

Ref: NSE/32/2023-24

Date: 05<sup>th</sup> September, 2023

To

The Listing Department  
**National Stock Exchange of India Ltd**  
Exchange Plaza, Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400051

**Script Symbol: PHANTOMFX**

**ISIN: INE0MLZ01019**

**Subject: Notice of the Seventh Annual General Meeting (Post-IPO) and Annual Report for the financial year 2022-23**

Notice convening the Seventh Annual General Meeting (Post-IPO) (“Notice”) and the Annual Report of the Company for the financial year 2022-23, being sent to the members through electronic mode, are attached.

The Notice and the Annual Report are also available on the website of the Company and can be accessed using the below given links:

Notice	<a href="https://phantomfx.com/Phantomfxcms/InvestorUpfile/PhantomNoticeofAGM22-23.pdf">https://phantomfx.com/Phantomfxcms/InvestorUpfile/PhantomNoticeofAGM22-23.pdf</a>
Annual Report	<a href="https://phantomfx.com/Phantomfxcms/InvestorUpfile/PhantomAnnualReport22-23.pdf">https://phantomfx.com/Phantomfxcms/InvestorUpfile/PhantomAnnualReport22-23.pdf</a>

This is for your information and records.

Thanking you

By order of the Board of Directors of  
**PHANTOM DIGITAL EFFECTS LIMITED**

PALLAVI TONGIA

Digitally signed by

PALLAVI TONGIA

Date: 2023.09.05

17:39:06 +05'30'

**PALLAVI TONGIA**  
**COMPANY SECRETARY**



# BEHIND THE SCENES

PHANTOM DIGITAL EFFECTS LIMITED  
ANNUAL REPORT 2022-23

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What's common for these films besides each being a blockbuster?

**CATS & DOGS 3: PAWS UNITE  
LA SOCIEDAD DE LA NIEVE  
WHEN CALLS THE HEART  
THE CANTERVILLE GHOST | 777 CHARLIE  
DANGEROUS | AVENGERS | FLASH THE  
LITTLE MERMAID | OH MY DARLING  
MONICA | BHOLA SHANKAR | 2.0 | KAIKIDHI  
VISWAROOPAM | BEAST | RRR  
ADI PURUSH | MAVEERAN  
SHAKUNTHALAM | JAI BHIIM  
MINNAL MURALI**

The visual effects of these films were done by an Indian company that has made these movies a thorough visual delight and provided millions worldwide with pulsating entertainment and ever-lasting memories.

Yes. We are talking about Phantom Digital Effect Limited.  
A Company that works passionately and diligently Behind the Scene for hundreds of movies and documentaries to Bring Your Imagination Alive on screen.



besides each being a blockbuster?

**“IT’S KIND OF  
FUN TO DO THE  
IMPOSSIBLE.”**

– *Walt Disney*



This is the very ethos of Phantom Digital Effects Limited (Phantom FX). We have only pushed ourselves to improve our earlier benchmarks with every project. We provide filmmakers access to the best visual effects within arms' reach.

Incorporated in 2016, we are a creative VFX studio that excels in creating jaw-dropping visual effects for leading movie/documentary makers worldwide

and in India. We also contribute to the production, pre and post-production of feature films, web series and commercials. Besides working directly on a particular project, we take up sub-contracts for large VFX studios.

We have three state-of-the-art studios in Chennai, Mumbai and Hyderabad, India besides having marketing teams at Los Angeles, Vancouver and Montreal.

With advanced workstations and a secure system, the creative design team of talented and well-trained professionals works seamlessly for perfection. Here, the work environment provided by the Company strikes a perfect balance between work and life. In these studios, creativity flourishes and productivity & efficiency get mixed up with excitement and fulfillment.

#### A Numbers Insight (as at Aug 2023)

**7.2**<sup>+</sup>

Million hours of creation

**250**<sup>+</sup>

Projects

**3,000**<sup>+</sup>

Best shots

**500**<sup>+</sup>

Happy Clients

**500**<sup>+</sup>

Artists

**39,000**<sup>+</sup>

Office space (sq. ft.)

### Vision

To be a Global provider of Creative VFX services and be a Leader in the VFX Domain.

### Mission

The Focus of the company is to provide reliable, Cost effective and high quality VFX shots in par with Global standards.

### Core Values

EXCELLENCE & QUALITY |  
RELIABILITY & CONSISTENCY |  
INNOVATION | TEAM WORK |  
ETHICS & INTEGRITY | SAFETY,  
HEALTH & ENVIRONMENT

## Geographical Presence

CHENNAI | MUMBAI | HYDERABAD | LOS ANGELES | VACOUVER | MONTREAL



Headquartered in Chennai, Phantom FX currently operates through three office cum studio spaces in India and through marketing teams at three locations from outside India.

Phantom FX has recently acquired a new studio cum office space in Mumbai, Hyderabad and Chennai with the capacity to accommodate ~150, ~60 & ~50 employees, respectively.

Phantom FX plans to open office cum studio space in London and Dubai shortly.

## Globally Certified

We are TPN Certified, among the few in India with this coveted watermark.

This certification means that we are a 'data-secure ecosystem' that meets the rigorous standards of the MPAA.



As a TPN Certified Studio, PhantomFX specialises in various VFX services.

- Completing a Shot with Final Compositing
- Creating 3D Elements, Photoreal creatures, and Environments
- Rig/Wire Removal, Paint cleanup, Rotoscopy
- 3D MatchMove
- 3D Animation (Story Board, Animation)
- Pre-visualisation
- Game Cinematics
- Fire/Water Fx and other natural phenomena
- 3D Ride films animation

Our services

**“IT’S NOT  
WHO I AM  
UNDERNEATH,  
BUT WHAT I  
DO THAT  
DEFINES ME.”**

– *Batman*





As a creative visual effects company, we create computer-generated images which can be seamlessly integrated into live-action in feature films, TV shows, web series, online and offline games, etc. Our diverse services in the visual effects space start from R&D and feasibility tests before the project's initiation to services like rigging and texturing.

## PRE-PRODUCTION SERVICES

### Research & Development

At this stage, the technical approach of the special effects of a shot or a movie is determined, which includes both software preference and technique. In short, in collaboration with the technical production team and the R&D team, designs processes and workflows and participates in defining the technological vision. The R&D team is also responsible for further developing software tools and technologies, if necessary.

### Feasibility Tests

The technical team decides whether a particular shot is technically feasible. If it's not, what are the necessary workarounds? A VFX-heavy project may also involve developing new tools with the help of outside scientists, engineers or mathematicians for further guidance.

### Previs/Storyboarding

In this phase, visual representations are created for all the actions within the script. Character motions and story settings are analyzed, and drawings are created to illustrate the framing on a shot-by-shot basis. Based on these drawings, low-poly 3D models, wireframes and scene representations are made to function as stand-ins for upcoming visuals. This process typically takes place with other creative team members determining camera angles, shooting locations and planning scenes.

### Concept Art

This visual presentation conveys the idea for use in movies, animation, video games, etc., before it reaches the final developmental stage. Concept art is used to show the clients to let them see if the project is really what they have in mind. This is developed through several iterations. Multiple solutions are explored before reaching the final design.



## POST- PRODUCTION SERVICES

### Compositing

Compositing is the art of combining visual elements from different sources into a single image or a scene to create the illusion that those elements are part of that particular scene or image. Live-action shooting for compositing is often called 'green screen,' 'blue screen,' etc.

### Matt Painting

In principle, this film technique creates a background that doesn't exist. Otherwise called, it is an illusion of a setting that would otherwise be too expensive, inconvenient or impossible to film live. Today's backgrounds in movies or TV shows are computer-generated and utilise live-action composited digitally. The live-action shots are inserted into a painted fictional world.

### Rigging

Rigs are virtual bones, joints and muscles that allow 3D models to move. It can be characterised as the strings of a virtual puppet. A good rig has the right amount of flexibility. Rigging allows animators to control a 3D character by creating a system of controls that animators can use to manipulate these objects. Rigging teams often rely on reference photographs; motion capture cameras to capture movement data.

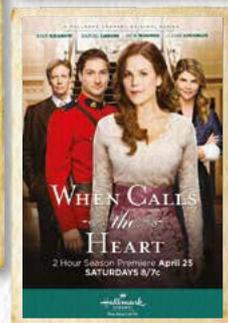
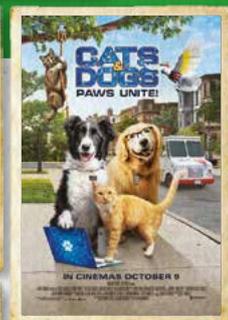
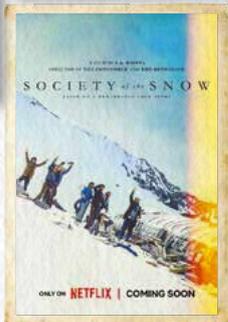
### Texturing

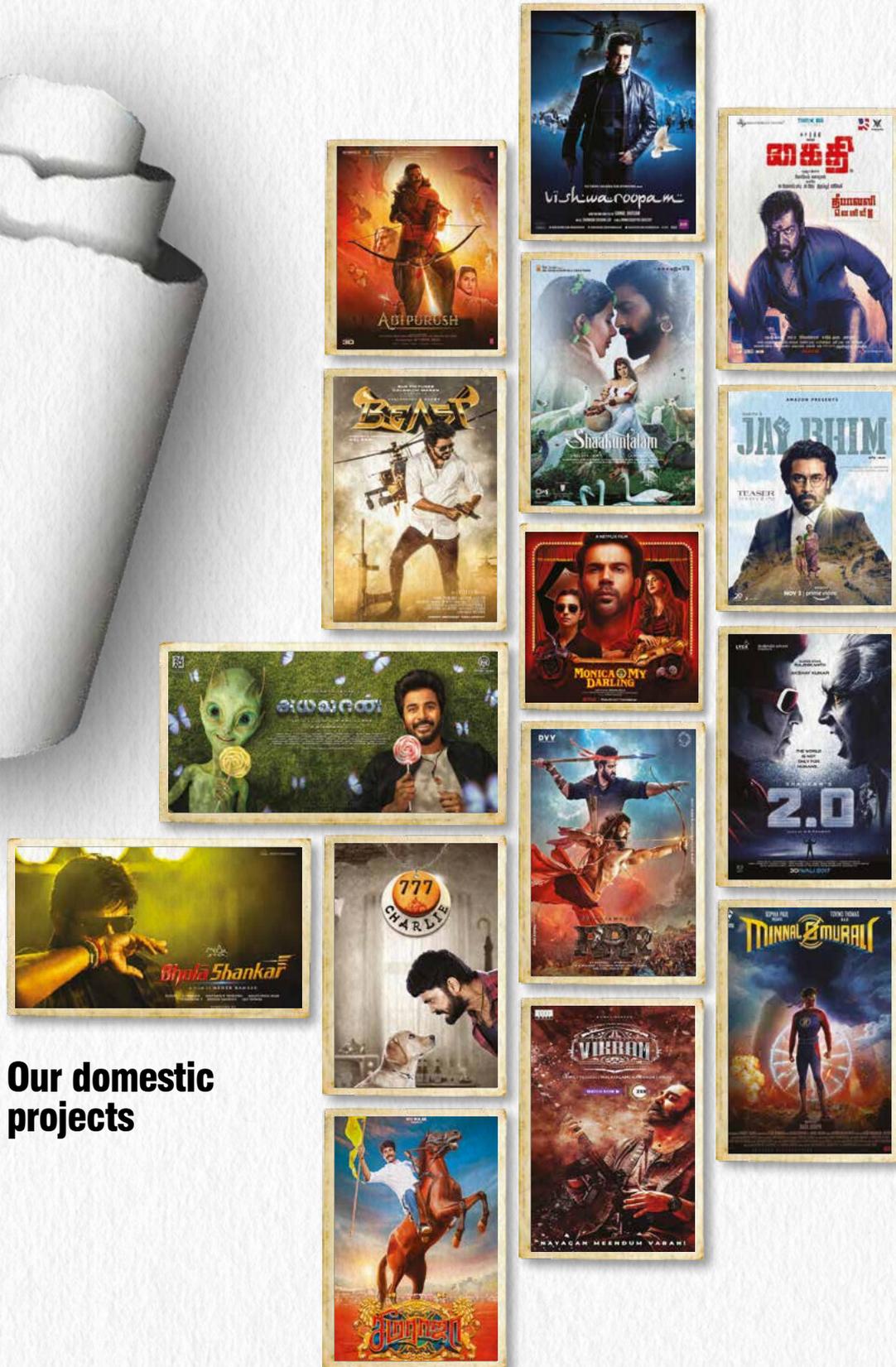
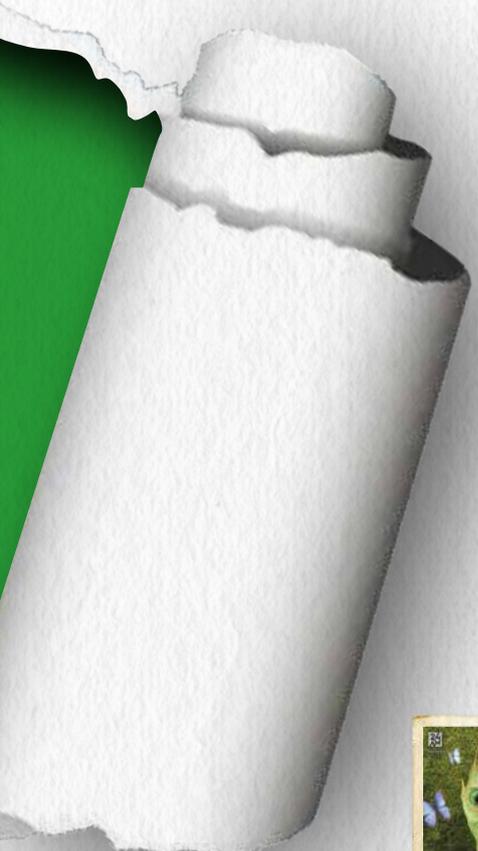
It is a method of adding textures to 3D models. Texture can be anything from putting a surface color to building complex skin of birds or reptiles to metallic shine or scratches on a car door. Good texturing makes the 3D models look very realistic.

“IF A MILLION PEOPLE  
SEE MY MOVIE, I HOPE  
THEY SEE A MILLION  
DIFFERENT MOVIES.”

– Quentin Tarantino

Our international  
projects





**Our domestic projects**



# IN THE SPOTLIGHT

- IndiaJoy **VFX excellence award** Summit 2022

IndiaJoy is a leading aggregator platform hosting prestigious International events and bringing together the AVGC sector to unfold opportunities for Investors, Corporations, Studios, Content Developers, Delegates, Consumers, Hardware manufacturers and students, through series of Networking, Trade Exhibitions, Product Launches, B2B and B2C events.



- **Outstanding Young Person of the year** in India at the 67th JCI India 2022 National Convention

JCI India is a voluntary organization, membership based NGO working in India since 1949 for developing the leadership skills of young men and women of this country. It is affiliated to Junior Chamber International(JCI),a worldwide federation of young leaders and entrepreneurs founded in 1944, having headquarter at Chester Field USA.



- **Excellence In Animation and Visual Effects** In Times Business Awards 2022
- **Company of the Year** In Outlook Business ICON Awards 2023.

The event was organized by Outlook Business Spotlight to recognize and celebrate excellence in business innovation, creativity, and leadership.



- VAM Awards 2022 for **Best VFX Shot Award** for the Movie, Dangerous
- VAM Awards 2023 - **Best Simulation Effects** for the Movie, Beast
- VAM Awards 2023 - **"Best use of Previsualization"** for the movie Beast

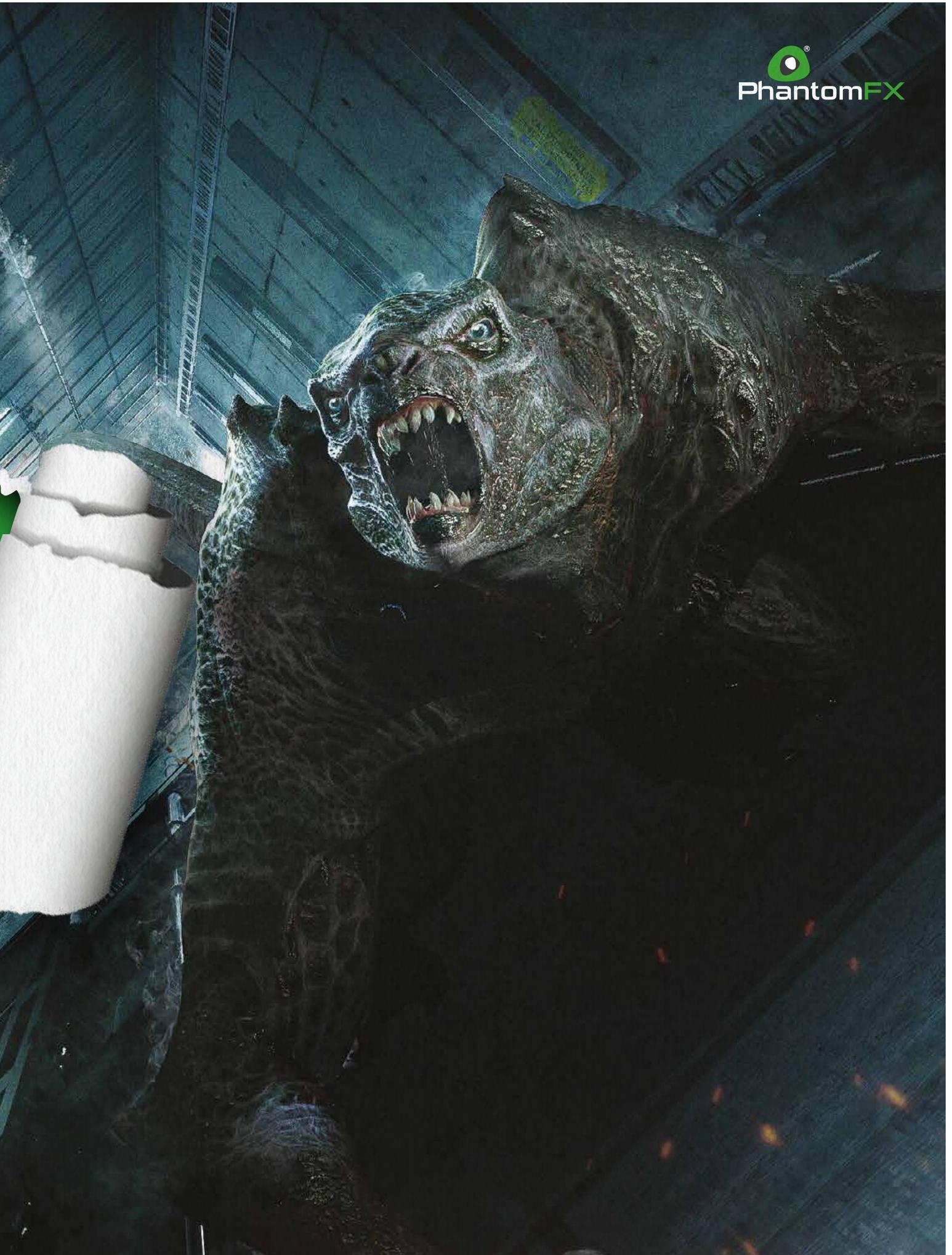
VAM Summit 2023 aimed to understand the craft of storytelling, production pipeline, technological innovations, work environment, government policies and also to highlight the amazing content witnessed across various screens.



Our business space

**“CINEMA  
SHOULD MAKE  
YOU FORGET  
YOU ARE  
SITTING IN A  
THEATRE.”**

*– Roman Polanski*





The global VFX market  
is expected to grow from

**US\$28.81 BILLION  
(2022)**

to

**US\$65.45  
BILLION (2030)**  
AT 10.8% (CAGR)

According to an Indian I&B  
Ministry estimate,

**BETWEEN 2023  
AND 2024**

the domestic VFX space is expected to

**GROW AT 30%**  
(CAGR)



# 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 evolved to deliver sights that cannot be filmed. This procedure involves the incorporation of live-action footage as well as the imagery created to create realistic scenes.

VFX has been very much in demand in recent years. It is a crucial part of today's media and entertainment industry.

As the adage goes, nothing in life comes easy. That applies to VFX too. It is expensive

and requires considerable investment, which involves creating a large creative workforce, big state-of-the-art studios and electronic instruments. Additionally, it needs an uninterrupted power supply and good cooling capabilities.

Despite these challenges, the VFX market has grown every year at a rapid pace owing to its increasing ability to amplify the entertainment quotient for viewers.

The text '10%' is rendered in a large, bold, black sans-serif font, centered on the page. The background features a white, torn-paper effect that reveals a dark, industrial-looking scene with green and yellow lighting.

EVERY MOVIE IN ANY GENRE  
ACCOUNTS FOR 10% OF VFX USAGE.  
AND THIS NUMBER IS GROWING.



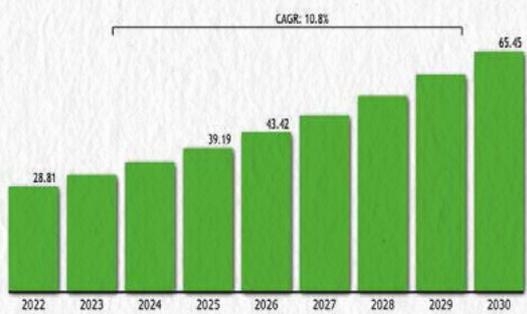
# GLOBAL VFX MARKET

The global VFX market is anticipated to proliferate in the next few years. Investment by major companies in global media & entertainment is likely to propel market growth. Also, the increasing use of digital video streaming platforms and high-quality content has positioned VFX as an integral part of the OTT evolution.

In 2022, the global VFX market was valued at US\$ 28.81 billion and is expected to reach US\$ 65.45 billion by 2030 at a 10.8% CAGR.

