Source:- Pg 8 Concall 18th Nov 22

Promoter's Extravagant Expenses BMW CAR

Sr. No.	Lender	Nature of Facility	Date of Sanction of Loan	Amount outstanding as at June 30, 2022	Rate of Interest (%)	Repayment Terms	Security / Principal terms and conditions
1	ICICI Bank Ltd	Hypothecation of BMW Car	23/06/2022	53.00	7.99	60 Months	BMW car

So, that is what Phantom is known for, you know, so people over here, our clients, everyone knows that not every project goes through Phantom. It has to be eligible for Phantom to choose their project. So, that is the kind of brand value that we have created in the market. And when

Not a very good gesture by a start-up company management

Source:- Pg 3 Concall 18th Nov 22

Bill Discounting

Where the Company has borrowings from banks or financial institutions on the basis of security of current assets, it shall disclose the following:-

Name of the Current Asset	Date of Filing Quarterly Return to Banks	Amount as per books	Amount as per the document submitted to the bank	Differences
Sundry Debtors	31/01/2023	2,028.4	2,029.5	(1.15)
	28/02/2023	1,962.3	1,962.3	0.0
	31/03/2023	1,552.8	1,552.8	-

Lease Obligations

Leases

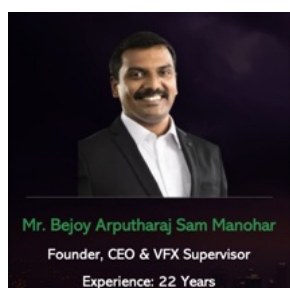
Operating lease agreement has been made by the Company for Rental of Office premises with Kosmo One Business Park Limited.

Total of future minimum lease payments in the following period:

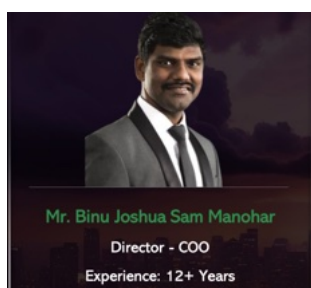
(Amount in ₹ Lakhs)

Particulars	<1 year	1-5 years	>5 years	Total
Future minimum lease payments for office rent	357.50	1,022.28	-	1,379.77

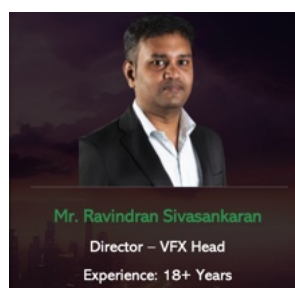
Management



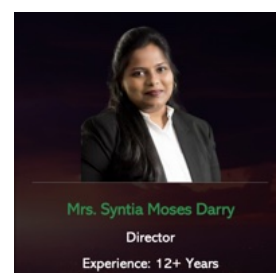
He is a CGI industry veteran, with a portfolio of over two hundred films, leads Phantom FX with his visionary



He holds a Commerce degree from Manonmaniam Sundaranar University. He has experience in



He holds a B.E. (I.T) degree from Manonmaniam Sundaranar University. He began as a compositor, contributing to



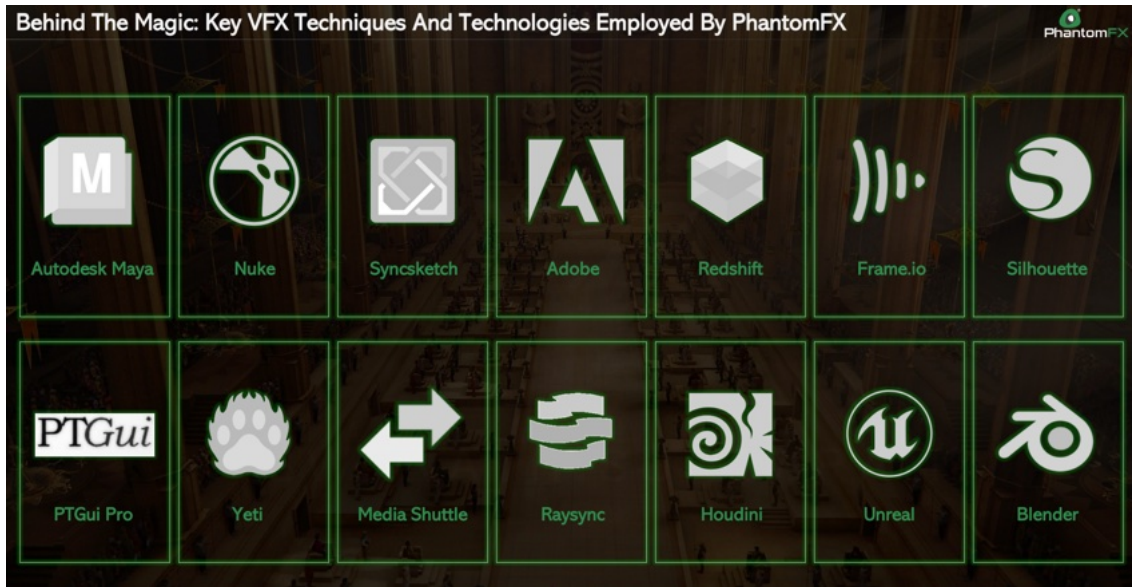
She holds a Master's degree in Commerce and Computer Application. She oversees budgets,