Currently, North America is the largest consumer of VFX products and applications. Owing to the rapidly growing demand for OTT content driven by low data charges in mobile broadband, the Asia-Pacific region is expected to witness the fastest market growth till 2030. India and China are likely to surpass the continent over the medium term.

VFX Market Size, 2022 To 2030 (USD Billion)



Global Animation and VFX Market - Growth Rate by Region



## Growth drivers

- Demand for highly realistic and super-quality content:** Worldwide demand for high-quality realistic content is driving the demand for the market. VFX alters, creates, replaces and enhances live-action media to include effects that are otherwise impossible to capture. These days some video services and studios make content that can only be produced through VFX.
- Adoption of new technologies:** The increasing adoption of innovations in VFX techniques and their applications propels the market growth. The growth can also be attributed to the pay-as-you-go model, fast video processing services, elasticity to storage and work sharing.
- Broader international distribution of movies:** Broader international distribution of movies across nations is upped in movie-making budgets. This trend is allowing filmmakers to include VFX in movie-making extensively.
- The uptick in the number of animated movies:** Growing acceptance of animated movies is driving the demand for VFX. Also, the increasing use of animations in TV, advertising and gaming is fuelling industry growth.
- Expansion of OTT services:** The proliferation of smart devices like smartphones, HDTVs, laptops, tablets and subscription-based video streaming services in both advanced and emerging economies are driving the growth in the VFX industry.

## Points to ponder

- Linear viewership of television declined in 2022 by 7% on a y-o-y basis, while 8-10 million smart TVs connected to the internet each day, up from about 5 million in 2021.
- Digital subscriptions reached ₹27 billion in 2022, with 99 million paid video subscriptions across almost 45 million Indian households.
- Over 1,600 Indian films were released in 2022, while 335 Indian films were released overseas.
- Animation and VFX demand, domestic and overseas, increased, resulting in a revenue of over ₹100 billion in 2022 for the very first time.
- In 2022, out-of-the-home (OOH) media improved and reached 2019 levels. Digital OOH screens increased to 1,00,000 and contributed 8% of the segment.
- The animation segment saw a massive demand in OTTs and kids' genres in 2022.
- Digital advertising grew to US\$ 6.1 billion in 2022 and is expected to reach US\$ 12.2 billion by 2027-28.

# INDIAN VFX INDUSTRY

Since the beginning of this millennium, an increasing number of award-winning Hollywood movies have some connections with India. This connection is... the visual effects of Indian enterprises to movies made by international filmmakers.

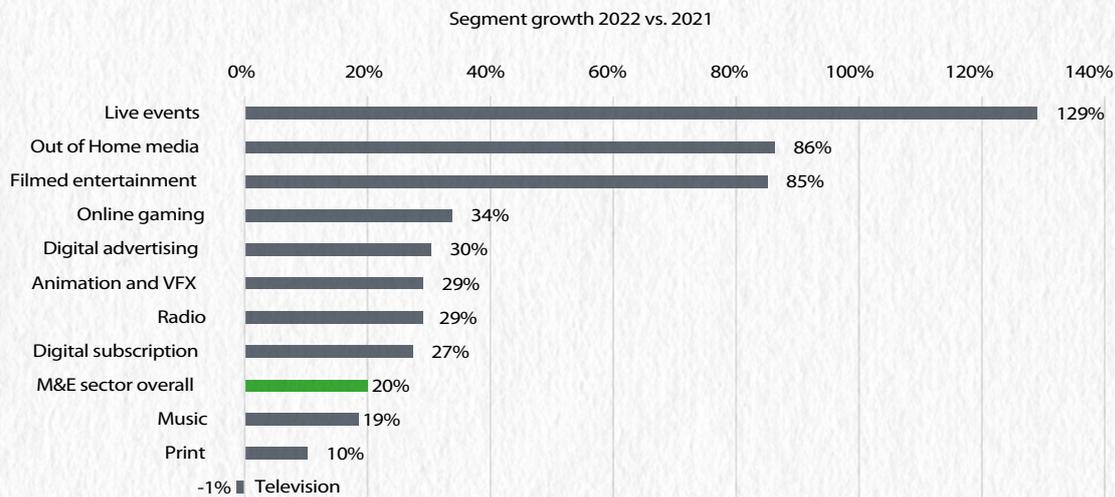
Since then, India has grown significantly in this space, adding the capability and skill to transform its position from just an outsourcing partner to one of the global contenders in the VFX space.

Past performance: In 2020 & 2021, the pandemic stopped film & television production, adversely impacting the VFX industries. In 2022, however, the sector rebounded and was valued at ₹12,000 crore.

## Growth drivers

- 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.
- A tremendous increase in handheld mobile devices and the introduction of 4G and 5G technologies are causing

## Segmental performance in 2022



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.

an increased usage of visual effects through films, web series, gaming and other digital content. Case in point, India spends almost 82% of its time on mobile phone apps related to media & entertainment.

- In the entertainment industry, production houses create stories that rely heavily on special effects and animation to enhance the storytelling experience.

### Government thrust on the growth of the VFX sector

To promote the animation, visual effects, gaming and comic sector in India, the I&B Ministry of India formed a task force likely to create nearly 2 million jobs in India. AVGC-XR (Animation, Visual Effects, Gaming, Comics, and Extended Reality) Promotion Task Force recently submitted their plan with several recommendations to the Government. Suggestions include but are not limited to –

- Introduction of a "Create in India" initiative to focus on domestic content creation with financial support from the Government.
- Hosting gaming industry events across Indian cities focusing on co-production and innovation.
- Training facility for 70,000 school teachers in the AVGC sector, with classes for middle and high school students.
- Launching of undergraduate courses in colleges in animation, visual effects, graphic design, and digital filmmaking, among other specialties.
- Establishing an international AVGC platform to attract foreign investment backed by international co-production treaties.
- Launch an animation-dedicated channel on India's public broadcaster platform.

- Launch national and regional educational centers for AVGC-only study.
- Include AVGC curriculum in national education policy in Indian schools.

The Government has agreed to implement the recommendations of the report as the earliest.

### Prospects over the horizon

A Boston Consulting Group (BCG) report suggests that with adequate investment in the sector, good infrastructure support and proper upskilling of the talents, this sector can contribute up to 25% of the global market and create more than 1,20,000 jobs within two years.

India must develop an IP protection framework for building a character base and marketing & merchandise. This platform would allow creators to tap into the sector's profitability.

Our competitive edge

**“CREATE YOUR OWN VISUAL STYLE. LET IT BE UNIQUE FOR YOURSELF AND YET IDENTIFIABLE FOR OTHERS.”**

– Orson Welles

#### **Promoter Edge**

Our Promoters have significant industry experience and have been instrumental in the Company's consistent growth. Their relations with important stakeholders and decision-makers in the global and Indian film world have been pivotal in securing diverse and challenging projects, which have worked well in expanding the Company's capability footprint.

#### **Talent Capital**

We have a world-class team of creative, talented, fully-trained

professionals with years of experience in this niche industry.

#### **Cutting-Edge Technology**

We have made significant investments in staying at the cutting edge of technology. Our studios have all the advanced equipment to deliver eye-popping visual effects. We have invested ₹557 lakhs towards strengthening our capability matrix and expand our potential.

#### **Automated Processes**

We have an in-house developed production management system that is integrated with asset

management and a visual library. This pioneering technology aids us in studio requirements – from bidding to delivery.

The software automates the entire process with tech tools like production management tracking, artist management, file publishing, final rendering tracking, project status tracking, client login, and client review tools – all under one roof.

Our online project management system gives clients a live feed on the current status of every shot.

Many more tools are being

**Our competitive edge in this niche market has yielded appreciable returns.**

**46%**

The proportion of Repeat & Referral business in FY23

**25%**

The proportion of clients who have been with the Company for over 5 years.

**20%**

Business from international clients

**We have sustained our business growth through good and not-so-good years.**

**42.92%**

Revenue (5-year CAGR)

**82.81%**

EBITDA (5-year CAGR)

**202.84%**

Net Profit (5-year CAGR)

created to automate the repetitive/manual processes which results in the saving of production hours.

**Global Presence**

We are where it matters. In the geography, which is currently the largest VFX market. And in the geography, which is emerging as a leading contender to occupy the top slot. Being in these locations allows us to stay abreast of emerging technologies and trends in the dynamic VFX world and to imbibe and absorb them at our

India operations. It also helps secure business from Hollywood by offering them world-class quality at competitive prices.

**Trust Certification**

Our TPN-Certified digitally secure ecosystem that protects clients' data provides peace of mind to Indian and international filmmakers. This certification has enhanced their trust and comfort in working with us.

**Timely Delivery**

In addition to world-class quality, our project management strategy, carefully crafted and

executed by our technical and operations teams, allows us to deliver projects on time. This record has allowed us to expand wallet share with existing clients and engage with new clients.



**“THE ONLY  
SAFE THING  
IS TO TAKE A  
CHANCE.”**

*– Mike Nichols*





Statement from the Chairman & Managing Director

**“THE PRINCIPAL MESSAGE I WISH TO SEND OUT IS THAT PHANTOM FX IS POISED FOR RAPID PROGRESS.”**

*Dear Shareholders,*

I am pleased to present our Annual Report, the maiden one since our public listing.

At the outset, I welcome the new shareholders to the Phantom FX family and thank the investor community for believing in our growth story.

Our Company's Initial Public Offering (IPO) received an overwhelming response, being subscribed [234] times, which vindicates the relevance of our business model and belief in our prospects. Your trust in us reinforces our confidence and motivates us to work harder to pursue a higher growth trajectory.





### The trailer

We started our VFX journey by renting a small studio apartment with roughly a team size of 10-15 employees, gradually moving up to 50. Today, a team of 500+ people works in five locations on two continents. This journey has been thoroughly encapsulating as it has been exhilarating. Every day came with a challenge and provided an opportunity to grow professionally and personally.

Since its inception, we have focused on providing high-quality industry-standard content for our clients globally. Over the years, we have numerous built-in capabilities which make us increasingly relevant to the global entertainment world. As a result, we can proudly say that we hold the flexibility to work on any kind of project with a faster turnaround and scalability to generate long-term value for our clients and us.

### FY23 in retrospect

Wow. What a year. It's been the most one of the most exciting years in our journey thus far. We secured and executed more

projects than we had done in the previous year. We worked on preparing for the IPO, which generated a tremendous response. We acquired office-cum-studios in Mumbai, Hyderabad and Chennai, which enhances our people capability and strengthens our position firmly in the domestic entertainment hubs.

I am delighted to share our positive financial performance. Revenue from operations stood at ₹5789.43 Lakhs in FY23 against ₹2233.27 lakhs in FY22 – a growth of 159% primarily driven by the effective execution of our contracts for the delivery of visual effects services for movies, OTT, and commercials, among others.

We reported an EBITDA of ₹2347.90 lakhs in FY23 against ₹749.85 lakhs in FY22. EBITDA Margins grew handsomely to 39.9% in FY23 against 33.5% in FY22, mainly driven by efficient resource management, an increase in the proportion of overseas business yielding higher margins and an overall expansion in the business size.

The Profit after Tax stood increased by 230.4% from ₹490.3 lakhs in FY22 to ₹1619.6 lakhs in FY23, with Net Margins growing by 5.7 bps from 21.9% in FY22 to 27.6% in FY23. Furthermore, we closed the year with a strong order book, providing decent revenue visibility for the current year (FY24).

FY23 has been very satisfying for it emerged as a beacon for things to come.

- 1) We received recognition from a prestigious production house, the Walt Disney Company by qualifying for the Vendor Evaluation programme. This reflects our continuous efforts to provide client centric services using most sophisticated technologies in time & cost efficient manner.
- 2) We signed a VFX service contract for a period of 4Years with the major OTT platform with extension of further 2Years upon agreement between Parties to complete the project. This partnership not only secures

its steady revenue streams but also opens up new avenues for Global exposure cementing our reputation as a preferred VFX Partner for major Entertainment Gaints.

These, I believe, are major breakthrough for Phantom Fx as the facility is approved to deliver services for prominent industry leaders and production houses, thus, making the future of our Company more promising. Tie-ups with such behemoth production houses and studios bring in a seamless line of projects, adding long-term credibility to the Company.

### **The climax**

Movies are not just entertainment. Its de-stressing. Its knowledge. It's bonding with family and friends. Honestly, there is something for everyone. Movies are not there to stay... but are here to grow with time.

And visual effects account for roughly 10% of any genre of film/movie. This showcases the relevance, scalability and sustainability of our

business. With visual effects embedding themselves into other entertainment genres like gaming, growth opportunities have amplified like never before.

We have developed a comprehensive blueprint to cement our position in the global entertainment industry. We will expand our VFX studios in Mumbai, Hyderabad and Chennai and expand our reach in Overseas Locations in US, Canada, UK and Dubai.

We plan to increase our talent pool from 500 + to 700 by the end of FY24. Leveraging our intellectual capital, we plan to make a big splash in the animation and gaming spaces. We expect these new areas to increase our revenue contribution from international clients.

We also aspire to bridge the gap between industry requirements and professional skillsets through customised industry workshops to upskill artists. Someday over the foreseeable future, we hope to establish a full-fledged VFX and animation institute to

educate aspiring and creative professionals.

### **Post Credits**

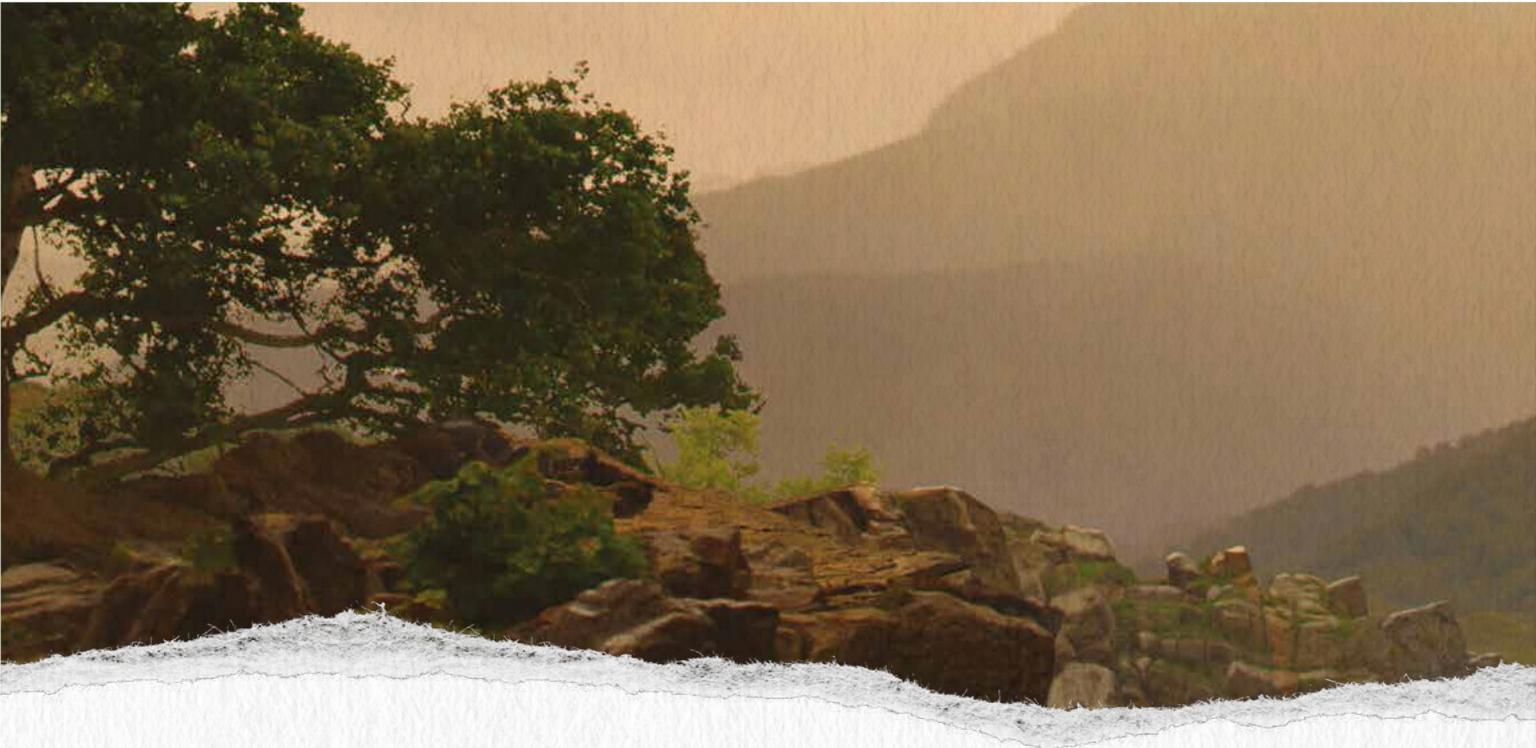
The principal message I wish to send is that Phantom Fx is poised for rapid progress. The word 'poised' has been consciously selected. It indicates our preparedness. It indicates the proactive aggregation of competencies to address future markets. Our ride has just started.

In closing, I would like to express my sincere appreciation to all our stakeholders for their confidence and support. We will continue to script an even more captivating journey ahead.

Thank You.

### **Mr. Bejoy Arputharaj**

*Chairman & Managing Director*



# BOARD OF DIRECTORS



**Bejoy Arputharaj**

*Founder/Managing  
Director/CEO*



**Binu Joshua Sam**

*Director – Chief  
Operating Officer*



**Syntia Moses**

*Director*



**Ravindran M**

*Director - VFX Head*



**Jeemon Pullely**

*Non- Executive Director*



**Manjit Singh  
Parmar**

*Independent Director*



**Suryaraj Kumar**

*Independent Director*



**Tom Anthony**

*Independent Director*



# OUR CORE TEAM



**Vijaykrishnan**

*Chief Financial Officer*



**Pallavi**

*Company Secretary*



**Balaji V**

*Senior Vice President -  
International*



**Ravikumar**

*Chief Strategy Officer*



**Rajan E**

*Vice President, HR &  
Operations*



**Akula Sunil**

*Business Head*



**Varshaa A Jainn**

*Business Head*



**Kris Prasad**

*Head Of Production*



**Asif Bhusan**

*Senior Creative Head*



**Mohinder Subramaniam**

*Creative Head*



**Anish S**

*Head CG*



**Chandrashekhar Thanvi**

*Creative Head*



**Brindha C**

*Senior Project Manager*



**Niyas C K**

*Art Director*

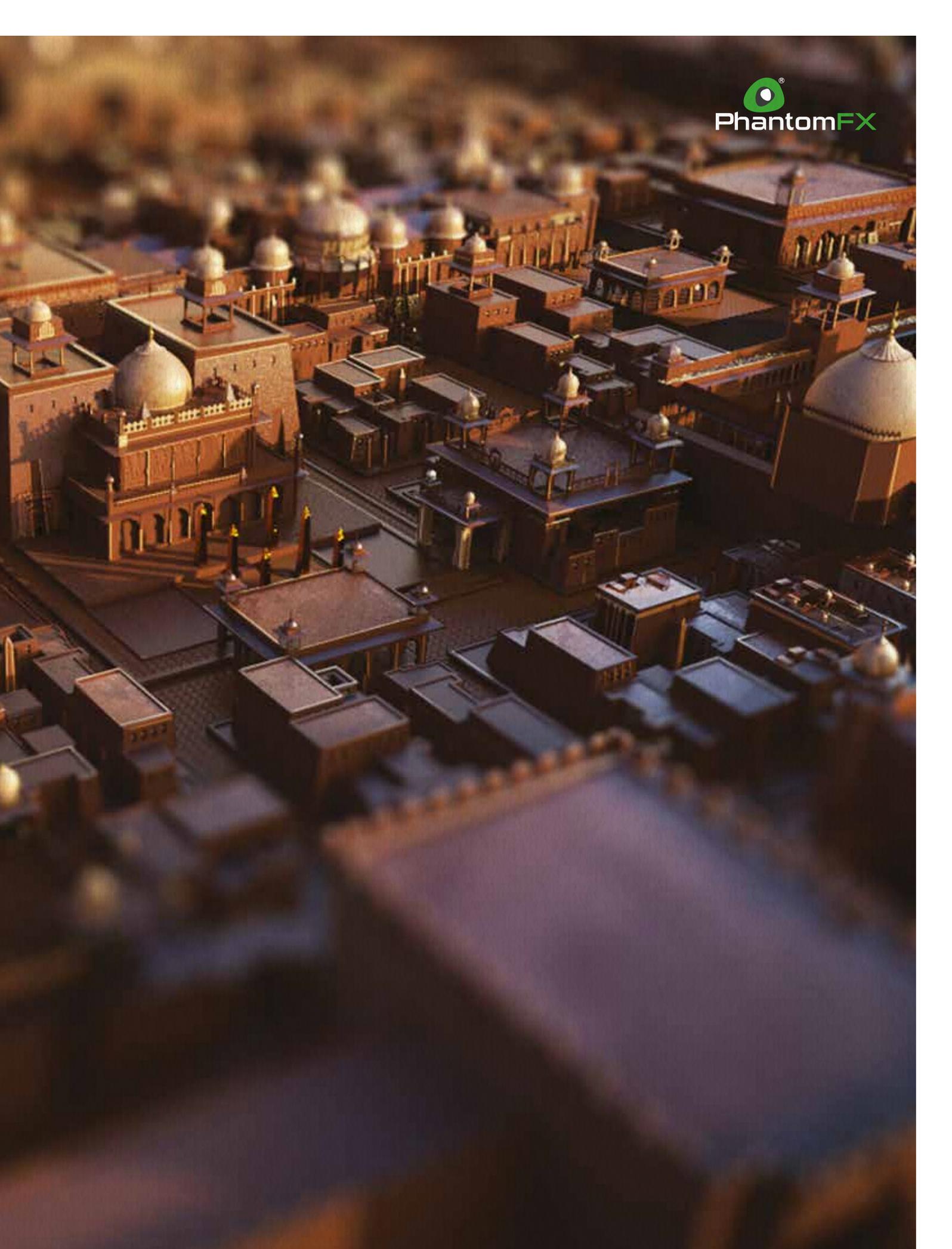


**Natalie Millar Jadhav**

*Executive Producer*



**MANAGEMENT  
DISCUSSION  
& ANALYSIS  
REPORT**





## ECONOMIC OVERVIEW

**GLOBAL ECONOMY:** The UNCTAD reported strong growth in the goods and services sector despite the lingering impact of the pandemic and prevailing geopolitical tensions. Trade in goods grew 10% from last year to an estimated \$25 trillion, partly owing to higher energy prices. Services were up 15% to a record \$7 trillion.

Though trade value witnessed a temporary slowdown, the overall trade volumes actually saw a robust growth rate throughout 2022, indicating a resilient global demand.

While the World Economic Outlook anticipates a deceleration in growth from 3.4 percent in 2022 to 2.8 percent in 2023, Asia is still poised to be a key growth driver accounting for an estimated 70% of the global demand, despite all downward trend predictions.

**DOMESTIC ECONOMY:** India, the bright star amidst the gloom, is that model of 'resilience' that continues to perform notwithstanding worldwide uncertainties. A GDP of approximately 7.2% for FY23 was recorded, primarily driven by private consumption and capital formation.

RBI's monetary policy tightening cycle gradually brought down the initial out-of-range inflation from 7.8% in April 2022 to 5.7% in March 2023.

India's per capita net national income (at current prices) for 2022-23 stood at INR 172,000, according to estimates from the National Statistical Office (NSO) - a more than 100% increase over the per capita income in 2014-15.

An estimated GDP of 6.5% is predicted for the Indian economy in FY24 aided by vigorous credit disbursal and investment cycle.

## The VFX Industry

**GLOBAL:** With the rising culture of hustle and relentless toil, digital video streaming platforms with their high-quality content have now become the most sought-after refuge. Binge-watching online content is the easiest exit from reality, and this is enhanced with the increased use of Visual Effects (VFX).

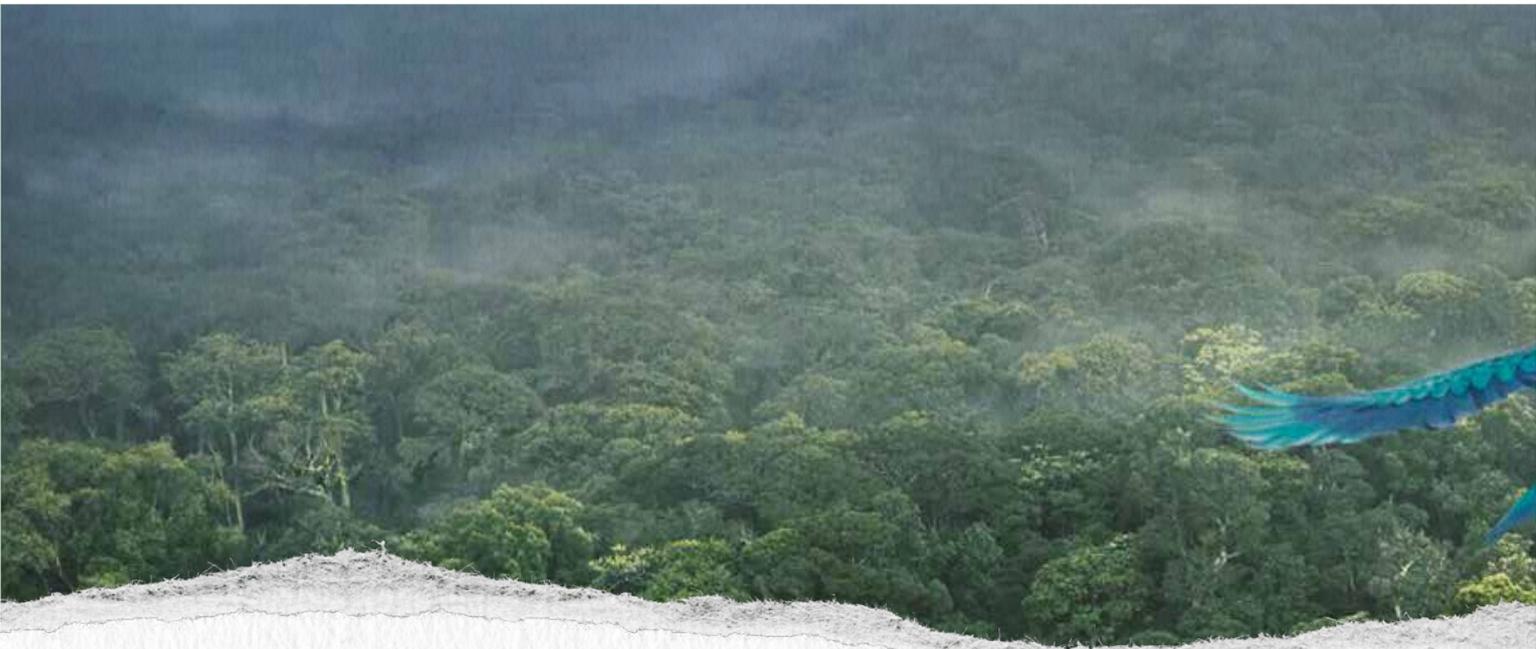
Visual Effects (VFX) is a captivating factor today's entertainment industry. They are special effects in TV shows,

movies, videos, games, and commercials that cannot be shot in real life. VFX assumes huge investments in terms of infrastructure, creativity, , electronic instruments, and a relentless power supply.

As we move into a technologically enabled world, the VFX industry's scope will only expand thanks to the plethora of opportunities that come along with Artificial Intelligence (AI), Augmented Reality (AR),

Machine Learning (ML), and the OTT revolution. A spur in the growth rate of this industry is accurately anticipated.

The VFX market, driven by the rising demand for high-quality content on digital platforms, has already clocked in a value of USD 9.95 billion in 2022. This market is expected to witness further growth in the forecast period of 2023-2028, growing at a CAGR of 10.4%.



### Growth Drivers

- **High demand for a pleasing visual experience:** The world these days is a glutton for the extraordinary. VFX satiates this appetite by providing high-quality visual content otherwise impossible to capture in real time
- **Surge in OTT usage:** The most sought-after source of entertainment, OTT platforms, have exposed the VFX industry to new opportunities. Intriguing visuals in web series and movies have gained traction, and draw a larger audience each day.
- **Emergence of new technologies:** The possibilities for the technological industry are boundless. With the advent of Artificial Intelligence (AI), Augmented Reality (AR) and Machine Learning (ML), umpteen opportunities of producing the highest quality content have risen.

- **Exponential growth of online video viewers:** The widespread availability of low-cost internet and the proliferation of mobile devices have made watching videos online very accessible. Consumers expect to see high-quality content with great visual effects at ease, which is fuelling this industry's growth towards more fresh shores.
- **Telecom Advancements:** The introduction of 5G will be revolutionary making online watching more immersive. A larger audience is expected to prefer watching high-quality content with reduced latency and higher speed.

### Industry Trends

- The exciting tech upgradation in the field of Augmented Reality (AR) and Virtual Reality (VR) is set to revolutionize the gaming industry. VFX being a crucial component in games will simultaneously witness an upward growth trend.

- With content reaching worldwide rapidly, creators are looking for options that will give them an edge. Employing VFX will enable them to acquire that competitive edge.
- Viewers' demand to experience an immersive watching experience is an eternal pursuit which fosters growth in the VFX industry.

**DOMESTIC:** The Visual Effects (VFX) industry has now successfully transitioned from being an outsourcing partner to being a global competitor in its own right. Keeping up with the demand for high-quality visuals, this industry is witnessing remarkable growth occasioned by technological advancements and government initiatives, allowing it to innovate. 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 by 2025.

## OPPORTUNITIES

**Getting positioned as a global player:** India's VFX industry has put the nation on the global map of entertainment. Forging new partnerships as well as harnessing the VFX industry's potential to create cutting-edge content will open up a wide array of opportunities for industry professionals.

**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.

**Cost-effective solution:** VFX is a more cost-effective replacement for producing special effects than expensive physical sets. This cost-effectiveness provides filmmakers and creative artists more latitude for their creativity.

**Flexibility to create:** VFX's capacities to generate content with enhanced realism makes it a flexible tool for mythology and fantasy-driven content that is so popular with the Indian audience.

### Threats

**Competition:** The high-margin business and its growing opportunities is attracting a number of players into this field which is increasing the competitive intensity.

**Technology:** VFX studios require cutting-edge technology and software to produce high-quality visual effects, which can be expensive to acquire and maintain. Additionally, keeping up with the latest technological advancements can be a challenging task.

**Timeline issues:** 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.

### Government Initiatives

- The inception of the National Centre of Excellence in Animation, VFX, Gaming, and Comics (AVGC) is an important stepping stone towards harnessing the industry's vast potential. India is slowly progressing to position itself as a global AVGC hub with new opportunities.
- The government plans to invest 200 crore rupees in importing state-of-the-art equipment for use by AVGC start-ups and others.
- The Union Minister of Broadcasting and Information has announced plans for a Seed Capital Fund for AVGC start-ups and other industry members to take advantage of incentives for post-production work. He further assured introduction of a simple policy framework in order to reward incentives.



### Future Possibilities

The future of the Indian VFX industry is one with immense potential as various technological advancements- Artificial Intelligence (AI), Augmented Reality (AR), and Virtual Reality (VR) – are set to revolutionize this space.

Rapid growth in this industry will also be due to the major Hollywood studios increasingly outsourcing their work to the Indian VFX industries owing to availability of skill talent and the cost effectiveness.

The pandemic caused radical shifts in content consumption which propelled the performance of the M&E sector. Since then, the performance graph has been upwards and has augmented growth in the VFX industry.

### Sizing of the Indian Cinema:

A model theatre policy is being worked upon by the Information and Broadcast industry in order to roll out a pan India, single window clearance system. This is a step towards reviving the theatre sector which was previously ravaged by the pandemic. The State-run CSC e-Governance Services will open 10,000 cinema halls in rural areas by the end of 2024. This is indeed a good paragraph.

### Increasing subscription of

**OTT services:** The variety of entertainment options and the convenience of usage offered by OTT platforms is gaining traction. The rapid popularity of OTT channels, increased emphasis on animated intellectual property (IP) content, and larger investments in VFX by studios has provided

animation and VFX studios with opportunities in both domestic and international markets.

### 5G and its potential push to the media industry:

With improved bandwidth and lower latency brought about by 5G services, streaming of high definition videos and other data-intensive media content could lead to an increased audience engagement for the media industry.

## Gaming

The gaming industry has turned a corner after the onset of the pandemic. Being compelled indoors, many have resorted to mobile gaming to escape boredom, thus enhancing audience engagement for the gaming industry.

The pandemic made the gaming experience so immersive that soon, in search for better gaming facilities, people became willing to pay for online games. According to analysts, over 24 million Indians were added to the payment-linked gaming market. In-app purchases are anticipated to drive future growth at a 34% CAGR between FY22 and FY27.

**Growth potential:** 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.

## Animation

**Growth potential:** 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.



## About the Company

Phantom Digital Effects Limited, (the Company) a TPN certified company, is a VFX service provider, providing high end visual effects solutions for commercials, feature films and web series globally, through its offices cum full-fledged creative VFX studios in India, and marketing teams based in US and Canada.

The Company offers a variety of creative VFX works, ranging from Final Compositing and Roto to creating 3D Elements, Photo real creatures and Environments, 3D, match move, and Animations. The Company support production houses by providing end to end services.

The Company has a team of creative- driven professionals who are capable of managing complex and scalable VFX production tasks to deliver high-quality, industry standard content for the client. Currently we are one of India's trusted Visual Effects providers backed by esteemed clientele and vast industry experience and aim to build strong relationships with the existing clients to build competitive advantage.

### Business operations

The Company's operating studios currently are at Chennai, Hyderabad and Mumbai, India, while its marketing teams based

in Vancouver, Montreal and Los Angeles cover the North American markets. We would be opening offices in London & Dubai to cater to the UK, Europe and Middle East markets respectively.

### Financial performance

The Company registered an impressive performance despite a dismal global economic environment. Revenue from Operations more than doubled from ₹2233.27 lakhs in FY22 to ₹5789.43 lakhs in FY23 owing to the increase in the number of projects delivered. EBITDA scaled three-fold to ₹2347.9 lakhs in FY23 from ₹749.85 lakhs in FY22

Particulars	2022-23	2021-22
Revenue from Operations	5,789.43	2,233.27
Other Income	84.43	3.33
<b>Total Revenue</b>	<b>5,873.86</b>	<b>2,236.60</b>
<b>Profit Before Tax</b>	<b>2,177.58</b>	<b>655.11</b>
Current Tax	525.40	168.15
Deferred Tax	32.62	(3.37)
<b>Net Profit/ Loss for the period</b>	<b>1,619.56</b>	<b>490.33</b>

underpinned by increase in the proportion of overseas business yielding higher margins and improved operational efficiency. Likewise, Profit after tax jumped from ₹490.3 lakhs to ₹1619.6 lakhs over the same period.

Business profitability improved appreciably as EBITDA margin and Net margin improved from 33.5% in FY22 to 39.9% in FY23 and from 21.9% in FY22 to 27.6% in FY23 respectively.

Net Cash flow from Operations was in the negative impacted by a significantly increase in working capital, especially trade receivables.

Net worth increased from ₹525.65 lakhs as on March 31, 2022 to ₹4420.91 lakhs in March 31, 2023. This massive jump was due to the ₹2910.42 lakhs IPO during the year which increased the equity capital by ₹1163 lakhs and reserves by ₹2732.3 lakhs.

While overall debt increased from ₹268 lakhs as on March 31, 2022 to ₹729 lakhs as on March 31, 2023, the net debt to equity ratio dropped to 0.16 as on March 31, 2023 from 0.51 as on March 31, 2022 due to the equity infusion.

The Company made considerable investments in scaling its operational capacity and capabilities. These investments should support the Company improve its financial performance a few notches higher in the coming years.

### Significant changes, i.e., a change of 25% or more in the key financial ratios

In accordance with the amendments notified by SEBI in Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 on 9th May 2018, the details of significant changes, i.e., change of 25% or more in the key financial ratios as compared to the immediately previous financial year along with detailed explanations are reported hereunder:

Particulars	2022-23	2021-22	Change (%)	Reasons for change
Debtors Turnover Ratio	5.9	11.19	-47.3%	Increase in Sales & Accounts Receivable in FY 23 over FY 22
Current Ratio	2.9	1.56	92%	Increase in Current Assets
Debt-Equity Ratio	0.16	0.51	-68%	Equity Infusion in FY 23
Interest Coverage Ratio	39.13	10.84	261%	Increase in Sales in FY 23
Operating Profit Margin (%)	37.1	32.15	15%	Increase in overseas business yielding higher margin
Net Profit Margin (%)	27.6	21.9	26%	Improved operational efficiency
Return on Net Worth (%)	36.6	93.3	-61%	Drop due to equity infusion in FY'23

## **Internal Control & their adequacy**

At Phantom Digital, the internal control mechanism is designed to protect its assets and authorise, record, and correctly report all transactions on time. It conforms to the local statutory requirements and meets the highest global standards and practices to remain competitive in evolving business dynamics.

The internal control framework monitors and assesses all risks associated with current activities and corporate profile, including scientific and development risks, partner interest risks, commercial and financial risks.

While ensuring flawless execution of accounting and financial processes, the internal control mechanism reviews the manual and automated processes for transaction approval. The Audit Committee reviews the internal audit plan, verifies the adequacy of the control system, marks its audit observations, and monitors the sustainability of the remedial measures.

## **Human Resource**

At PhantomFX, we prioritize the development of our employees. We have implemented various initiatives to support their growth, including performance appraisal, learning management, talent cultivation, and training programs. Our HR policies promote employee contentment, motivation, and retention through an open-door ethos, flexibility, and transparent communication. We actively identify potential leaders and maintain a reservoir of talent, enabling us to navigate the ever-evolving landscape of technology and environmental shifts. Our symbiotic relationship between our human capital and strategic framework positions PhantomFX for continued success. Our workforce had grown to over 500 employees by the end of March 2023, and continues to expand.

## **Risk Management**

Phantom Digital understand that its business is subject to risks and uncertainties that could have short-term and long-term implications. Business risks are constantly evolving in a rapidly changing business environment with dynamic customer requirements. As a result, there is significant variation in the risks landscape across businesses.

The Company constantly monitors the external environment to identify potential emerging risks and their impact on our business. The Company evaluates risks impacting its strategic, operational, compliance and reporting objectives.

It's robust and resilient risk management framework is guided by the Risk Management Committee of the Board, involving Independent Directors and Senior Management. The Risk Management Committee monitors risk management efforts and provides insights for effective risk management across our operations. In line with the Listing Regulations, cyber security risk is included in the risk management plan.

In the opinion of the Board there has been no identification of elements of risk that may threaten the existence of the Company.

# COMPANY INFORMATION

## BOARD OF DIRECTORS

1. Mr. Bejoy Arputharaj S - Chairman & Managing Director
2. Mrs. Syntia Moses Darry - Whole-time Director
3. Mr. Binu Joshua S - Whole-time Director
4. Mr. S. Ravindran - Whole-time Director
5. Mr. P. V. Jeemon - Non Executive Director
6. Mr. Manjit Singh Parmar - Independent Director
7. Mr. Tom Antony - Independent Director
8. Mr. Suryaraj Kumar - Independent Director

## STATUTORY AUDITORS

M/s L. U. KRISHNAN & Co,  
Sam's Nathaneal Tower, 3-1, West Club Road,  
Shenoy Nagar, Chennai-600030,  
Tamil Nadu, India

## REGISTERED OFFICE

6<sup>th</sup> Floor, Tower B, Kosmo One Tech Park,  
Plot No.14, 3<sup>rd</sup> Main Road, Ambattur  
Chennai-600058, Tamilnadu, India

## BANKERS

ICICI BANK  
No. 02/407, Pushpa Nagar,  
Mount Poonamallee Road, Ayyappanthangal,  
Chennai-600056, Tamilnadu, India

## CHIEF FINANCIAL OFFICER

Mr. Vijaykrishnan T S

## COMPANY SECRETARY

Ms. Pallavi Tongia

## SECRETARIAL AUDITORS

Rabi Narayan & Associates  
Company Secretaries  
"APARAJITA", No.12 (Old No.122), Second Floor,  
First Sector, Sixth Street, K.K.Nagar  
Chennai-600 078

## REGISTRAR AND SHARE TRANSFER AGENT (RTA)

Purva Share Registry (India) Private Limited  
CIN: U67120MH1993PTC074079  
No 9, Shiv Shakti Industrial Estate,  
Mumbai-400011, Maharashtra, India

## BANKERS

KOTAK MAHINDRA BANK  
Sri Hari Building, Ground Floor, Door No.337,  
Arcot Road, Kodambakkam,  
Chennai-600024, Tamilnadu, India

## COMMITTEE INFORMATION

### AUDIT COMMITTEE

1. Mr. Manjit Singh Parmar, Chairman
2. Mr. Tom Antony
3. Mr. Suryaraj Kumar

### STAKEHOLDER RELATIONSHIP COMMITTEE

1. Mr. Tom Antony, Chairman
2. Mr. Manjit Singh Parmar
3. Syntia Moses Darry

### RISK MANAGEMENT COMMITTEE

1. Mr. Tom Antony, Chairman
2. Mr. Binu Joshua S
3. Mr. Ravindran S

### NOMINATION & REMUNERATION COMMITTEE

1. Mr. Tom Antony, Chairman
2. Mr. Manjit Singh Parmar
3. Mr. Suryaraj Kumar

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

1. Mr. Tom Antony, Chairman
2. Mr. Manjit Singh Parmar
3. Syntia Moses Darry



# Notice to the Shareholders

**NOTICE** is hereby given that the 07<sup>th</sup> Annual General Meeting of the members of M/s. PHANTOM DIGITAL EFFECTS LIMITED will be held on Wednesday, 27<sup>th</sup> day of September, 2023 at 3.30 p.m., through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following businesses.

## ORDINARY BUSINESS

1. To consider and adopt the Audited financial statement of the Company for the financial year ended 31<sup>st</sup> March 2023 together with the Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Binu Joshua Sammanohar (DIN: 03459073), who retires by

rotation and being eligible, offers himself for re-appointment.

3. To appoint a director in place of Mr. Sivasankaran Ravindran (DIN: 08009653), who retires by rotation and being eligible, offers himself for re-appointment.

By Order of the Board of Directors  
For **Phantom Digital Effects Limited**

Sd/-  
**Bejoy Arputharaj Sam Manohar**  
Chairman & Managing Director  
DIN: 03459098

Place: Chennai  
Date: 29/08/2023

## NOTES:

1. The Ministry of Corporate Affairs ("MCA") has, vide its circular Nos.14/2020 dated 8<sup>th</sup> April 2020, 17/2020 dated 13<sup>th</sup> April 2020, followed by Circular No. 20/2020 dated May 05, 2020, 22/2020 dated 15<sup>th</sup> June 2020, 33/2020 dated 28<sup>th</sup> September 2020, 39/2020 dated 31<sup>st</sup> December 2020, Circular No. 02/2021 dated January 13, 2021, 10/2021 dated 23<sup>rd</sup> June 2021, 20/2021 dated 8<sup>th</sup> December 2021, 3/2022 dated 5<sup>th</sup> May 2022 and 11/2022 dated 28<sup>th</sup> December 2022, (Collectively referred to as "MCA Circulars") permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the members at a common venue. In accordance with the MCA Circulars and applicable provisions of the Companies Act, 2013 ("the Act") read with Rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the AGM of the Company is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. Additional information as required under Listing Regulations and Secretarial Standard on General Meeting (SS-2) in respect of the Directors retiring by

rotation / seeking appointment / re-appointment at this Meeting is annexed hereto.

3. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed hereto.
4. Since the AGM will be held through VC / OAVM, the route map of the venue of the Meeting is not annexed hereto.
5. In compliance with MCA Circulars and SEBI Circular No. SEBI/HO/ CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May, 2020, Circular No. SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated 15<sup>th</sup> January, 2021 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13<sup>th</sup> May, 2022 the financial statements including Board's Report, Auditor's report or other documents

- required to be attached therewith (together referred to as Annual Report FY 2022-23) and Notice of AGM are being sent in electronic mode to those members / beneficial owners whose e-mail Id's are registered and whose name appears in the Register of Members / Depositories Participant(s) as at closing business hours on Friday, 25<sup>th</sup> August, 2023.
6. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, September 25<sup>th</sup> 2023 to Wednesday, September 27<sup>th</sup> 2023 (both days inclusive) for the purpose of Annual General Meeting of the Company.
  7. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  8. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
  9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  10. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.
  11. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://phantomfx.com/>. The Notice can also be accessed from the websites of the Stock Exchange i.e. National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  12. The Companies (Management and Administration) Rules, 2014 stipulate that the remote electronic voting period shall close at 05:00 P.M (IST) on the date preceding the date of AGM. Accordingly, the remote e-Voting period will commence at 10.00 A.M (IST) on Sunday, 24<sup>th</sup> September 2023 and will end at 05:00 P.M (IST) on Tuesday, 26<sup>th</sup> September, 2023. The remote e-Voting will not be allowed beyond the aforesaid period and time, and the remote e-Voting module shall be disabled by NSDL.
  13. The Company has appointed **M. Sudhakar, Practicing Advocate, Chennai having Enrollment number: MS.3908/2021** to act as Scrutinizer to scrutinize the remote e-Voting process and voting during the AGM in a fair and transparent manner.
  14. The Scrutinizer after scrutinizing the votes cast at the meeting and through remote e-Voting will not later than 2 working days from the conclusion of the meeting, make a consolidated Scrutinizer's Report and submit the same to the Chairman. The results declared along with Scrutinizer's Report shall be placed on the website of the Company. The results shall simultaneously be communicated to stock exchanges where the shares of the Company are listed i.e. National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com)
  15. Subject to approval of the requisite number of votes, the Resolutions set out in this Notice for the AGM shall be deemed to be passed on the date of the meeting i.e. Wednesday, 27<sup>th</sup> September 2023.
  16. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 20<sup>th</sup> September, 2023 are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date i.e. 20<sup>th</sup> September, 2023 should treat this Notice for information purposes only
  17. In case a person has become a member of the Company after dispatch of AGM Notice, but on or before the cut-off date for e-Voting, i.e., 20<sup>th</sup> September, 2023 such person may obtain



the User ID and Password from NSDL by e-mail request on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for all future communication members.

**Dispatch of Annual Report through Electronic Mode:**

18. In compliance with the MCA Circulars and SEBI Circular dated May 13, 2022 and January 05, 2023, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members as on cut-off date whose e-mail address is registered with the Company / Registrar and Transfer Agent / Depository Participants / Depositories. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website [www.phantomfx.com](http://www.phantomfx.com), websites of the Stock Exchange, that is, National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com), respectively, and on the website of Company's E-voting partner at <https://www.evoting.nsdl.com>
19. For receiving all communication (including Annual Report) from the Company electronically:
  - a) Members holding shares in dematerialised mode are requested to register / update their e-mail address with the relevant Depository Participant. NSDL has provided a facility for registration/ updation of e-mail address through the link: <https://eservices.nsdl.com/kyc-attributes/#/login>.
  - b) the process to be followed for registration/ updation of e-mail address by Members holding shares in physical mode, is given in this Notice.

**Procedure for Inspection of Documents:**

20. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available, electronically, for inspection by the

Members during the AGM. All documents referred to in the Notice will also be available electronically for inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an e-mail to [cs@phanantony-fx.com](mailto:cs@phanantony-fx.com).

21. Members seeking any information with regard to the accounts or any matter to be considered at the AGM, are requested to write to the Company on or before Friday, 22<sup>nd</sup> September, 2023 to [cs@phantom-fx.com](mailto:cs@phantom-fx.com). The same will be replied by the Company suitably.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

**The remote e-voting period begins on Sunday, 24<sup>th</sup> September 2023 at 10:00 A.M. and ends on Tuesday, 26<sup>th</sup> September, 2023 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Wednesday, 20<sup>th</sup> September 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Wednesday, 20<sup>th</sup> September 2023.**

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the <b>"Beneficial Owner"</b> icon under <b>"Login"</b> which is available under <b>'IDeAS'</b> section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on <b>"Access to e-Voting"</b> under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select <b>"Register Online for IDeAS Portal"</b> or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App <b>"NSDL Speede"</b> facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol>

NSDL Mobile App is available on



Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> </ol>
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### Type of shareholders

### Login Method

	4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

### Login type

### Helpdesk details

Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022 - 4886 7000 and 022 - 2499 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**B)** Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

#### Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical

#### Your User ID is:

a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

**5. Password details for shareholders other than Individual shareholders are given below:**

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

**6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:**

- a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system**

**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and who's voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer **Mr. M. Sudhakar by e-mail to** [advocatesudha2015@gmail.com](mailto:advocatesudha2015@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

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2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
  3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on: 022 - 4886 7000 and 022 - 2499 7000 or send a request to **Ms. Prajakta Pawle** at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [cs@phantom-fx.com](mailto:cs@phantom-fx.com)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to [cs@phantom-fx.com](mailto:cs@phantom-fx.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at this AGM, from

their registered e-mail address, mentioning their name, DP ID and Client ID number/ folio number and mobile number, to reach the Company's e-mail address at [cs@phantom-fx.com](mailto:cs@phantom-fx.com) before 5.00 p.m. (IST) on Monday, September 25<sup>th</sup> 2023. Such queries will be appropriately responded by the Company

6. Shareholders who would like to express their views/ ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered e-mail address mentioning their names, DP ID and Client ID/ folio number, PAN and mobile number at [cs@phantom-fx.com](mailto:cs@phantom-fx.com). **Pre-registration should be done between Friday, September 22<sup>nd</sup>, 2023 (9:00 a.m. IST) and Monday, September 25<sup>th</sup>, 2023 (5:00 p.m. IST)**

#### Other Information:

As mandated by the Securities and Exchange Board of India ("SEBI"), securities of the Company can be transferred / traded only in dematerialised form. Members holding shares in physical form are advised to avail the facility of dematerialisation.

Members are requested to intimate/update changes, if any, in postal address, e-mail address, mobile number, PAN, nomination, bank details such as name of the bank and branch, bank account number, IFS Code etc through their Depository Participant.

Non-Resident Indian members are requested to inform the Company/ respective DPs immediately of change in their residential status on return to India for permanent settlement.

Members may please note that the Listing Regulations mandates transfer, transmission and transposition of securities of listed companies held in physical form shall be effected only in demat mode. Further, SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialised form only while processing service requests, viz., issue of duplicate securities certificate; claim from unclaimed

suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, members are requested to make service requests for issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate etc., by submitting a duly filled and signed Form ISR-4 along with requisite supporting documents to the RTA M/s. Purva Share registry India Private Limited at [support@purvashare.com](mailto:support@purvashare.com) as per the requirement of the aforesaid circular.

**Members are requested to address all correspondence, including voting by electronic means if any, E-Voting Partner / to the Registrar and Share Transfer Agents and/or to the Company.**

1. **National Securities Depository Limited (E-Voting Partner)**  
**Contact Person: Ms. Prajakta Pawle**  
 NSDL, 4<sup>th</sup> Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower parel, Mumbai 400 013  
 Ph: 022 - 4886 7000 and 022 - 2499 7000  
 Mail: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
2. **Purva Share registry India Private Limited (RTA)**  
**Contact Person: Mr. Purva Shah**  
 9 Shiv Shakti Industrial Estate, J.R. Boricha Marg, Lower Parel (E), Mumbai - 400011  
 Ph: +91- 8928652025  
 Mail: [support@purvashare.com](mailto:support@purvashare.com)
3. **Phantom Digital Effects Limited**  
**Contact Person: Ms. Pallavi Tongia,**  
 Company Secretary  
 6 th floor, Tower-B, Kosmo One Tech Park, Plot No. 14, 3 rd Main road, Ambattur, Chennai 600058  
 Ph: +91- 9043332392  
 Mail: [cs@phantom-fx.com](mailto:cs@phantom-fx.com)

**Details of the Directors retiring by rotation and seeking re-appointment / appointment at the Annual General Meeting pursuant to (i) Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standards on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India (ICSI) are as under:**

**1. Mr. Binu Joshua Sammanohar (DIN: 03459073)**

Age/DOB	37 Years / 07-07-1986
Qualifications	B.Com, MBA
Experience (including expertise in specific functional area) / Brief Resume	17 years of Experience in VFX operations including day to day business activities and management & expansion of business in various geographical areas.
Terms and Conditions of Re-appointment	In terms of Section 152(6) of the Companies Act, 2013, Mr. Binu Joshua Sammanohar who was appointed as a Whole Time Director at the Extra Ordinary General Meeting held on June 30, 2022 and variation in terms of Appointment took place at the Extra Ordinary General Meeting held on 08 <sup>th</sup> August, 2022, is liable to retire by rotation and eligible for reappointment.
Remuneration (including sitting fees, if any) last drawn (FY 2022-23)	₹78.3 Lakhs
Remuneration proposed to be paid	As per existing approved terms of appointment
Date of first appointment on the Board	June 01, 2022
Shareholding in the Company including shareholding as a beneficial owner as on March 31, 2023	4,50,000 equity shares of ₹10/- each
Relationship with other Directors / Key Managerial Personnel	Brother of Mr. Bejoy Arputharaj Sam Manohar, Chairman and Managing Director & Brother in law of Mrs. Syntia Moses Darry and not related to any other Director / Key Managerial Personnel
Number of meetings of the Board attended during the financial year 2022-23	17 out of 17 meetings held post his appointment
Directorships of other Boards as on March 31, 2023 (Indian Companies)	1. JOJ Service Private Limited 2. Phantomfx Studios Private Limited
Membership / Chairmanship of Committees of other Boards as on March 31, 2023	Nil
Listed entities from which the Director has resigned in the past three years	Nil

## 2. Mr. Sivasankaran Ravindran (DIN: 08009653)

Age	40 years / 13-11-1982
Qualifications	BE (Information Technology)
PGDVFX (Postgraduate Diploma in VFX)	
Experience (including expertise in specific functional area) / Brief Resume	17 years of Experience in VFX Technology, seasoned compositor and worked in biggest films in Indian & International movies as technical support.
Terms and Conditions of Re-appointment	In terms of Section 152(6) of the Companies Act, 2013, Mr. Sivasankaran Ravindran who was appointed as a Whole Time Director at the Extra Ordinary General Meeting held on August 08, 2022, is liable to retire by rotation and eligible for reappointment.
Remuneration (including sitting fees, if any) last drawn (FY 2022-23)	₹49.89 Lakhs
Remuneration proposed to be paid	As per existing approved terms of appointment
Date of first appointment on the Board	July 30, 2022
Shareholding in the Company including shareholding as a beneficial owner as on March 31, 2023	36,000 equity shares of ₹10/- each
Relationship with other Directors/Key Managerial Personnel	None
Number of meetings of the Board attended during the financial year 2022-23	10 out of 10 meetings held post his appointment
Directorships of other Boards as on March 31, 2023	Nil
Membership/Chairmanship of Committees of other Boards as on March 31, 2023	Nil
Listed entities from which the Director has resigned in the past three years	Nil

# BOARD'S REPORT

Dear Members,

The Board of Directors have pleasure in presenting the 07<sup>th</sup> Annual Report of the Company along with audited financial statements for the financial year ended March 31, 2023.

## 1. FINANCIAL RESULTS

The Company's financial (Standalone) performance for the year ended March 31, 2023 is summarised below:

Particulars	(Amount in Lakhs)	
	2022-23	2021-22
Revenue from Operations	5,789.43	2,233.27
Other Income	84.43	3.33
<b>Total Revenue</b>	<b>5,873.86</b>	<b>2,236.60</b>
Profit Before exceptional and extraordinary items and tax	2,177.58	655.11
Exceptional items	-	-
Profit Before extraordinary items and tax	2,177.58	655.11
Extraordinary items	-	-
<b>Profit Before Tax</b>	<b>2,177.58</b>	<b>655.11</b>
Current Tax	525.40	168.15
Deferred Tax	32.62	(3.37)
Tax Adjustment of Earlier Years	-	-
<b>Net Profit/ Loss for the period</b>	<b>1,619.56</b>	<b>490.33</b>
<b>Earnings per share (Basic &amp; Diluted) (in ₹)</b>	<b>15.97</b>	<b>5.44</b>

## 2. RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

During the year under review, the Company recorded revenue of ₹5789.42 lakhs from its operation as against ₹ 2233.27 lakhs in the previous financial year 2021-22. Other Income during the current financial year 2022-23 was ₹84.43 lakhs as against ₹3.33 lakhs in the previous financial year 2021-22. The Company recorded Profit before Tax of ₹2177.58 lakhs for the financial year 2022-23 as against ₹ 655.11 lakhs for the previous financial year 2021-22. The net profit for the financial year 2022-23 stood at ₹1619.56 lakhs as against ₹490.33 lakhs in the previous financial year.

## 3. BUSINESS OVERVIEW

The Visual Effects (VFX) industry in India has been transitioned from being an outsourcing partner to being a global competitor in its own right. The industry is witnessing tremendous growth with the increase in demand for high-quality visuals

coupled with technological advancements and government initiatives to encourage innovation and entrepreneurship in this sector.

As a TPN Certified studio, the Company offers a wide range of VFX services. 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 (viii) 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. Presently, the Company has operating studios at Chennai, Hyderabad and

Mumbai besides having marketing teams based in Vancouver, Montreal and Los Angeles to cover the North American markets.

A detailed overview of the business is provided in the Management Discussion & Analysis Report which forms part of this report

#### 4. DIVIDEND

Considering the capital requirement for expansion and growth of business operations and to augment working capital requirements, the Board of Directors do not recommend any dividend on the Equity shares for the financial year 2022-23.

To bring transparency in the matter of declaration of dividend and protect the interests of investors, the company had adopted a Dividend Policy since listing of its shares. The policy has been displayed on the Company's website at link [https://phantomfx.com/Phantomfxcms/InvestorUpfile/P11\\_DividendDistributionPolicy.pdf](https://phantomfx.com/Phantomfxcms/InvestorUpfile/P11_DividendDistributionPolicy.pdf)

In the absence of any declaration of dividend in the past, the Company does not have any unpaid/unclaimed dividend coming under the purview of Section 124(5) of the Act to be transferred to Investors Education and Protection Fund ("IEPF") of the Central Government.

#### 5. TRANSFER TO RESERVES

There is no amount proposed to be transferred to reserves during the year under review.

#### 6. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report, which forms part of this report.

#### 7. AWARDS & RECOGNITIONS

- **VAM Summit 2023**  
(Visual Film Exchange Summit)
  - ✓ Best VFX Shot Award for the Movie, **Dangerous**
  - ✓ Best Simulation Effects for the movie **Beast**
  - ✓ Best use of Previsualization for the movie **Beast**

- Excellence In Animation and Visual Effects In Times Business Awards 2022
- Company of the Year In Outlook Business ICON Awards 2023,
- Outstanding Young Person of the year in India at the 67<sup>th</sup> JCI India (Junior Chamber International) 2022 National Convention
- VFX excellence award at the IndiaJoy Summit 2022

#### 8. CHANGE IN STATUS OF THE COMPANY

The Company was converted into a Public Limited Company pursuant to approval of the Shareholders at an Extraordinary General Meeting held on July 21, 2022 and consequently, the name of our Company was changed to "Phantom Digital Effects Limited" and a Fresh Certificate of Incorporation consequent upon conversion from Private Company to Public Company was issued by Registrar of Companies, Chennai dated July 29, 2022. The Corporate Identification Number of our Company is L92100TN2016PLC103929.

#### 9. CHANGE IN THE NATURE BUSINESS

There has been no change in the nature of business of the Company in the Financial Year under review.

#### 10. CHANGE IN CAPITAL STRUCTURE

During the year, the Authorised Share Capital of the company has been increased two times i.e., from ₹5,00,000 (Rupees Five Lakhs) divided into 50,000 equity shares of ₹10 each to ₹7,00,00,000 (Rupees Seven Crores) divided into 70,00,000 equity shares of ₹10 each thereafter from ₹7,00,00,000 to ₹12,00,00,000 (Rupees Twelve Crores) divided into 1,20,00,000 equity shares of ₹10 each. Consequential amendments were made in the Memorandum and Articles of Association of the Company.

#### 11. ISSUE OF SHARES, INCLUDING DISCLOSURE ABOUT ESOP AND SWEAT EQUITY SHARE:

- a. **BUY BACK OF SECURITIES :-** The Company has not bought back any of its securities during the year under review.
- b. **SWEAT EQUITY:-** The Company has not issued any Sweat Equity Shares during the year under review.
- c. **BONUS SHARES:-** During the year, the Company has issued bonus shares to its shareholders, in the ratio of 899 : 1, i.e., Eighty Hundred and Ninety Nine (899) shares of ₹10/- for every One (01) existing equity shares by

capitalizing a sum of ₹8,99,00,000/- (Rupees Eight Crores Ninety Nine Lakhs only) out of ₹9,10,00,000/- (Rupees Nine Crores Ten Lakhs Only) standing to the credit of free reserves as on June 30, 2022.

- d. **EMPLOYEES STOCK OPTION PLAN:-** The Company has not provided any Stock Option Scheme to the employees.
- e. **INITIAL PUBLIC OFFER ("IPO") :-** During the year under review, the Company has successfully completed the Initial Public Offer (IPO). The offer to the public consisted of fresh issue of shares to the tune of 26,40,000 as well as an offer for sale of 4,23,600 shares from the promoter shareholders. The Company raised ₹ 2508 lakhs through IPO wherein 26,40,000 equity shares of ₹10/- each at a premium of ₹85/- per shares was offered to the public for subscription. The issue was oversubscribed by 234 times. The equity shares got listed on October 21, 2022 on the SME Platform of National Stock Exchange of India Limited viz., NSE EMERGE
- f. **ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS AS TO DIVIDEND, VOTING OR OTHERWISE:-** The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.
- g. **ISSUE OF SHARES (INCLUDING SWEAT EQUITY SHARES) TO EMPLOYEES OF THE COMPANY UNDER ANY SCHEME:-** The Company has not issued any shares (including sweat equity shares) to employees of the Company under any scheme.

The paid-up share capital of the Company as on March 31, 2023 is ₹11,64,00,000/- divided into 1,16,40,000 equity shares of Re.10/- each

## 12. UTILIZATION OF FUNDS RAISED THROUGH PUBLIC ISSUE

The Company had raised funds through Initial Public Offer (IPO) during October 2022 where the equity shares are listed on EMERGE Platform of National Stock Exchange of India Ltd. The proceeds of aforesaid issue is being utilized, for the purpose for which it was raised by the Company in accordance with the terms of the issue.

The Company has opened 3 (three) new studios at Chennai, Mumbai, and Hyderabad, considering the opportunities and our expertise in the VFX business and in order to cater to the demand and increase the

market positioning of the company. The company has entered into formal lease/rental agreements for occupying the required space for setting up of these new studios.

There was no deviation(s) or variation(s) in the utilization of public issue proceeds from the objects as stated in the prospectus dated October 18, 2022

## 13. PUBLIC DEPOSITS

The Company has not accepted any deposits from public falling within the ambit of section 73 and Section 76 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014. Hence, no disclosure is required under Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014.

## 14. BORROWINGS

As on 31<sup>st</sup> March 2023, an amount of ₹729.10 lakhs is outstanding towards borrowings, which comprises of both secured and unsecured loans.

## 15. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement it is hereby confirmed that:

- in the preparation of the annual accounts for the year ended March 31, 2023, the applicable accounting standards read with requirements set out under Schedule III to the Act have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**16. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED UNDER SECTION 186 OF THE ACT**

The Company has not given any Loans, made any Investments, given any Guarantees and provided any Securities during the Financial Year under Section 186 of the Act.

**17. CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES UNDER SECTION 188(1) OF THE ACT**

With reference to Section 134(3)(h) of the Act, all contracts, and arrangements with related parties under Section 188(1) of the Act, entered by the Company during the financial year, were approved by the Audit Committee and wherever required, also by the Board of Directors. No contract or arrangement required approval of shareholders by a resolution. Further, during the year, the Company had not entered into any contract or arrangement with related parties which could be considered 'material' (i.e. transactions entered into individually or taken together with previous transactions during the financial year, exceeding rupees one thousand crore or ten percent of the annual consolidated turnover as per the last audited financial statements of the Company, whichever is lower) according to the policy of the Company on materiality of Related Party Transactions.

The Company had not entered into any contract / arrangement / transaction with related parties which is required to be reported in Form No. AOC-2 in terms of Section 134(3)(h) read with Section 188 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014, hence the disclosure under Form AOC-2 is not applicable to the Company.

You may refer to Related Party transactions in Note No.27 (Point No:22) of the Standalone Financial Statements for more details.

**18. ANNUAL RETURN**

Pursuant to the provisions of Section 92(3) and Section 134(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Annual Return of the Company as on 31<sup>st</sup> March, 2023 is available on the Company's website and can be accessed at <https://phantomfx.com/>

**19. BOARD OF DIRECTORS**

Composition of the Board as at March 31, 2023, company's Board consists of 08 members. Besides the Chairman, who is an Executive Promoter Director, the Board comprises of two Executive Promoter Directors (including one Woman Executive Director), one Executive Director and one Non-Executive Non-Independent Director and three Non-Executive Independent Directors. Brief profile of Directors is available at Company's website at <https://phantomfx.com/>. The composition of the Board is in conformity with the Act and consists of combination of Executive and Non-Executive Directors and not less than 1/3<sup>rd</sup> of the Board comprising of Independent Directors as required under the Act.