direction and invaluable guidance, defining the company's success. He manages operations, business expansion, project sourcing, and overall management.

Sales, Marketing, and Operations. He manages day-to-day operations and plays a key role in shaping growth strategies, policies, and finances.

domestic and global TV shows and blockbusters. His previous roles include overseeing major projects like Dashavatharam and Ayirathil Oruvan at renowned studios. Currently, he heads the VFX department in The Company.

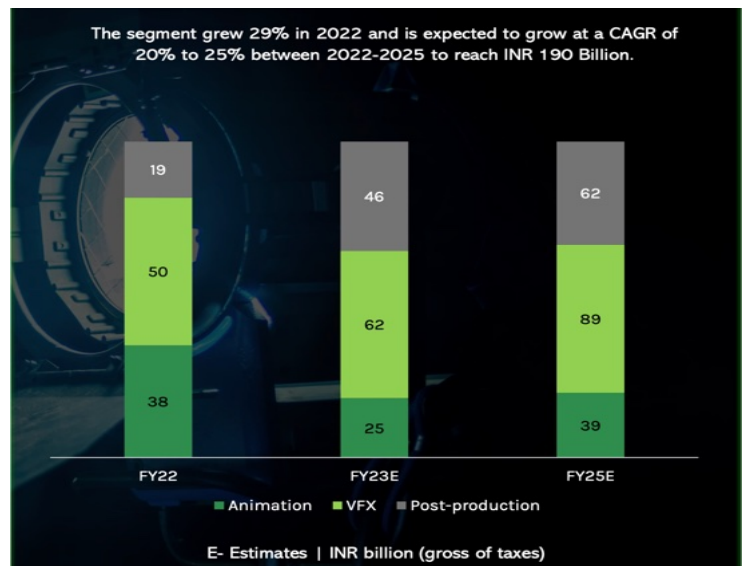
cost-effectiveness, and the Company's financial matters.



Rapid growth in the global VFX industry is fuelled by escalating demand for high quality content, particularly in entertainment and media, accentuated by the proliferation of Over-The-Top (OTT) channels as a new content delivery platform.

- Augmented reality (AR) technology's emergence has opened novel avenues for VFX application, notably in gaming and advertising, attracting substantial investments from major corporations and spurring further industry growth.
- The swift progress of the media and entertainment sector serves as a key catalyst for the VFX market, creating abundant opportunities for professionals and companies to showcase their expertise.
- The Animation, Visual Effects, Gaming, and Comics Industry, employing approximately 1.5 million individuals globally across formal and informal sectors, plays a pivotal role in propelling the VFX sector's expansion.
- North America spearheads the surge in VFX adoption, driven predominantly by its integration into Hollywood films, highlighting the industry's increasing significance across diverse sectors worldwide.