**20. NUMBER OF BOARD MEETINGS AND ATTENDANCE OF DIRECTORS**

During the Financial Year 2022-23, the Company held 19 (Nineteen) board meetings of the Board of Directors as per Section 173 of Companies Act, 2013, viz 02<sup>nd</sup> May, 2022, 30<sup>th</sup> May, 2022, 23<sup>rd</sup> June, 2022, 29<sup>th</sup> June, 2022, 12<sup>th</sup> July, 2022, 20<sup>th</sup> July, 2022, 21<sup>st</sup> July 2022, 25<sup>th</sup> July, 2022, 30<sup>th</sup> July, 2022, 18<sup>th</sup> August, 2022, 23<sup>rd</sup> August, 2022, 25<sup>th</sup> August, 2022, 01<sup>st</sup> October, 2022, 18<sup>th</sup> October, 2022, 19<sup>th</sup> October, 2022, 12<sup>th</sup> November, 2022, 28<sup>th</sup> November, 2022, 23<sup>rd</sup> December, 2022 and 13<sup>th</sup> February, 2023. The provisions of Companies Act, 2013 were adhered to while considering the time gap between two meetings.

**The composition of the board and the details of meetings attended by its members are given below:**

S. No.	DIRECTOR	POST HELD	NO. OF MEETING ENTITLED	NO. OF MEETING ATTENDED
1	Mr. Bejoy Arputharaj S	Chairman & Managing Director	19	19
2	Mrs. Syntia Moses Darry	Whole Time Director	19	19
3	Mr. Binu Joshua S	Whole Time Director	18	18
4	Mr. S. Ravindran	Whole Time Director	11	11

S. No.	DIRECTOR	POST HELD	NO. OF MEETING ENTITLED	NO. OF MEETING ATTENDED
5	Mr. P. V. Jeemon	Non-Executive Non Independent Director	11	11
6	Mr. Manjit Singh Parmar	Independent Director	11	09
7	Mr. Tom Antony	Independent Director	11	11
8	Mr. Suryaraj Kumar	Independent Director	01	01

Detailed agenda with explanatory notes and all other related information is circulated to the members of the Board in advance of each meeting. Detailed presentations are made to the Board covering all major functions and activities. The requisite strategic and material information is made available to the Board to ensure transparent decision making by the Board

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors of the Company other than payment of the sitting fees for attending meetings and commission as specified above. During FY 2022-23, the Company did not advance any loan to any of its Directors. Further, no loans and advances in the nature of loans to firms/companies in which directors are interested was given by the Company and its subsidiaries.

The Non-Executive Directors including Independent Directors are entitled for sitting fees for attending meetings of the board/ committees thereof. The Company pays sitting fees of ₹20,000/- per meeting to its Non-Executive Independent Directors for attending the meetings of Board and Committees.

Remuneration of the executive directors consists of a salary and other benefits. The Nomination and Remuneration Committee makes annual appraisal of the performance of the Executive Directors based on a detailed performance evaluation, and recommends the compensation payable to them, within the parameters approved by the shareholders, to the Board for their approval.

## 21. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013, and the Articles of Association of the Company, Mr. Binu Joshua Sammanohar (DIN: 03459073) and Mr. Sivasankaran Ravindran (DIN: 08009653), Directors of the Company, retire by rotation at the ensuing Annual General Meeting. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, has recommended their re-appointment. Details of the Directors retiring by rotation and seeking re-appointment have been furnished in the explanatory statement to the notice of the ensuing AGM.

The following are the changes in the Board of Directors/KMPs of the Company during the year under review:

Name	DIN/PAN	Particulars	Effective Date
Mr. Bejoy Arputharaj Sam Manohar	3459098	Chang of Designation as Chairman & Managing Director	01/07/22
		Variation of Terms of Appointment	08/08/22
Mrs. Syntia Moses Darry	3459055	Chang of Designation as Whole time Director	01/07/22
		Variation of Terms of Appointment	08/08/22
Mr. Binu Joshua Sammanohar	3459073	Appointed as Director	01/06/22
		Chang of Designation as Whole time Director	01/07/22
		Variation of Terms of Appointment	08/08/22
Mr. S. Ravindran	8009653	Appointed as Whole-time Director	08/08/22
Mr. Jeemon P V	00876858	Appointed as Non-executive Non-Independent Director	08/08/22
Mr. Manjit Singh Parmar	7511020	Appointed as Non-executive Independent Director	08/08/22

Name	DIN/PAN	Particulars	Effective Date
Mr. Tom Antony	1413738	Appointed as Non-executive Independent Director	08/08/22
Mr. Suryaraj Kumar(*)	00714694	Appointed as Non-executive Independent Director	13/02/23
Mr. Rajini Kanth E.S (**)	AFBPR1144Q	Appointed as Chief Financial Officer & KMP	01/07/22
Ms. Pallavi Tongia	AQFPT8642J	Appointed as Company Secretary & Compliance Officer & KMP	01/07/22

(\*) Mr. Suryaraj Kumar has been appointed in Board at their meeting held on 13<sup>th</sup> February, 2023 and approved by shareholders through Postal ballot vide dated 04<sup>th</sup> May, 2023

(\*\*) Mr. Vijaykrishnan TS, has been appointed as Chief Financial Officer & KMP in the place of Mr. Rajini Kanth E.S with effect from 28<sup>th</sup> July, 2023

The Board of Directors of the company are of the opinion that all the Independent Directors of the company appointed / re-appointed during the year possess impeccable integrity, relevant expertise and experience required to best serve the interests of the company

## 22. AUDITORS AND AUDITORS' REPORT

### A. STATUTORY AUDITORS AND THEIR REPORT

During the year under review, M/s. Ravichandran & Thangaraj Associates, Chartered Accountants, Chennai (FRN:08028S), has resigned from the position of Statutory Auditors with effect from June 23, 2022 and the casual vacancy created consequent to the resignation was filled by the appointment of M/s. L. U. Krishnan & Co, Chartered Accountants, (FRN:001527S) to hold office till the date of conclusion of the sixth AGM. Subsequently pursuant to the provisions of Section 139 of the Act and Rules made thereunder, M/s. L. U. Krishnan & Co, Chartered Accountants, (FRN:001527S) were appointed as Statutory Auditors of the Company for a term of five consecutive years, to hold office from the conclusion of the Sixth (06<sup>th</sup>) AGM held on August 25, 2022 until the conclusion of Eleventh (11<sup>th</sup>) AGM of the Company to be held in the calendar year 2027. The Auditors have also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI

M/s. L. U. Krishnan & Co, Chartered Accountants, have submitted their Report on the Financial Statements of the Company for the FY 2022-23, which forms part of the Annual Report 2022- 23. There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in the Audit Reports issued by them which call for any explanation/comment from the Board of Directors.

### B. COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable to the company for the period under review.

### C. SECRETARIAL AUDITOR AND THEIR REPORT

M/s. Rabi Narayan & Associates, Company Secretaries (unique Identification No.S2000TN667800), were appointed as Secretarial Auditors of the Company for the financial year 2022-23. The Secretarial Audit Report submitted by them for the said financial year in the prescribed form MR3 pursuant to the provisions of Section 204 of the Act is annexed as **Annexure III** to this report. M/s. Rabi Narayan & Associates, Company Secretaries have been re-appointed to conduct the secretarial audit of the Company for FY 2023-24. They have confirmed that they are eligible for the said appointment.

The Secretarial Auditors' Report for the Financial year 2022-23 does not contain any qualification, reservation or adverse remark except that certain forms/returns under the Act had been filed belatedly. The delay in filing certain forms in certain instances were due to the technical problems faced by the company while accessing the MCA website to file the forms/returns. However, the company has filed all applicable forms and returns by paying additional fee wherever applicable and as on the date of this report all the applicable forms/returns are duly filed.

## 23. SECRETARIAL STANDARDS

The Company is in compliance with the applicable Secretarial Standards i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively issued by the Institute of Company Secretaries of India ('ICSI') and approved by the Central Government under Section 118 (10) of the Act for the Financial Year ended 2022-23.

## 24. INTERNAL FINANCIAL CONTROL SYSTEM

The Company has put in place an effective internal control system to synchronise its business processes, operations, financial reporting, fraud control, and compliance with extant regulatory guidelines and compliance parameters. The Company ensures that a standard and effective internal control framework operates throughout the organisation, providing assurance about the safekeeping of the assets and the execution of transactions as per the authorisation in compliance with the internal control policies of the Company.

The internal control system is supplemented by extensive internal audits, regular reviews by the management, and guidelines that ensure the reliability of financial and all other records. The management periodically reviews the framework, efficacy, and operating effectiveness of the Internal Financial Controls of the Company.

The Internal Audit reports are periodically reviewed by the Audit Committee. The Company has, in material respects, adequate internal financial control over financial reporting, and such controls are operating effectively. Internal Audits are carried out to review the adequacy of the internal control systems and compliance with policies and procedures. Internal Audit areas are planned based on inherent risk assessment, risk score, and other factors such as probability, impact, significance, and strength of the control environment. Its adequacy was assessed, and the operating effectiveness was also tested.

## 25. COMPLIANCE TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION, AND REDRESSAL) ACT, 2013 READ WITH THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION, AND REDRESSAL) RULES, 2013.

The Company has zero tolerance for sexual harassment at workplace and has a mechanism in place for prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company is committed to provide equal opportunities without regard to their race, caste, sex, religion, color, nationality, disability, etc. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal

or psychological. All employees (permanent, contractual, temporary, trainees) are covered.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment at workplace. During the year under review, Company has not received any complaints on sexual harassment and hence there are no complaints pending as on the end of the Financial Year 2022-23 on sexual harassment

## 26. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERNS STATUS AND COMPANY'S OPERATIONS IN FUTURE

The Company has not received any significant or material orders passed by any regulatory authority, court or tribunal which shall impact the going concern status and Company's operations in future.

## 27. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is presented in a separate section, forming part of the Annual Report.

## 28. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

The Statutory Auditors, Cost Auditors or Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under section 143(12) of the Act, including rules made there under.

## 29. CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with the Rules made thereunder, the Company has formed Corporate Social Responsibility ("CSR") Committee. The Company has framed a Corporate Social Responsibility (CSR) Policy as required under Section 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, to oversee the CSR activities initiated by the Company. The CSR Committee has adopted a CSR Policy in accordance with the provisions of

Section 135 of the Companies Act, 2013 and rules made thereunder. The details of the CSR initiatives undertaken by the Company during the FY 2022-23 in the prescribed format are annexed as **Annexure-IV**.

### 30. RISK MANAGEMENT

Pursuant to provisions of Section 134(3)(n) of the Companies Act, 2013 and Regulation 17(9) & 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted the Risk Management Committee and laid down a framework to inform the Board about the particulars of Risks Identification, Assessment and Minimization Procedures. In the opinion of the Board, there is no such risk, which may threaten the existence of the Company.

During the year, such controls were tested and no material discrepancy or weakness in the Company's internal controls over financial reporting was observed.

### 31. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in **Annexure II** to this Report.

### 32. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Board, based on the recommendation of the Nomination and Remuneration Committee, has framed a policy for the selection and appointment of Directors and Senior Management Personnel and their remuneration. The Company's policy relating to the Directors appointment, payment of remuneration and discharge of their duties is available on the website of the Company at <https://phantomfx.com>

### 33. PARTICULARS OF EMPLOYEES

Employee relations continued to be cordial during the year under review. The Company continued its thrust on Human Resources Development

Disclosures required under the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014, as amended, containing, inter-alia, the ratio of remuneration of Directors to median remuneration of employees, percentage increase in the median remuneration, are annexed to this Report as Annexure-V. The details of employee who have received remuneration exceeding the limit as stated in Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure-V**.

A statement containing the particulars of the top ten employees and the employees drawing remuneration in excess of limits prescribed under Section 197(12) of the Act, read with Rules 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is an annexure forming part of this Report. In terms of the proviso to Section 136(1) of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid annexure. The said statement is kept open for inspection during working hours at the Registered Office of the Company. Any member who is interested in obtaining these, may write to the Company Secretary at the Registered Office of the Company.

### 34. PARTICULARS OF HOLDING, SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE

Your Company does not have any Holding, Subsidiary, Joint venture or Associate Company as on March 31, 2023. During the Financial Year under review, there are no companies which has become or ceased to be Subsidiary, Joint Venture/ Associate Companies.

However, as part of the expansion of the business of the company to overseas market, your company has incorporated a wholly owned subsidiary viz Phantomfx Studios Limited on June 23, 2023 in United Kingdom (UK). The Company is yet to start its operations.

### 35. RECEIPT OF REMUNERATION OR COMMISSION BY THE MANAGING / WHOLE TIME DIRECTOR FROM ITS HOLDING OR SUBSIDIARY COMPANY

The Company does not have any Holding or Subsidiaries Company as on 31<sup>st</sup> March 2023. Hence reporting under this clause is not required to be provided

### 36. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (BRSR):

The Business Responsibility and Sustainability Report pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Company for the financial year ended on 31<sup>st</sup> March, 2023.

### 37. CORPORATE GOVERNANCE

The Equity Shares of the Company are listed on the SME platform (NSE-emerge) of NSE Limited. Pursuant to Regulation 15(2) SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the compliance with the Corporate Governance provision as specified in Regulation 17 to 27 and clause (b) to (i) of sub regulations (2) of regulation 46 and par as C, D and E of Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 shall not apply. The Company voluntarily adopted various practices of governance conforming to highest ethical and responsible standards of business and is committed to focus on long term value creation for its shareholders. The Corporate Governance practices followed by the Company is included as part of this Report.

### 38. COMMITTEES OF THE BOARD

As on March 31, 2023, the company has five Board level committees:

- A) Audit Committee
- B) Nomination and Remuneration Committee
- C) Stakeholders Relationship Committee
- D) Corporate Social Responsibility Committee
- E) Risk Management Committee

The composition of various Committees of the Board of Directors is available on the website of the Company. The Board is responsible for constituting, assigning, co-opting and fixing the terms of reference of various committees. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance are provided below.

#### A. AUDIT COMMITTEE

The Audit Committee was constituted vide Board resolution dated August 18, 2022 pursuant to Section 177 of the Companies Act, 2013. During the Financial Year 2022-23, the

Company held 03 (Three) Audit Committee meetings, viz 20<sup>th</sup> August, 2022, 12<sup>th</sup> November, 2022 and 13<sup>th</sup> February, 2023.

The composition of the Committee as on March 31, 2023 and the details of meetings attended by its members during the financial year 2022-23 are given below:

S. No.	DIRECTOR	POST HELD	NO. OF MEETING ENTITLED	NO. OF MEETING ATTENDED
1	Mr. Manjit Singh Parmar	Chairman	03	03
2	Mr. Tom Antony	Member	03	03
3	Mr. Binu Joshua S*	Member	03	03
4	Mr. Suryaraj Kumar*	Member	0	0

\*Reconstitution of Audit Committee took place on 13<sup>th</sup> February, 2023 by appointing Mr. Suryaraj Kumar in the place of Mr. Binu Joshua S

All recommendations of Audit Committee during the year under review were accepted by the Board of Directors. The Company Secretary act as the secretary of the Committee. The role and terms of reference of the Committee are in consonance with the requirements mandated under Section 177 of the Companies Act, 2013 and Listing Regulations and is available on the website of the Company at <https://phantomfx.com>

## B. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was constituted at a meeting of the Board of Directors held on August 18, 2022. During the Financial Year 2022-23, the Company held 02 (Two) Nomination and Remuneration Committee meetings, viz 20<sup>th</sup> August, 2022 and 13<sup>th</sup> February, 2023.

The composition of the Committee and the details of meetings attended by its members are given below:

S. No.	DIRECTOR	POST HELD	NO. OF MEETING ENTITLED	NO. OF MEETING ATTENDED
1	Mr. Tom Antony	Chairman	02	02
2	Mr. Manjit Singh Parmar	Member	02	02
3	Mr. P V Jeemon**	Member	02	02
4	Mr. Suryaraj Kumar**	Member	0	0

\*\* Reconstitution of Audit Committee took place on 13<sup>th</sup> February, 2023 by appointing Mr. Suryaraj Kumar in the place of Mr. P V Jeemon.

The Company Secretary act as the secretary of the Committee. The role and terms of reference of the Committee are in consonance with the requirements mandated under Section 178 of the Companies Act, 2013 and Listing Regulations and is available on the website of the Company at <https://phantomfx.com>

## C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee has been formed by the Board of Directors, at the meeting held on August 18, 2022. During the Financial Year 2022-23, the Company held 02 (Two) Stakeholders' Relationship Committee meetings, viz 20<sup>th</sup> August, 2022 and 24<sup>th</sup> March, 2023.

The composition of the Committee and the details of meetings attended by its members are given below:

S. No.	DIRECTOR	POST HELD	NO. OF MEETING ENTITLED	NO. OF MEETING ATTENDED
1	Mr. Tom Antony	Chairman	02	02
2	Mr. Manjit Singh Parmar	Member	02	02
3	Mrs. Syntia Moses Darry	Member	02	02

The Company Secretary act as the secretary of the Committee. The role and terms of reference of the Committee are in consonance with the requirements mandated under Section 178 of the Companies Act, 2013 and Listing Regulations and is available on the website of the Company at <https://phantomfx.com>

## D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee has been formed by the Board of Directors, at the meeting held on August 18, 2022, in compliance with Section 135 of the Companies Act 2013. During the Financial Year 2022-23, the Company held 02 (Two) Corporate Social Responsibility Committee meetings, viz 20<sup>th</sup> August, 2022 and 13<sup>th</sup> February, 2023.

The composition of the Committee and the details of meetings attended by its members are given below:

S. No.	DIRECTOR	POST HELD	NO. OF MEETING ENTITLED	NO. OF MEETING ATTENDED
1	Mr. Tom Antony	Chairman	02	02
2	Mr. Manjit Singh Parmar	Member	02	02
3	Mrs. Syntia Moses Darry	Member	02	02

The Company Secretary act as the secretary of the Committee. The role and terms of reference of the Committee are in consonance with the requirements mandated under Section 135 of the Companies Act, 2013 and Listing Regulations and is available on the website of the Company at <https://phantomfx.com>

## E. RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been formed by the Board of Directors, at the meeting held on August 18, 2022. During the Financial Year 2022-23, the Company held 01 (One) Risk Management Committee meetings, viz 20<sup>th</sup> August, 2022.

The composition of the Committee and the details of meeting attended by its members are given below:

S. No.	DIRECTOR	POST HELD	NO. OF MEETING ENTITLED	NO. OF MEETING ATTENDED
1	Mr. Tom Antony	Chairman	01	01
2	Mr. Binu Joshua S	Member	01	01
3	Mr. S Ravindran	Member	01	01

The Company Secretary act as the secretary of the Committee. The terms of reference of the RMC include review and assessment of the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof. The Risk Management policy of the Company is available on the website of the Company at [https://phantomfx.com/Phantomfxcms/InvestorUpfile/P13\\_RiskManagementPolicy.pdf](https://phantomfx.com/Phantomfxcms/InvestorUpfile/P13_RiskManagementPolicy.pdf)

**Note:** The IPO Committee constituted by the Board, at its meeting held on August 18, 2022 was dissolved, upon listing of company's shares as there was no scope to continue with it. During the Financial Year 2022-23, the Company held 01 (One) IPO Committee meetings, viz 25<sup>th</sup> August, 2022.

### 39. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors have confirmed that they meet the criteria of independence laid down under Section 149(6) read with Schedule IV of the Act and Regulation 16(1)(b) of the Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. The board of directors have taken on record the declaration and confirmation submitted by the independent directors after undertaking due assessment of the veracity of the same and is of the opinion that they fulfil the conditions specified in the Act and the Listing Regulations and that they are independent of the management.

### 40. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter along with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. The Company endeavors, through presentations at regular intervals to familiarize the Independent Directors with the strategy, operations and functioning of the Company.

The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at <https://phantomfx.com>

### 41. TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company <https://phantomfx.com>

### 42. SEPARATE MEETING OF INDEPENDENT DIRECTORS

Independent Directors of the Company met separately on March 24, 2023 without the presence of Non-Independent Directors and members of Management. In accordance with the Listing Regulations, read with Section 149 (8) and Schedule-IV of the Act, following matters were, inter alia, reviewed and discussed in the meeting:

- i) Performance of Non-Independent Directors and the Board of Directors as a whole;
- ii) Performance of the Chairman of the Company taking into consideration the views of Executive and Non-Executive Directors;
- iii) Assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties

All the Independent Directors were present at the meeting.

### 43. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS INCLUDING INDEPENDENT DIRECTORS

Pursuant to applicable provisions of the Act and the Listing Regulations, the Board, in consultation with its Nomination and Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual directors, including Independent Directors. The framework is monitored, reviewed and updated by the Board, in consultation with the

Nomination and Remuneration Committee, based on need and new compliance requirements.

#### 44. VIGIL MECHANISM AND WHISTLE-BLOWER POLICY

The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy in accordance with the provisions of Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 7 of the Companies (Meeting of the Board and its Power) Rules 2014. The policy enables directors, employees and business associates to report unethical behavior, malpractices, wrongful conduct, fraud, violation of Company's code of conduct, leak or suspected leak of unpublished price sensitive information without fear of reprisal for appropriate action. Under the vigil mechanism, all directors, employees, business associates have direct access to the Chairman of the Audit committee. The whistle blower policy can be accessed at [https://phantomfx.com/Phantomfxcms/InvestorUpfile/P9\\_WhistleBlowerPolicy.pdf](https://phantomfx.com/Phantomfxcms/InvestorUpfile/P9_WhistleBlowerPolicy.pdf)

#### 45. CODE FOR PREVENTION OF INSIDER-TRADING

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has in place the following:-

- Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI).
- Policy for determination of "legitimate purposes" forms part of this Code.
- Policy and procedures for inquiry in case of leak of UPSI/ suspected leak of UPSI

All compliances relating to Code of Conduct for Prevention of Insider Trading which includes maintenance of structural digital data base (SDD) are being managed through a software installed by the Company in-house including maintenance structural digital data base (SDD). This code lays down guidelines advising the designated employees and other connected persons, on procedures to be followed and disclosures to be made by them while dealing with the shares of the company, and while handling any unpublished price sensitive information.

#### 46. CODE OF CONDUCT

Commitment to ethical professional conduct is a must for every employee, including Board members and senior management personnel of the company. The duties of Directors including duties as an Independent Director as laid down in

the Act also forms part of the Code of Conduct. The Code of Conduct is available on the website of the Company <http://www.phantom-fx.com>. All Board members and senior management personnel affirm compliance with the Code of Conduct annually. A declaration signed by the Chairman and Managing Director to this effect is annexed as **Annexure-I** to this report.

#### 47. POLICIES OF THE COMPANY

The Company is committed to a good corporate governance and has consistently maintained its organizational culture as a remarkable confluence of high standards of professionalism and building shareholder equity with principles of fairness, integrity and ethics. The Board of Directors of the Company have from time to time framed and approved various Policies as required by the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations. These Policies and Codes are reviewed by the Board and are updated, if required. The aforesaid policies can be accessed at <https://phantomfx.com>

#### 48. REGISTRAR AND TRANSFER AGENT (RTA)

During the year as part of listing, the Company appointed Purva Share Registry (India) Private Limited as its RTA. As required under Regulation 7(3) of the Listing Regulations, the Company files, on annual basis, certificate issued by RTA and compliance officer of the Company certifying that all activities in relation to share transfer facility are maintained by RTA registered with SEBI. Details of the RTA are given below

##### **Purva Share Registry (India) Private Limited**

CIN: U67120MH1993PTC074079

No 9, Shiv Shakti Industrial Estate

Mumbai - 400011, Maharashtra, India

#### 49. LISTING

At present, the equity shares of the Company are listed at the EMERGE Platform on NSE under **Stock Code- PHANTOMFX, ISIN : INE0MLZ01019**

#### 50. POSTAL BALLOT

During the year under review, no resolution was passed through postal ballot.

#### 51. SCORES

SEBI processes investor complaints in a centralized web-based complaints redressal system i.e. SCORES. Through this system a shareholder can lodge complaint against a company for his grievance. The company uploads the action taken on the



complaint which can be viewed by the shareholder. The company and shareholder can seek and provide clarifications online through SEBI.

#### 52. RECONCILIATION OF SHARE CAPITAL AUDIT

Pursuant to Regulation 76 of Securities and Exchange Board of India (Depositories Participants) Regulations, 2018 [erstwhile: vide SEBI circular No. D&CC /FIT TC/CIR-16/2002 dated December 31, 2002 read with Securities and Exchange Board of India (Depositories Participants) Regulations, 1996], a Company Secretary in Practice carries out audit of Reconciliation of Share Capital on quarterly basis to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The said report, duly signed by practicing company secretary is submitted to stock exchanges where the securities of the company are listed within 30 days of the end of each quarter and this Report is also placed before the Board of Directors of the company

#### 53. CREDIT RATING

There were no instances during the year which requires the company to obtain credit rating from any credit rating agencies.

#### 54. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

The Company has not made any application or no proceeding is pending under the Insolvency and

Bankruptcy Code, 2016 during the Financial Year and hence not being commented upon.

#### 55. THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF.

During the Financial Year under review, there has been no incident of one time settlement for loan taken from the banks of financial institutions and hence not being commented upon

#### 56. GREEN INITIATIVES

In commitment to keeping in line with the Green Initiative and going beyond it to create new green initiatives, an electronic copy of the Notice of the 7<sup>th</sup> Annual General Meeting of the Company along with a copy of the Annual Report is being sent to all Members whose email addresses are registered with the Company/ Depository Participant(s) and will be also available at the Company's website at <http://www.phantom-fx.com>

#### 57. INVESTOR GRIEVANCE REDRESSAL

During the financial year 2022-23, there were no complaints received from the investors. The designated email id for Investor complaint is [cs@phantom-fx.com](mailto:cs@phantom-fx.com)

#### 58. COMPLIANCE OFFICER DETAILS AND ADDRESS FOR CORRESPONDENCE

Ms. Pallavi Tongia, Company Secretary & Compliance Officer

**Registered Office:** 6<sup>th</sup> Floor, Tower B, Kosmo One Tech Park, Plot No.14, 3<sup>rd</sup> Main Road, Ambattur Industrial Estate, Ambattur, Chennai, 600058, Tamil Nadu, India **Phone No.** 044-43846228, **email:** [cs@phantom-fx.com](mailto:cs@phantom-fx.com)

#### 59. BUSINESS LOCATIONS

As on March 31, 2023, the company has its place of business (Studios) in the following locations

##### CHENNAI

6<sup>th</sup> Floor, Tower B  
Plot #14, 3<sup>rd</sup> Main Road  
Kosmo One Tech  
Ambattur Industrial Area  
Chennai-600 058

##### MUMBAI

7<sup>th</sup> Floor, Techniplex - I  
Techniplex Complex  
Veer Savarkar Flyover  
Goregaon (West)  
Mumbai - 400 104.

##### HYDERABAD

Office No 201, 2<sup>nd</sup> Floor  
Isprout Business Center  
Modern Profound Tech Park  
Whitefields, Kondapur  
Hyderabad -500 084



## 60. ACKNOWLEDGEMENT

The Board of Directors would like to express their sincere appreciation for the assistance and co-operation received from the government and regulatory authorities, stock exchange, financial institutions, banks, business associates, customers, vendors, members, for their co-operation and support and looks forward to their continued support in future. The Board of Directors wish to place on record its deep sense of appreciation for

the committed services by all the employees of the Company.

For and on behalf of the Board of Directors  
For **Phantom Digital Effects Limited**

Sd/-  
**Bejoy Arputharaj Sam Manohar**  
Chairman & Managing Director  
DIN: 03459098

Place: Chennai  
Date: 29/08/2023



## Annexure I to the Boards' Report

### DECLARATION BY THE CHAIRMAN & MANAGING DIRECTOR ON CODE OF CONDUCT AS REQUIRED BY SCHEDULE V TO SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

I, Bejoy Arputharaj Sam Manohar, Chairman & Managing Director of the Company hereby declare that all the Members of Board of Directors and Senior Management Personnel have affirmed compliance with Code of Conduct, as applicable to them, in respect of the Financial Year ended March 31, 2023.

By Order of the Board of Directors  
For **Phantom Digital Effects Limited**

Sd/-  
**Bejoy Arputharaj Sam Manohar**  
Chairman & Managing Director  
DIN: 03459098

Place: Chennai  
Date: 29/08/2023

## Annexure II to the Boards' Report

### Details of conservation of energy, technology absorption, foreign exchange earnings and outgo

(Pursuant to section 134(3)(m) of the Companies Act, 2013 read with  
Rule 8 of the Companies (Accounts) Rules, 2014)

The Company is taking undertaking adequate measures for conservation of energy and technology absorption.

#### (A) Conservation of energy

- (i) **Steps taken or impact on conservation of energy:** Your Company is not engaged in manufacturing activities. The Company continue to pursue and adopt appropriate energy conservation measures. The Company makes every effort to conserve energy as far as possible in its postproduction facilities, Studios, Offices, etc. The Company also takes significant measures to reduce energy consumption by using energy efficient computers and by purchasing energy efficient equipment. The Company purchases PCs, laptops, air conditioners etc. that meet environment standards, wherever possible and replace old equipment with more energy-efficient equipment.
- (ii) **Steps taken or impact on conservation of energy:** The Company continues to work towards Conservation of Energy and has been taking various measures like replacement of out dated energy intensive equipment with energy saving equipment and timely maintenance of electrical equipment etc.
- (iii) **Alternate sources of Energy:** Presently, the Company does not use any alternate source of energy. However, it is exploring the possibility of making use of renewable powers sources in order to reduce the carbon foot print as well to reduce the energy cost.
- (iv) **Capital investment on energy conservation equipment:** Company has not made any major capital investment on energy conservation equipment.

#### (B) Technology Absorption

(i) the efforts made towards technology absorption	The Company is constantly exploring the latest trends in the technology development and adopts it wherever it is feasible.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	The company has constantly engaged in bringing system improvements through in built software which has enhanced productivity.
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	The Company has no foreign collaboration and endeavours to develop indigenous technology.
(a) the details of technology imported	Not Applicable
(b) the year of import;	- Not Applicable
(c) whether the technology been fully absorbed	- Not Applicable
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	- Not Applicable
(iv) the expenditure incurred on Research and Development	Your company is yet to set up a formal R&D unit, however continuous research and development is carried out at various development centers as an integral part of the activities of the Company

(C) Foreign exchange earnings and Outgo

Particulars	(Amount in Lakhs)	
	2022-23	2021-22
Foreign Exchange Earnings	1167.8	661.78
Foreign Exchange Outgo	176.44	46.27

For and on behalf of the Board of Directors  
For **Phantom Digital Effects Limited**

Sd/-  
**Bejoy Arputharaj Sam Manohar**  
Chairman & Managing Director  
DIN: 03459098

Place: Chennai  
Date: 29/08/2023

## Annexure III to the Boards' Report

Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

To,  
The Members,  
**PHANTOM DIGITAL EFFECTS LIMITED**  
CIN: L92100TN2016PLC103929  
Registered Office :-6<sup>th</sup> Floor, Tower B, Kosmo One Tech  
Plot No.14, 3<sup>rd</sup> Main Road, Ambattur,  
Chennai, Tamilnadu 600058.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PHANTOM DIGITAL EFFECTS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') (applicable from October 21, 2022, the date of listing of equity shares on NSE EMERGE Platform) :-
  - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - d. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - e. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 – No events / actions occurred during the Audit Period coming under the purview of this regulation.
  - f. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 – No events / actions occurred during the Audit Period coming under the purview of this regulation;

- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; – No events / actions occurred during the Audit Period coming under the purview of this regulation; and
  - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; – No events / actions occurred during the Audit Period coming under the purview of this regulation;
- (vi) Other specifically applicable laws to the Company, namely
- a. The Cinematograph Act, 1952
  - b. The Cinematograph Film Rules, 1948

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (ICSI).
- (ii) The Listing Agreement entered into by the Company with National Stock Exchange of India Ltd (NSE) in respect of listing of equity shares of the company on NSE EMERGE Platform.

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the fact that certain forms/returns required to be filed under the Act has been filed belatedly with payment of applicable additional fee.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors for the meetings of the Board and Committees. Except where consent of directors was received for scheduling meeting at a shorter notice, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the directors.

Decisions at the meetings of the Board of Directors/ Committees of the Company were carried unanimously. We were informed that there were no dissenting views of the members on any of the matters during the year that were required to be captured and recorded as part of the minutes.

The circular resolutions passed by the Board of Directors of the Company were approved with requisite majority.

**I further report that** the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory auditors, tax auditors and other designated professionals

**I further report that** as per the explanations given to me, by the company, its officers and authorised representatives during the conduct of the audit and compliance certificate (s) placed before the board meeting, the representation made by the Management and relied upon by me, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

**I further report that** during the audit period, there were following specific events / actions having a major bearing on Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc.:

1. Increase in the Authorized Share capital of the company from ₹5,00,000/- (Rupees Five Lakhs Only) divided into 50,000 equity shares of face value ₹10/- each to ₹7,00,00,000/- (Rupees Seven Crores Only) divided into 70,00,000 equity shares of face value ₹10/- each as approved by the members at their Extra-ordinary General Meeting (EGM) held on 26/05/ 2022.

2. Appointment of L.U.KRISHNAN & CO (FRN:001527S) as Statutory Auditor to fill the casual vacancy created due to the resignation of M/s. Ravichandran & Thangaraj Associates, (FRN: 08028S) and to hold the office of the Statutory Auditors of the Company from the conclusion of this meeting until the conclusion of the ensuing Annual General Meeting and that they shall conduct the Statutory Audit for the period ended 31<sup>st</sup> March, 2022 as approved by the members at their EGM held on 30/06/ 2022.
3. Change in Designation and variation of Terms of Appointment of Mr.Bejoy Arputharaj (DIN:03459098) as Chairman & Managing Director with effect from 01/07/2022. Change in Designation and variation of Terms of Appointment of Mrs.Syntia Moses (DIN:03459055) as Whole-time Director with effect from 01/07/2022 and Change in Designation and variation of Terms of Appointment of Mr.Binu Joshua (DIN:03459073) as Whole-time Director with effect from 01/07/2022, as approved by the members at their EGM held on 30/06/ 2022.
4. Conversion of the Company from Private Limited Company to Public Limited Company and 3.2 Adoption of new set of Articles of Association of the Company as approved by the members of the Company at their EGM held on 21/07 2022.
5. Increase of Authorised Share Capital from ₹7,00,00,000 (Rupees Seven Crore) divided into 70,00,000 equity shares of face value ₹10/- each to ₹12,00,00,000 (Rupees Twelve Crore) divided into 1,20,00,000 equity shares of face value ₹10/- each as approved by the members at their EGM held on 08/08/ 2022.
6. Issue of 89,90,000 -Bonus Shares of ₹10/- each in the ratio of Eight Hundred and Ninety Nine (899) new fully paid-up Equity Shares of ₹10/- each for every One (01) Equity Shares of ₹10/- each by capitalisation of Reserves as approved by the members at their EGM held on 08/08/ 2022.
7. Increase in Borrowing Limits from ₹25 crores to ₹50 Crores and Creation of charges on the moveable and immoveable properties of the Company both present and future in respect of Borrowing upto ₹50 Crores, as approved by the members at their EGM held on 08/08/ 2022.
8. Variation of Terms of Appointment of Mr.Bejoy Arputharaj Sam Manohar (DIN:03459098), as Chairman and Managing Director, of Mrs.Syntia Moses Darry (DIN:03459055), as Whole-time Director, of Mr.Binu Joshua Sammanohar (DIN:03459073), as Whole-time Director and Sivasankaran Ravindran (DIN: 08009653) as Whole-time Director wef 08/08/2022 up to 07/08/2025, as approved by the members, at their EGM held on 08/08/2022.
9. Re-appointment of L.U.KRISHNAN & CO as Statutory Auditor for a term of Five (05) Years, to hold office from the conclusion of the 06<sup>th</sup> Annual General meeting (for the financial year 31.03.2022) to till the conclusion of 11<sup>th</sup> Annual General Meeting (for the financial year 31.03.2027) and Approval of initial public offering (IPO) of Equity Shares of the Company as approved by the members at their 6<sup>th</sup> Annual General Meeting (AGM) held on 25/08/2022 .
10. The IPO of 30,63,600 Equity Shares of ₹10/- each at a premium of ₹85/- per shares of the Company opened for subscription on October 12, 2022 and closed on October 14, 2022. The shares of the Company got listed on 21/10/ 2022 at Emerge Platform of the National Stock Exchange of India Limited ("NSE EMERGE").
11. Company applied for Listing Approval for 11640000 -Equity - and received Listing Approval from NSE Limited on October 20, 2022 & Trading Approval received as October 20, 2022 from NSE and shares have been listed on October 21, 2022.
12. Mr.Suryaraj Kumar (DIN:00714694), has been appointed as an Additional Director (Independent and Non-Executive Director), w.e.f 13/02/2023.

For **Rabi Narayan & Associates**  
 Company Secretary in Practice  
 Firm Regn. No. S2000TN667800  
 Sd/-

**Rabi Narayan Pal**

Proprietor  
 Membership No.F4993  
 C.P.No.3480  
 Peer Review Cert No. 1155/2021  
 UDIN Number: F004993E000887325

**Place:** Chennai

**Date:** 29/08/2023

**Note:** This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report



## Annexure A to the Secretarial Audit Report

To,  
The Members,  
**PHANTOM DIGITAL EFFECTS LIMITED**  
CIN: L92100TN2016PLC103929  
Registered Office :-6<sup>th</sup> Floor, Tower B, Kosmo One Tech  
Plot No.14, 3<sup>rd</sup> Main Road, Ambattur,  
Chennai, Tamilnadu 600058.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Rabi Narayan & Associates**  
Company Secretary in Practice  
Firm Regn. No. S2000TN667800  
Sd/-

**Rabi Narayan Pal**  
Proprietor  
Membership No.F4993  
C.P.No.3480  
Peer Review Cert No. 1155/2021  
UDIN Number: F004993E000887325

**Place:** Chennai  
**Date:** 29/08/2023

### Certificate of Non-Disqualification of Directors

**(pursuant to Regulation 34(3) read with Schedule V Para C Clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To:  
The Members  
**Phantom Digital Effects Limited**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Phantom Digital Effects Limited having CIN L92100TN2016PLC103929 and registered office at 6<sup>th</sup> Floor, Tower B, Kosmo One Tech Plot No.14, 3<sup>rd</sup> Main Road, Ambattur, Chennai-600058, Tamilnadu, India (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended 31 March, 2023, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, the Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of appointment in the Company
1	Bejoy Arputharaj Sam Manohar	03459098	02/02/2016
2	Syntia Moses Darry	03459055	02/02/2016
3	Binu Joshua Sammanohar	03459073	01/06/2022
4	Sivasankaran Ravindran	08009653	08/08/2022
5	Tom Antony	01413738	08/08/2022
6	Pullely Vargheese Jeemon	00876858	08/08/2022
7	Manjit Singh Parmar	07511020	08/08/2022
8	Suryaraj Kumar	00714694	13/02/2023

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these, based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Rabi Narayan & Associates**  
Company Secretary in Practice  
Firm Regn. No. S2000TN667800  
Sd/-

**Rabi Narayan Pal**  
Proprietor  
Membership No.F4993  
C.P.No.3480  
Peer Review Cert No. 1155/2021  
UDIN Number: F004993E000887371

**Place:** Chennai  
**Date:** 29/08/2023

## Annexure IV to the Boards' Report

### Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2022-23

- Brief outline on CSR Policy of the Company :** The Company's focus areas are education, health, Support for indigenous intergenerational sports ,water and sanitation, women empowerment, support of rehabilitation centers and disaster management. The Company's has incorporated CSR Policy making it more comprehensive and in alignment with the broad framework of Schedule VII of the Companies Act, 2013. The Company is committed to Corporate Social Responsibility and strongly believes that the business objectives of the Company must be in congruence with the legitimate development needs of the society in which it operates.

- Composition of CSR Committee**

S. No.	Name of Director	Designation	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Tom Antony, Independent Director	Chairman	02	02
2	Mr. Manjit Singh Parmar, Independent Director	Member	02	02
3	Mrs. Syntia Moses Darry	Member	02	02

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.** - <https://phantomfx.com/index.html>
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).** – Not Applicable
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

S. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2019-20	NA	NA
2	2020-21	NA	NA
3	2021-22	NA	NA

- Average net profit of the company as per section 135(5): ₹2,27,06,511
- Two percent of average net profit of the company as per section 135(5): ₹4,54,130
  - Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil
  - Amount required to be set off for the financial year, if any: Nil
  - Total CSR obligation for the financial year (7a+7b-7c): ₹4,54,130
- CSR amount spent or unspent for the financial year:  
Total Amount Spent for the Financial Year: ₹4,55,000  
Amount Unspent: Nil
  - Details of CSR amount spent against ongoing projects for the financial year: Nil

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) S. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project.		(6) Amount spent for the project (in ₹)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency	
				State	District			Name	CSR reg number
1.	Support for indigenous intergenerational sports	VII	Yes	Tamil Nadu	Chennai	1,00,000	No	Dignity Foundation	CSR00008328
2.	Purchase of Electrolyte Analyser for TLM Hospital Dayapuram, manamadurai	I	Yes	Tamil Nadu	Sivagangai	1,50,000	No	The Leprosy Mission Trust India	CSR00001796
3.	Cancer awareness program in rural areas	I	Yes	Tamil Nadu	Chennai	25,000	No	Rotary Club	CSR00222065
4.	Donation for Purchase of various Medicines	I	Yes	Tamil Nadu	Chennai	1,00,000	No	Little Drops	CSR00003749
5.	Steel Benches and Tables to Municipal High School, Ambattur	II	Yes	Tamil Nadu	Chennai	80,000	No	Ladies Circle India Trust	CSR00005330
<b>TOTAL</b>						<b>4,55,000</b>			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹4,55,000

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	4,54,130
(ii)	Total amount spent for the Financial Year	4,55,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	870
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	870

9. (a) Details of Unspent CSR amount for the preceding three financial years: Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

**For Phantom Digital Effects Limited**

Sd/-

**Bejoy Arputharaj Sam Manohar**

Managing Director

DIN: 03459098

Sd/-

**Tom Antony**

Chairman – CSR Committee

DIN: 01413738

Place: Chennai  
Date: 29/08/2023

## Annexure V to the Boards' Report

### PARTICULARS OF EMPLOYEES

[Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1), Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2023

- (A) 1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2022-23 and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary during the Financial Year

(Amount in ₹ Lakhs)

Sr. No.	Name of Directors / Key Managerial Personnel	Designation	Remuneration	Ratio of remuneration to Median remuneration	% increase in the remuneration
<b>DIRECTORS</b>					
1	BEJOY ARPUTHARAJ SAM MANOHAR	Chairman & Managing Director	117.00	48.55	312.70
2	SYNTIA MOSES DARRY	Whole Time Director	52.50	21.78	114.29
3	BINU JOSHUA SAMMANOHAR <sup>(#)</sup>	Whole Time Director	78.30	32.49	244.93
4	SIVASANKARAN RAVINDRAN (#)	Whole Time Director	49.89	20.70	247.83

<sup>(#)</sup> Binu Joshua & Ravindran were employed for the Full Financial Year but their appointment as Directors commenced wef 01-07-2022. Further the remuneration received for the Financial Year 2022-23 was considered for the above calculation

#### Key Managerial Personnel

(Amount in ₹ Lakhs)

Sr. No.	Name of Directors/ Key Managerial Personnel	Designation	Remuneration	Ratio of remuneration to Median remuneration	% increase in the remuneration
<b>DIRECTORS</b>					
5	RAJINIKANTH(*)	Chief Financial Officer	11.70	NA	NA
6	PALLAVI TONGIA(*)	Company Secretary	3.15	NA	NA

(\*) Appointed during the financial year 2022-23

**Note 1:** Non-Executive Directors are paid remuneration only by way of sitting fees. The remuneration package of the above Directors was approved by the Board of Directors and which were also approved by the Members of the Company at the General Meeting. For the Computation of median remuneration of the employees of the Company for the Financial Year 2022-23, Gross Salary paid to each employee is taken into consideration.