Size of the Opportunity



Bonus Shares

The management issued Bonus Shares in Aug 2023 in ratio of 899 To 1

2022	Bonus Issue
Aug 23	8990000 shares have been allotted in the ratio of 899:1 through Bonus basis.

Financial Analysis

(INR Crores/10 Millions)	PHANTOM DIGITAL EFFECTS LTD											Dec-23
Narration	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	TTM	
Year Numbers	1	2	3	4	5	6	7	8	9	10	11	
Sales	-	-	-	-	-	10	13	7	22	58	86	
Sales YoY%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	33.95%	-47.76%	230.33%	159.25%	48.66%	
Gross Profit	-	-	-	-	-	7.86	12.72	4.04	21.13	55.95	34	
GP Margin	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	81.37%	98.30%	59.76%	94.63%	96.65%	39.37%	
Bps	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	1693	(3854)	3486	202	(5728)	
SG&A	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	25.7%	1.6%	2.7%	1.0%	2.5%		
Operating Profit	0	0	0	0	0	1	1	0	7	23	34	
Growth	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	38.54%	-75.19%	2163.64%	203.08%	49.65%	
Operating Profit Margin (OPM%)	0%	0%	0%	0%	0%	10%	10%	5%	33%	39%	39%	
Bps	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	34	(540)	2857	566	26	
Other Income	0.00	0.00	0.00	0.00	0.00	0.19	0.32	0.39	0.03	0.84	0.46	
EBIT	0	0	0	0	0	1	1	0	7	22	31	
EBIT Margin%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	6.42%	8.89%	4.88%	32.29%	38.57%	36.04%	
EBIT YoY %	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	85.48%	-71.30%	2084.85%	209.71%	38.92%	
Ebit/BookValue	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	295.2%	410.7%	94.3%	137.1%	50.5%	70.2%
Interest	0	0	0	0	0	1	1	0	1	0.55	1	
Depreciation	0	0	0	0	0	1	1	0	0	1	3	
Profit before tax (PBT)	0	0	0	0	0	0	0	0	7	21.78	29.87	
PBT Margin(PBT%)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.21%	1.85%	0.30%	29.33%	37.62%	34.71%	
Bps	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	165	(156)	2904	829	(291)	
Tax	0.00	0.00	0.00	0.00	0.00	(0.04)	0.12	(0.05)	1.65	5.58	7.49	
Tax%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-200%	50%	-250%	25%	26%	25%	
Net profit after tax (PAT)	0.00	0.00	0.00	0.00	0.00	0.06	0.11	0.08	4.90	16.20	22	
PAT YoY%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	82.22%	-37.27%	6035.00%	320.61%	38.00%	

The management has been able to scale the business from meager zero sales to 58 crore in sales by 2023. The sales have further increased to 86 crores in the last 12 months. The business model of the company being an IT services company, the operating margins have increased from 10% to 39% and Management has emphasized in their comments to be sustaining those margins. The company has seen an increase in their net profit margins as in line with their operating margins.

Employees

Yes. It is there, but the company has a unique culture. I am not sure if you are aware, but we have around 80 core team members who are awarded with company shares. I have personally gifted my shares to them. So, these are all people who are traveling with me for more than 8 to 10 years. So, that's the kind of company's culture. So, for the company, your employee comes first, and we personally take care of everybody's personal needs. And we are very, you know, more of family than a employee, employer relationship. So, everybody wants to work for Phantom. So, we believe that that is not going to change in the near future. We are coming up with more employee benefits. And so that's the strategy we have for employees actually.

Source:- Pg 11 Concall 18th Nov 22

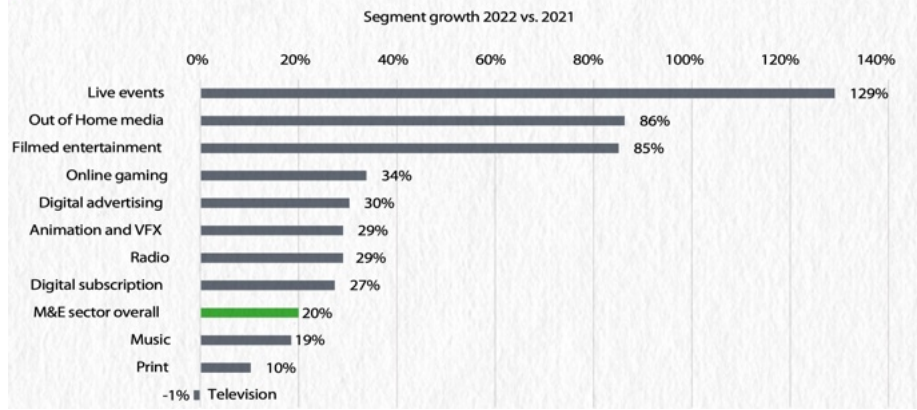
The company has 436 employees as per 2023 Ar.

Valuation for the Business

India is the world's second largest entertainment market. And with the increasing demand for high-quality visual content in movies, commercials, web series and OTTs, directors and producers are more interested in using VFX and animation rather than live-action shots. In 2022, the sector was valued at 12,000 crore.

According to an Indian I&B Ministry estimate, between 2023 and 2024, the industry is expected to grow at a CAGR of 30%, with VFX becoming a staple in films and television, gaming, OTT and advertisements. The Visual Effects (VFX) industry has now successfully transitioned from being an outsourcing partner to being a global competitor in its own right. With CAGR forecasts of 20% and 25%, and anticipated ingenious visual effects and animation work, the Indian VFX industry is estimated to reach market value of INR 190 billion (19000 Crore) by 2025.

Segmental performance in 2022



Value for the Business is in the range of **1600-1900 Crore market cap**. Current Market Cap is 600 crores. This signifies good margin of safety at the current market cap.