**Note 2:** The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors of the Company other than payment of the sitting fees for attending meetings. During FY 2022-23, the Company did not advance any loan to any of its Directors. Further, no loans and advances in the nature of loans to firms/companies in which directors are interested was given by the Company and its subsidiaries.

**Note 3:** Remuneration of the executive directors consists of a salary and other benefits. The Nomination and Remuneration Committee makes annual appraisal of the performance of the Executive Directors based on a detailed performance evaluation, and recommends the compensation payable to them, within the parameters approved by the shareholders, to the Board for their approval.

**2. The percentage increase in the median remuneration of employees in the Financial Year:**

There is (-)28.41% increase in the median remuneration of employees in the Financial Year 2022-23.

The median remuneration of FY 23 was down to ₹ 241,084/- (437 employees) from ₹ 336,750/- (218 employees) in FY 22

**3. The number of permanent employees on the rolls of Company:** The number of permanent employees on the rolls of Company as on March 31, 2023 was 437

**4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

There have been 34% increase in the salaries of the employees other than the managerial personnel as compared to last year

**5. The key parameters for any variable component of remuneration availed by the directors; -**

Not Applicable

**Explanation:** For the purposes of this rule.-

(i) the expression "median" means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one;

(ii) if there is an even number of observations, the median shall be the average of the two middle values.

**6. Affirmation that the remuneration is as per the Remuneration Policy of the Company:**

It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

**(B) Employees employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees:**

Sr. No.	Particulars	(A) Employed throughout the financial year	(B) Employed for part of the financial year
1.	Name	BEJOY ARPUTHARAJ SAM MANOHAR	-
2.	Age	40 years	-
3.	Designation	Chairman & Managing Director	-
4.	Nature of Employment (Contractual or otherwise)	Appointed for a fixed term	-
5.	Gross Remuneration	₹117.00 Lakhs	-
6.	Qualification	Bachelor in Computer Applications	-
7.	Experience (Years)	20 years	-
8.	Date of commencement of Employment	02/02/2016	-
9.	Previous Employment held	Prime Focus Ltd	-
10.	No. of Shares held in the Company as On 31 <sup>st</sup> March, 2023	61,54,200 Shares	-

**Notes**

- Gross Remuneration comprises salary allowances Company's contribution to provident fund and taxable value of perquisites.
- Mr. Bejoy Arputharaj Sam Manohar**, Mrs. Syntia Moses Darry and Mr. Binu Joshua Sammanohar are related to each other.

**(C) Employees employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month:**

There was no employees employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month.

**(D) Employees employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company:**

There was no employee employed throughout the financial year or part thereof, who was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

**(E) Employees posted and working in a country outside India, not being directors or their relatives, drawing more than sixty lakh rupees per financial year or five lakh rupees per month:**

There are no employees who are posted outside India and in receipt of a remuneration of ₹60.00 lakh or more per annum or ₹5.00 lakh or more a month.

For and on behalf of the Board of Directors  
For **Phantom Digital Effects Limited**

Sd/-

**Bejoy Arputharaj Sam Manohar**

Chairman & Managing Director

DIN: 03459098

Place: Chennai

Date: 29/08/2023

# INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Phantom Digital Effects Limited.,**  
(Formerly known as Phantom Digital Effects Private Limited)

## Report on the Audit of the Financial Statements

### Opinion

1. We have audited the accompanying financial statements of Phantom Digital Effects Ltd (the "Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2023, the Statement of Profit and Loss, and the Statement of cashflows for the period then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements for the period ended 31<sup>st</sup> March, 2023 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31<sup>st</sup> March, 2023, and profit, and its cash flows for the period ended on that date.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under

### Key Audit Matter

The company derives its revenues primarily from Sale of Visual effects (VFX) Service contracts. Product revenues are recognised when the soft copy of the file is made or given to the client. Revenue from VFX and service contracts received in advance are recognized in the month of raising the invoice and the remaining part recognized over a period of months thereafter. Sales are shown net of sales returns, if any.

section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### How the matter was addressed in our audit

In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient audit evidence:

1. Assessed the appropriateness of the revenue recognition, accounting policies, with the applicable accounting standards.
2. We have verified the contract with customers made in this regard and revenues accounted under proportionate Completion method.



### Information Other than the Financial Statements and Auditor's Report Thereon

5. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Board Report including Annexures but does not include the financial statements and our auditor's report thereon.
6. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
8. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. The above information is not available to us as on the date of our report.

### Management's Responsibility for the Financial Statements:

9. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
11. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements:

12. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
14. Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
15. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Report on Other Legal and Regulatory Requirements:

17. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in "Annexure - A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
18. As required by Section 143(3) of the Act, we report that:
- i. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - iii. The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - iv. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Rule 7 of Companies (Accounts) Rules, 2014, as amended.
  - v. On the basis of the written representation received from the directors as on March 31, 2023 taken on records by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a Directors in terms of Section 164(2) of the Act.
  - vi. Reporting with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
  - vii. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us,



the remuneration paid by the Company to its directors during the period is in accordance with the provisions of section 197 of the Act.

viii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has no pending litigations to be disclosed on its Financial Position in its financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether,

directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

V. The Company did not declare or paid any dividend during the period.

Place: Chennai  
Date: 22-05-2023

**For L U Krishnan & Co.**  
Chartered Accountants  
Firm's Registration No: 001527S

**P K Manoj**  
Partner  
Membership No:207550  
UDIN:23207550BGWMGH2669

## Annexure - A to the Independent Auditor's Report

**(Referred to in paragraph 17 under 'Report on Other Legal and Regulatory Requirements' section of our report)**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the period ended 31 March, 2023 we report that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - (a) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - B. The Company has maintained proper records showing full particulars of intangible assets.
  - (b) According to the information and explanation given to us, the company has a regular programme of periodical physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified every period. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company do not have any Immovable Property.
  - (d) The Company has not revalued any of its Property, Plant and Equipment during the financial year.
  - (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii. (a) The activities of the Company do not involve purchase of inventory and sale of goods during the period and accordingly Clause (ii) of the paragraph 3 of the Order is not applicable to the Company for the period.
  - (b) The Company has been sanctioned working capital limit in excess of ₹5 Crores, in aggregate, from banks or financial institutions on the basis of security of current assets. The quarterly returns or statements filed by the Company with such banks or financial institutions are generally in agreement with the books of account of the Company and no material discrepancies observed.
- iii. In respect of investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to any company, firm, LLP, or other parties,
  - (a) The Company has not made investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to any company, firm, LLP, or other parties during the period, and hence reporting under clause 3(iii)(a) to (f) of the Order is not applicable
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable
- v. According to the information and explanations given to us, the Company has not accepted deposits and does not have any unclaimed deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of the clause 3 (v) of the Order are not applicable.
- vi. Company does not come under the maintenance of cost records as prescribed by the Central Government under section 148(1) of the Act. Hence reporting clause (vi) of the order is not applicable to Company.
- vii. In respect of statutory dues:
  - (a) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities the undisputed statutory dues including income tax, sales tax, service tax, value added tax, goods and service

- tax, duty of customs, duty of excise, cess and other statutory dues applicable to it and there are no arrears of outstanding statutory dues as at 31<sup>st</sup> March, 2023 for a period of more than six months and no material discrepancies observed.
- (b) According to the information and explanations given to us, there were no dues in respect of income tax, sales tax, service tax, value added tax, goods and service tax, duty of custom, duty of excise, cess and other statutory dues which have not been deposited on account of any dispute.
- viii. According to the information and explanation given to us and on the basis of our examination of the records, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961. Accordingly, paragraph 3 (viii) of the Order is not applicable.
- ix. In respect of loans and other borrowings:
- (a) The Company has not defaulted in repayments of loans or other borrowings or in the payment of interest thereon from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
- (b) The Company has not been declared a wilful defaulter by any bank or financial institution or any other lender.
- (c) The Company has taken term loan and the same were applied for the purpose for which the loan were obtained.
- (d) On examination of the financial statements of the Company, Company has not raised any funds on short term basis which has been used for long-term purposes hence reporting under clause 3(ix)(d) of the Order is not applicable.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of hence reporting on clause 3(ix)(e) of the Order is not applicable.
- (f) The Company has not raised any loans on the pledge of securities held in its subsidiaries, associate companies during the period and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. In respect of public offer:
- (a) The Company raised money by way of small and medium enterprises (SME) initial public offer during the year were applied for the purposes for which those are raised.
- (b) During the period, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) under section 42 and section 62 of the Companies Act Accordingly, reporting of the purpose for which amount raised under clause 3 (x)(b) of the Order is not applicable.
- xi. In respect of Fraud:
- (a) According to the information and explanations given to us, during the period Company has not noticed any fraud by the Company or on the Company.
- (b) No reportable fraud has been committed by the Company hence Form ADT-4 has not been filed by the auditors as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) During the period Company has not received any whistle-blower complaints to be considered by the auditors.
- xii. Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. All transactions entered by the Company with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been properly disclosed in the financial statements as required by the applicable accounting standards.
- xiv. In respect of internal audit system:
- (a) Our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have not considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order for reporting the provisions of section 192 of the Companies Act is not applicable.
- xvi. Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) (a), & (b) of the Order is not applicable and Company is not a Core Investment Company and there is no core investment company within the group. Accordingly, paragraph 3(xvi) (c) & (d) of the Order is not applicable.
- xvii. The Company has not incurred any cash loss during the financial period covered by our audit and immediately preceding financial period.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one period from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one period from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us and on the basis of our examination of the records, there are no amounts unspent in respect of corporate social responsibility towards ongoing or other than ongoing projects and hence reporting under clause 3(xx) (a) and (b) of the Order is not applicable to the Company.
- xxi. Company do not have any subsidiaries or associates' companies to prepare Consolidated Financial Statement. Accordingly, reporting under Paragraph 3(xxi) of the order is not applicable for the period.

Place: Chennai  
Date: 22-05-2023

**For L U Krishnan & Co.**  
Chartered Accountants  
Firm's Registration No: 001527S

**P K Manoj**  
Partner  
Membership No:207550  
UDIN:23207550BGWMGH2669



## Annexure - B to the Independent Auditor's Report

(Referred to in paragraph 14(f) under 'Report on Other Legal and Regulatory Requirements' section of our report)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Phantom Digital Effects Ltd (the "Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their

operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial

reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company

has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **For L U Krishnan & Co.**

Chartered Accountants

Firm's Registration No: 001527S

#### **P K Manoj**

Partner

Membership No:207550

UDIN:23207550BGWMGH2669

Place: Chennai

Date: 22-05-2023

# Balance Sheet

as at March 31, 2023

(Amount in ₹ Lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	1	1,164.00	1.00
(b) Reserves and Surplus	2	3,256.92	524.65
(c) Money received against share warrants			
<b>2 SHARE APPLICATION MONEY PENDING ALLOTMENT</b>			
<b>3 NON-CURRENT LIABILITIES</b>			
(a) Long-Term Borrowings	3	155.02	76.66
(b) Deferred Tax Liabilities (Net)	4	6.97	-
(c) Other Long-Term Liabilities			
(d) Long-Term Provisions	5	52.98	52.62
<b>4 CURRENT LIABILITIES</b>			
(a) Short-Term Borrowings	6	574.08	191.41
(b) Trade Payables	7		
(A) Total outstanding dues of micro enterprises and small enterprises and			
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		173.48	74.51
(c) Other Current Liabilities	8	394.18	392.95
(d) Short-Term Provisions	9	531.31	191.72
<b>TOTAL</b>		<b>6,308.93</b>	<b>1,505.52</b>
<b>II. ASSETS</b>			
<b>1 NON-CURRENT ASSETS</b>			
(a) Property, Plant & Equipment and Intangible Assets			
(i) Property, Plant & Equipment	10	966.57	70.63
(ii) Intangible Assets	11	73.43	2.52
(iii) Capital Work-in-Progress			
(iv) Intangible Assets under development			
(b) Non-Current Investments			
(c) Deferred Tax Assets (Net)	12	-	25.56
(d) Long-Term Loans & Advances			
(e) Other Non-Current Assets	13	257.99	78.15
<b>2 CURRENT ASSETS</b>			
(a) Current Investments			
(b) Inventories	14	744.06	549.92
(c) Trade Receivables	15	1,574.11	389.25
(d) Cash & Bank Balances	16	405.87	167.45
(e) Short-Term Loans and Advances	17	15.84	16.26
(f) Other Current Assets	18	2,271.06	205.78
<b>TOTAL</b>		<b>6,308.93</b>	<b>1,505.52</b>
Company overview & Significant Accounting Policies	26		
Other notes to accounts	27		

The accompanying notes 1 to 27 form an integral part of the financial statements

As per our report of even date attached

**For L.U.KRISHNAN & CO**

Chartered Accountants

Firm's Registration.No: 001527S

**P K MANOJ**

Partner

Membership Number: 207550

UDIN: 23207550BGWGMGH2669

Place: Chennai

Date: May 22, 2023

For and on behalf of the Board of Directors of

**PHANTOM DIGITAL EFFECTS LIMITED**

**BEJOY ARPUTHARAJ**

Director

DIN: 03459098

**RAJINIKANTH E S**

Chief Financial officer

**SYNTIA MOSES DARRY**

Director

DIN: 03459055

**PALLAVI TONGIA**

Company Secretary

Membership Number:

A66438

Place: Chennai

Date: May 22, 2023

## Statement of Profit and Loss

for the year ended March 31, 2023

(Amount in ₹ Lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I Revenue From Operations	19	5,789.43	2,233.27
II Other Income	20	84.43	3.33
<b>III Total Income (I+II)</b>		<b>5,873.86</b>	<b>2,236.60</b>
<b>IV Expenses</b>			
Cost of Materials Consumed			
Purchases of Stock-in-Trade			
Changes in Inventories of Finished Goods			
Changes in Inventories of Work-in-Progress	21	(194.14)	(119.92)
Changes in Inventories of Stock-in-Trade			
Employee Benefits Expense	22	2,519.60	1,148.70
Other Direct Expenses	23	926.87	400.88
Finance Costs	24	54.89	66.21
Depreciation & Amortisation Expenses	10 & 11	115.41	28.56
Other Expenses	25	273.64	57.07
<b>Total Expenses (IV)</b>		<b>3,696.28</b>	<b>1,581.49</b>
<b>V Profit Before Exceptional and Extraordinary Items and Tax (III-IV)</b>		<b>2,177.58</b>	<b>655.11</b>
VI Exceptional Items		-	-
<b>VII Profit before extraordinary items and tax (V-VI)</b>		<b>2,177.58</b>	<b>655.11</b>
VIII Extraordinary items		-	-
<b>IX Profit before tax (VII-VIII)</b>		<b>2,177.58</b>	<b>655.11</b>
<b>X Tax Expense:</b>			
(1) Current Tax		525.40	168.15
(2) Deferred Tax		32.62	(3.37)
(3) MAT Credit Entitlement		-	-
<b>Total Tax Expenses</b>		<b>558.02</b>	<b>164.78</b>
<b>XI Profit/(Loss) for the period from continuing operations (IX-X)</b>		<b>1,619.56</b>	<b>490.33</b>
<b>XII Profit/(Loss) for the period from discontinuing operations</b>		-	-
XIII Tax expenses of discontinuing operations		-	-
<b>XIV Profit/(Loss) for the period from discontinuing operations (after tax) (XII-XIII)</b>		-	-
<b>XV Profit/(Loss) For The Period (XI+XIV)</b>		<b>1,619.56</b>	<b>490.33</b>
<b>XVI Earnings per equity share before and after extraordinary items: (In ₹)</b>			
(1) Basic		15.97	5.44
(2) Diluted			
Company overview, Significant Accounting Policies & Other notes on accounts	26 & 27		

The accompanying notes 1 to 27 form an integral part of the financial statements

As per our report of even date attached

**For L.U.KRISHNAN & CO**

Chartered Accountants

Firm's Registration.No: 001527S

For and on behalf of the Board of Directors of

**PHANTOM DIGITAL EFFECTS LIMITED**

**BEJOY ARPUTHARAJ**

Director

DIN: 03459098

**SYNTIA MOSES DARRY**

Director

DIN: 03459055

**P K MANOJ**

Partner

Membership Number: 207550

UDIN: 23207550BGWGMGH2669

**RAJINIKANTH E S**

Chief Financial officer

**PALLAVI TONGIA**

Company Secretary  
Membership Number:  
A66438

Place: Chennai

Date: May 22, 2023

Place: Chennai

Date: May 22, 2023

## Statement of Cash Flow

for the year ended March 31, 2023

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax	2,177.58	655.11
<b>Adjustments for:</b>		
Depreciation	115.41	28.56
Gain/Loss on Sale of Fixed Asset	(1.77)	-
Interest Expenses	54.89	66.21
Interest Income	(17.44)	-
<b>Operating Profit before working capital changes:</b>	<b>2,328.68</b>	<b>749.87</b>
<b>Adjustments for changes in working capital:</b>		
Increase/Decrease in Trade Receivables	(1,184.86)	(379.31)
Increase/Decrease in Short Term Loans & Advances	0.42	63.98
Increase/Decrease in Long term Provisions	0.36	11.86
Increase/Decrease in Inventory-WIP	(194.14)	(119.92)
Increase/Decrease in Other Current assets	(1,865.28)	(168.78)
Increase/Decrease in Other Non Current assets	(179.84)	(48.42)
Increase/Decrease in Short-Term Borrowings	382.67	(25.72)
Increase/Decrease in Short-Term Provisions	(185.81)	183.60
Increase/Decrease in Trade and Other payables	98.97	(21.97)
Increase/Decrease in Other Current Liabilities	1.23	226.93
<b>Cash generated from operations</b>	<b>(797.60)</b>	<b>472.12</b>
Income Taxes paid	200.00	168.15
<b>Cash flow before extraordinary item</b>	<b>(997.60)</b>	<b>303.98</b>
Extraordinary items relating to Operating Activity	-	-
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>(997.60)</b>	<b>303.98</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	17.44	-
Fixed assets purchased including Intangible Assets	(1,085.96)	(29.71)
Proceeds from sale of Scrap Furnitures	5.86	-
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(1,062.66)</b>	<b>(29.71)</b>

## Statement of Cash Flow

for the year ended March 31, 2023

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(54.89)	(66.21)
Proceeds from issue of equity shares	2,508.00	-
Increase/(Decrease) in Long-Term Borrowings	78.36	(91.46)
IPO Expenses	(232.29)	-
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>2,299.18</b>	<b>(157.67)</b>
<b>Effect of Exchange Difference</b>		
Exchange difference on Realized (Loss)/Gain	-	-
<b>D NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)</b>	<b>238.92</b>	<b>116.60</b>
Opening Cash and Cash Equivalents	167.45	50.85
<b>CLOSING CASH AND CASH EQUIVALENT- (Refer Note No.27 in Other Notes to Accounts)</b>	<b>405.87</b>	<b>167.45</b>

Significant Accounting Policies & Other Notes on accounts 26 & 27

The accompanying notes 1 to 27 form an integral part of the financial statements

As per our report of even date attached

**For L.U.KRISHNAN & CO**

Chartered Accountants

Firm's Registration.No: 001527S

**P K MANOJ**

Partner

Membership Number: 207550

UDIN: 23207550BGWGMGH2669

Place: Chennai

Date: May 22, 2023

For and on behalf of the Board of Directors of

**PHANTOM DIGITAL EFFECTS LIMITED**

**BEJOY ARPUTHARAJ**

Director

DIN: 03459098

**RAJINIKANTH E S**

Chief Financial officer

**SYNTIA MOSES DARRY**

Director

DIN: 03459055

**PALLAVI TONGIA**

Company Secretary

Membership Number:

A66438

Place: Chennai

Date: May 22, 2023

## Notes to Financial Statements

As at March 31, 2023

### Note: 1 Share Capital

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount	Number	Amount
a) Number and amount of equity shares authorised	12,000,000	1,200.00	50,000	5.00
b) (i) Number and amount of equity shares Issued, Subscribed and Paid-Up	11,640,000	1,164.00	10,000	1.00
(ii) Number and amount of equity shares Subscribed but not fully Paid-Up	-	-	-	-
<b>Total of b (i) and (ii)</b>	<b>11,640,000</b>	<b>1,164.00</b>	<b>10,000</b>	<b>1.00</b>
c) Par value per Equity share (in ₹ each)		<b>10.00</b>		<b>10.00</b>

d) Reconciliation of Number of Equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2023	As at March 31, 2022
Shares outstanding at the beginning of the year	10,000	10,000
Shares issued during the year (Refer Notes to accounts number 3)	11,630,000	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	11,640,000	10,000

e) The rights, preferences and restrictions attaching to each class of shares:

The Company has only one class of shares and all shareholder have equal rights and there are no restriction and preferences attached to any shareholders including the right to receive dividend and repayment of Capital.

f) The company does not have any Holding company and Subsidiary company

g) Details of shareholders holding more than 5% of shares:

Name of the Shareholder	As at 31-Mar-2023		As at 31-Mar-2022	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
BEJOY ARPUTHARAJ	6,154,200	52.87%	6,854	68.54%
RAJASTHAN GLOBAL SECURITIES PVT LTD	1,150,800	9.89%	1,000	10.00%
SYNTIA MOSES DARRY	836,400	7.19%	1,400	14.00%

h) The Company hasn't reserved any share for issue under options and contracts or commitments for the sale of shares or disinvestment as on the reporting date.

i) Shares information related to immediately preceding five years from reporting date:

Number & class of Share allotted as fully paid up pursuant to contract(s) without payment being received in cash : NIL

Aggregate number and class of shares allotted as fully paid up bonus shares : During the year the company has issued 89,90,000 bonus shares in the ratio of 899 equity shares for every one share held.

Aggregate number and class of shares brought back : NIL

## Notes to Financial Statements

As at March 31, 2023

- j) The company hasn't issued any convertible securities as on reporting date.
- k) The company doesn't have any unpaid calls as on reporting date.
- l) The Company has not forfeited any shares during the reporting period

### m) Shareholding of Promoters

#### Equity Shares held by promoters as at March 31, 2023

Promoter Name	No. of Shares at the beginning of the year	No. of Shares at the end of the year	% of total shares	% Change during the year
BEJOY ARPUTHARAJ	6,854	6,154,200	52.87%	89690%

### Note: 2 Reserves and Surplus

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(a) General Reserve</b>		
Opening Balance	475.00	
Add: Additions during the year	435.00	475.00
Less: Deduction during the year (Bonus share issued)	899.00	
<b>Closing Balance</b>	<b>11.00</b>	<b>475.00</b>
<b>(b) Securities Premium</b>		
Opening Balance	-	-
Add: Additions during the year	2,244.00	-
Less: Deduction during the year (IPO Expenses)	232.29	
<b>Closing Balance</b>	<b>2,011.71</b>	<b>-</b>
<b>(c) Surplus</b>		
Opening Balance	49.65	34.32
Add: Additions during the year	1,619.56	490.33
Less: Transferred to General Reserve	435.00	475.00
<b>Closing Balance</b>	<b>1,234.21</b>	<b>49.65</b>
<b>Total</b>	<b>3,256.92</b>	<b>524.65</b>

### Note: 3 Long-Term Borrowings

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
a) Term Loans:		
i. From banks	179.79	-
(From ICICI bank, Repayment in 84 and 60 installments carrying interest rate at 8.35% and 7.99% respectively) (Refer Note Below)		
Less: Current Maturities of Long-term borrowings	(24.77)	-

## Notes to Financial Statements

As at March 31, 2023

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Unsecured</b>		
a) Term Loans:		
i. From banks	-	39.08
(From ICICI bank and Fullerton India Credit Company Limited, repayable in 48 installments carrying interest rate at 9.25% and 14%, balance repayable in 30 and 29 installments respectively) (From Bajaj Finserv, repayable in 56 installments with interest rate at 19.75% and balance repayable in 19 installments respectively)(Magma Fincorp Limited, Repayment in 36 installments carrying interest rate of 19.5%)		
ii. From other parties	-	37.58
<b>Total</b>	<b>155.02</b>	<b>76.66</b>

### Note:

1. Disclosure about the nature of security and type of asset given as security

Particulars	Terms of Repayment	Rate of Interest	No of O/S Instalments	Instalment Amount (₹ In Lakhs)	Starting Date	Outstanding (₹ in lakhs)	Nature of Security / Pledge
ICICI bank - Car Loan	84 Months	8.35%	81	2	10/01/2023	132.52	Vehicle
ICICI bank - Car Loan	60 Months	7.99%	52	1	10/08/2023	47.27	Vehicle

### Note: 4 Deferred Tax Liabilities (Net)

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred Tax Liabilities (Net)	6.97	-
<b>Total</b>	<b>6.97</b>	<b>-</b>

### Note: 5 Long-Term Provisions

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a) Provision for Employee Benefits	52.98	52.62
<b>Total</b>	<b>52.98</b>	<b>52.62</b>

### Note: 6 Short-Term Borrowings

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
a) Bank OD	512.10	-
b) Current Maturities of Long-term borrowings	24.77	-
<b>Unsecured</b>		
a) Loans and advances from related parties	37.21	191.41
<b>Total</b>	<b>574.08</b>	<b>191.41</b>

## Notes to Financial Statements

for the year ended March 31, 2023

### Note:

1. Disclosure about the nature of security and type of asset given as security

Particulars	Terms of Repayment	Rate of Interest	No of O/S Instalments	Instalment Amount (₹ in Lakhs)	Starting Date	Outstanding (₹ in lakhs)	Nature of Security/ Pledge
OD Bank account	-	-	-	-	-	512.10	Sundry Debtors

### Note: 7 Trade Payables

#### I. Trade Payables ageing schedule

##### a) Trade Payables ageing schedule For the year ended 31-Mar-2023

(Amount in ₹ Lakhs)

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment				TOTAL
			< 1 year	1 - 2 Years	2 - 3 Years	> 3 Years	
(i) MSME							
(ii) Others			173.48				173.48
(iii) Disputed dues - MSME							
(iv) Disputed dues - Others							

**NOTE :** where no due date of payment is specified in that case disclosure shall be from the date of the transaction

##### b) Trade Payables ageing schedule For the year ended 31-Mar-2022

(Amount in ₹ Lakhs)

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment				TOTAL
			< 1 year	1 - 2 Years	2 - 3 Years	> 3 Years	
(i) MSME							
(ii) Others			74.51				74.51
(iii) Disputed dues - MSME							
(iv) Disputed dues - Others							

**NOTE :** where no due date of payment is specified in that case disclosure shall be from the date of the transaction

### Note: 8 Other Current Liabilities

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a) TDS Payable	60.59	34.71
b) Advance Received from Customers	-	53.31
c) Gst Payable	277.88	183.48
d) Audit fee payable	3.65	3.45
e) Salary Payable	2.48	110.85
f) Professional Tax Payable	4.17	0.18
g) PF & ESI Payable	18.39	4.07
h) Others (consultancy Payable)	22.48	-
i) Credit Card	4.54	2.90
<b>Total</b>	<b>394.18</b>	<b>392.95</b>

## Notes to Financial Statements

as at March 31, 2023

### Note: 9 Short-Term Provisions

Particulars	Amount in ₹ Lakhs)	
	As at March 31, 2023	As at March 31, 2022
a) Provision for Tax	531.31	191.72
<b>Total</b>	<b>531.31</b>	<b>191.72</b>

### Note: 10 Property, Plant & Equipment

Particulars	Gross Block			Accumulated Depreciation		Net Block	
	April 1, 2022	Additions for the year	Deletions for the year	April 1, 2022	Depreciation for the Year	March 31, 2023	March 31, 2022
Computers & Accessories	81.96	144.61	-	72.07	38.54	110.60	9.79
Furniture & Fittings	70.32	86.23	-	49.18	19.21	68.38	21.04
Office Equipments	82.83	514.25	-	47.71	30.69	78.39	35.02
Vehicles	19.01	200.66	15.79	14.14	22.19	24.63	4.78
VFX Production Equipments	-	67.92	-	-	3.40	3.40	-
<b>TOTAL (A)</b>	<b>254.11</b>	<b>1,013.66</b>	<b>15.79</b>	<b>183.08</b>	<b>114.03</b>	<b>285.41</b>	<b>70.63</b>
<b>Previous Year</b>	<b>224.41</b>	<b>29.71</b>	<b>-</b>	<b>156.58</b>	<b>26.51</b>	<b>183.08</b>	<b>67.83</b>

### Note: 11 Intangible Assets

Particulars	Gross Block			Accumulated Depreciation		Net Block	
	April 1, 2022	Additions for the year	Deletions for the year	April 1, 2022	Depreciation for the Year	March 31, 2023	March 31, 2022
Computer Software	27.51	72.30	-	25.01	1.38	26.39	2.52
<b>TOTAL (A)</b>	<b>27.51</b>	<b>72.30</b>	<b>-</b>	<b>25.01</b>	<b>1.38</b>	<b>26.39</b>	<b>2.52</b>
<b>Previous Year</b>	<b>27.51</b>	<b>-</b>	<b>-</b>	<b>22.95</b>	<b>2.05</b>	<b>25.01</b>	<b>4.55</b>

## Notes to Financial Statements

for the year ended March 31, 2023

### Note: 12 Deferred Tax Assets (Net)

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred Tax Assets (Net)	-	25.56
<b>Total</b>	<b>-</b>	<b>25.56</b>

### Note: 13 Other Non-Current Assets

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a) Security Deposits	254.99	75.15
b) OD Limit - Advance	3.00	3.00
<b>Total</b>	<b>257.99</b>	<b>78.15</b>

### Note: 14 Inventories

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Valued at cost or NRV whichever is lower</b>		
a) Work-in-Progress	744.06	549.92
<b>Total</b>	<b>744.06</b>	<b>549.92</b>

### Note: 15 Trade Receivables

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivable considered good – Secured		
Trade receivable considered good – Unsecured	1,574.11	389.25
Trade receivable which have significant increase in credit risk		
Trade receivable – credit impaired		
<b>Total Trade Receivables</b>	<b>1,574.11</b>	<b>389.25</b>

## Notes to Financial Statements

as at March 31, 2023

### Ageing Schedule

#### I. Trade Receivables ageing schedule For the year ended March 31, 2023

(Amount in ₹ Lakhs)

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment				TOTAL
			< 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years > 3 Years	
(i) Undisputed Trade Receivables - Considered good		1,203.18	334.54	13.64	0.01		1,551.37
(ii) Undisputed Trade Receivables - which have significant increase in credit risk							
(iii) Undisputed Trade Receivables - credit impaired							
(iv) Disputed Trade Receivables - considered good							
(v) Disputed Trade Receivables - which have significant increase in credit risk							
(vi) Disputed Trade Receivables - credit impaired							
Less: Allowance for Doubtful Receivables							
<b>Total:</b>		<b>1,203.18</b>	<b>334.54</b>	<b>13.64</b>	<b>0.01</b>	<b>-</b>	<b>1,551.37</b>

#### II. Trade Receivables ageing schedule For the year ended March 31, 2022

(Amount in ₹ Lakhs)

Particulars	Unbilled Dues	Not Due	Outstanding for following periods from due date of payment				TOTAL
			< 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years > 3 Years	
(i) Undisputed Trade Receivables - Considered good		353.87	14.89	15.56	4.93		389.25
(ii) Undisputed Trade Receivables - which have significant increase in credit risk							
(iii) Undisputed Trade Receivables - credit impaired							
(iv) Disputed Trade Receivables - considered good							
(v) Disputed Trade Receivables - which have significant increase in credit risk							
(vi) Disputed Trade Receivables - credit impaired							
Less: Allowance for Doubtful Receivables							
<b>Total:</b>		<b>353.87</b>	<b>14.89</b>	<b>15.56</b>	<b>4.93</b>	<b>-</b>	<b>389.25</b>

## Notes to Financial Statements

for the year ended March 31, 2023

### Note: 16 Cash & Bank Balances

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
a) Cash & Cash Equivalents		
i) Balance with banks	5.87	167.45
ii) Cash in hand	-	-
b) Other Bank Balances		
i) Bank Deposits with more than 12 months maturity	400.00	-
<b>Total</b>	<b>405.87</b>	<b>167.45</b>

### Note: 17 Short-Term Loans and Advances

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. Unsecured, Considered good</b>		
a) Loans and advances to other parties	15.84	16.26
<b>Total</b>	<b>15.84</b>	<b>16.26</b>

### Note: 18 Other Current Assets

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance paid to suppliers	26.74	-
Salary Advance	1.12	(1.43)
Advance paid to professionals	52.88	-
TDS Receivable	210.56	179.02
Advance Tax	200.00	-
Prepaid Expense	24.85	13.86
SEPC Incentive receivable	11.31	11.31
Other Current Asset	3.02	3.02
TCS Receivables	1.70	-
Advance for Film Distribution rights	1,731.77	-
Accrued Interest	7.11	-
<b>Total</b>	<b>2,271.06</b>	<b>205.78</b>

### Note: 19 Revenue From Operations

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Sale of services:</b>		
Domestic	4,621.63	1,571.49
Export	1,167.80	661.78
<b>Total</b>	<b>5,789.43</b>	<b>2,233.27</b>

## Notes to Financial Statements

for the year ended March 31, 2023

### Note: 20 Other Income

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Income	17.44	0.04
Foreign Exchange Gain	12.63	1.59
Liability no longer required written back	20.48	-
SME IPO Incentive	30.00	-
Profit on sale of assets	1.77	-
Interest on Income Tax Refund	0.87	-
Discount Received	0.86	-
Other non-operating income	0.38	1.70
<b>Total</b>	<b>84.43</b>	<b>3.33</b>

### Note: 21 Changes in Inventories of Work-in-Progress

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening inventory of Work in Progress	549.92	430.00
Less: Closing inventory of Work in Progress	(744.06)	549.92
<b>Total</b>	<b>(194.14)</b>	<b>(119.92)</b>

### Note: 22 Employee Benefits Expense

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries & Wages	2,373.35	1,098.75
Contribution to Provident fund	55.01	17.07
Provision for Gratuity	0.35	11.86
Staff Welfare	90.29	21.02
Contribution to ESI	0.60	-
<b>Total</b>	<b>2,519.60</b>	<b>1,148.70</b>

### Note: 23 Other Direct Expenses

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Marketing Expenses	150.49	59.09
Job Work	110.64	81.62
Rent Charges	403.23	143.41
Subscriptions	53.03	20.75
Consultancy Charges	76.98	16.96
Electricity Charges	101.42	56.88
Internet Charges	31.08	22.17
<b>Total</b>	<b>926.87</b>	<b>400.88</b>

## Notes to Financial Statements

for the year ended March 31, 2023

### Note: 24 Finance Costs

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Expenses	50.52	66.21
Processing Charges	4.37	-
<b>Total</b>	<b>54.89</b>	<b>66.21</b>

### Note: 10 & 11 Depreciation & Amortisation Expenses

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on Tangible Assets	114.03	26.51
Amortization on Intangible Assets	1.38	2.05
<b>Total</b>	<b>115.41</b>	<b>28.56</b>

### Note: 25 Other Expenses

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Advertisement Charges	3.38	-
Audit Fees	4.00	3.25
Bad Debts	3.51	-
Registration Fees	3.57	-
Corporate social Responsibility Expenses	4.55	-
Director Sitting Fees	12.00	-
Insurance Expenses	3.48	0.57
Legal and Professional Charges	7.43	-
Miscellaneous expenses	0.48	3.44
Office Maintenance	91.23	30.93
Postage & Telegram	1.20	0.10
Printing and Stationery	6.97	2.57
Rates and Taxes	15.62	6.72
Repairs to machinery	8.13	0.08
Services Charges	6.48	-
Security Charges	4.12	2.26
Travelling Expense	63.36	6.06
Business Promotion	34.13	1.09
<b>TOTAL</b>	<b>273.64</b>	<b>57.07</b>



# Notes to Financial Statements

for the year ended March 31, 2023

## Company Overview, Significant Accounting Policies & Other notes to accounts

### Note: 26 Company Overview & Significant Accounting Policies

#### I Company Overview

Phantom Digital Effects Limited (the "Company") is a limited company domiciled in India and was incorporated on February 02, 2016 vide Registration No. L92100TN2016PTC103929 under the provisions of the Companies Act, 2013. The registered office of the Company is situated at 6<sup>th</sup> Floor, Tower B, Kosmo One Tech Park, Plot NO.14, 3<sup>rd</sup> Main Road, Ambattur, Tamil Nadu 600058 India with operating units across the Country. The company derives its revenues primarily from Sale of Visual effects (Vfx) Service contracts.

#### II Significant Accounting Policies

##### 1 Basis of preparation:

The Financial Statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (IGAAP) under historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2021.

##### 2 Revenue recognition:

###### a) Sale of services:

The company derives its revenues primarily from Sale of Visual effects (Vfx) Service contracts. Product revenues are recognised when the soft copy of the file is made or given to the client. Revenue from Vfx and service contracts are received in advance are recognized in the month of raising the invoice and the remaining part recognized over a period of months thereafter. Sales are shown net of sales returns, if any.

###### b) Other Income

Revenue arising from the use by others of enterprise resources yielding interest, royalties and dividends should only be recognised when no significant uncertainty as to measurability or collectability exists. These revenues are recognised on the following bases:

- (i) **Interest** : on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (ii) **Royalties** : on an accrual basis in accordance with the terms of the relevant agreement.
- (iii) **Dividends from** : when the owner's right to receive payment is established by investments in shares.

##### 3 Property Plant and Equipment including Intangible assets:

Property Plant and Equipments are stated at cost, less accumulated depreciation. Cost includes cost of acquisition including material cost, freight, installation cost, duties and taxes, and other incidental expenses, incurred up to the installation stage, related to such acquisition. Property Plant and Equipments purchased in India in foreign currency are recorded in Rupees, converted at the exchange rate prevailed on the date of purchase. Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

##### 4 Depreciation & Amortisation:

The Company has applied the estimated useful lives as specified in Schedule II of the Companies Act 2013 and calculated the depreciation as per the Written Down Value (WDV) method. Depreciation on new assets acquired during the year is provided at the rates applicable from the date of acquisition to the end of the financial year. In respect of the assets sold during the year, depreciation is provided from the beginning of the year till the date of its disposal.

Intangible assets are amortised on a straight-line basis over the estimated useful life as specified in Schedule II of the Companies Act 2013. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss. In respect of the assets sold during the year, amortisation is provided from the beginning of the year till the date of its disposal.

## Notes to Financial Statements

for the year ended March 31, 2023

### Company Overview, Significant Accounting Policies & Other notes to accounts

#### Useful life of Property, Plant and Equipments

Category	Useful life
Computers & Accessories	3 Years
Furniture & Fittings	10 Years
Office Equipments	10 Years
Vehicles	10 Years
VFX Production Equipments	5 Years
Computer Software	5 Years

#### 5 Impairment of assets:

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognised wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. Reversal of impairment loss is recognised immediately as income in the profit and loss account.

#### 6 Inventories:

Inventories includes raw material, semi finished goods, stock-in-trade, finished goods, stores & spares, consumables, packing materials, goods for resale and commercial premises are valued at lower of cost and net realizable value. Materials in transit is valued at cost incurred till date.

**Raw Material and Components** - Cost include cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using weighted average valued at cost incurred till date.

**Finished/Semi-Finished Goods** - cost includes cost of direct material, labor, other direct cost (Including variable costs) and a proportion of fixed manufacturing overheads allocated based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average cost basis.

**Stock-in-trade** - cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and conditions.

**Stores, Spare Parts, Consumables, Packing Materials etc.** - cost is determined on FIFO basis.

**Goods for Resale** - cost is determined on FIFO basis.

**Commercial Premises** - Cost includes cost of land, premium for development rights, construction cost, materials, services and allocated interest and expenses incidental to the construction business.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

Adequate allowance is made for obsolete and slow-moving items.

#### 7 Use of estimates:

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and the reported amounts of income and expenses during the year. Examples of such estimates include provisions for doubtful debts, income taxes, post - sales customer support and the useful lives of Property Plant and Equipments and intangible assets.

#### 8 Foreign currency transactions:

##### Domestic Operation:

##### I. Initial recognition :

A foreign currency transaction should be recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.



## Notes to Financial Statements

for the year ended March 31, 2023

### Company Overview, Significant Accounting Policies & Other notes to accounts

#### II. Measurement :

Foreign currency monetary items should be reported using the closing rate.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency should be reported using the exchange rate at the date of the transaction

Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency should be reported using the exchange rates that existed when the values were determined.

#### III. Treatment of Foreign exchange :

Exchange differences arising on settlement/restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expenses in the Statement of Profit and Loss.

#### 9 Employee Benefits:

##### A. Short - term employee benefits:

###### Leave encashment:

The leave encashment liability upon retirement would not arise as the accumulated leave is reimbursed every year and accounted at actual.

##### B. Post-Employment benefits:

###### Defined benefit plan:

Gratuity liability is a defined benefit obligation and is unfunded. The Company accounts for liability for future gratuity benefits based on the actuarial valuation using Projected Unit Credit Method carried out as at the end of each financial year.

###### Defined contribution Plan:

Provident Fund: Eligible employees receive benefit from provident fund covered under the Provident Fund Act. Both the employee and the company make monthly contributions. The employer contribution is charged off to Profit & Loss Account as an expense.

#### 10 Taxes on Income:

Income Tax expense is accounted for in accordance with AS-22 "Accounting for Taxes

on Income" for both Current Tax and Deferred Tax stated below:

##### A. Current Tax:

Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.

##### B. Deferred Tax:

Deferred tax is recognised, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income and accounting income computed for the current accounting year using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carried forward losses, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### 11 Research & Development:

Expenditure of intangible asset on the research phase are recognised as an expense when it is incurred and expenditure on development phase are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

#### 12 Provisions and Contingent Liabilities:

A provision is recognised if, as a result of past event, the Company has a present legal obligation that can be estimated reliably and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by the best estimate of outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or present obligation in

## Notes to Financial Statements

for the year ended March 31, 2023

### Company Overview, Significant Accounting Policies & Other notes to accounts

respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### 13 Earnings Per Share:

Basic Earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

#### 14 Cash and Cash Equivalents:

Cash and cash equivalents comprise cash on hand and Cheque in hand, balance with bank, demand deposits with banks and other short term highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value where it has a short maturity of three months or less from the date of acquisition.

#### 15 Cash Flow Statement:

Cash flows are reported using indirect method, whereby net profit/loss before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### 16 Investments:

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments.

All other investments are classified as long-term investments.

#### 17 Government Grants

##### A. Government grants related to revenue

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants should either be shown separately under 'other income' or deducted in reporting the related expense.

#### 18 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

#### 19 Leases

##### As a Lessee

##### I. Financial Lease

The Company recognise the finance lease as an asset and a liability. Such recognition will be at an amount equal to the fair value of the leased asset at the inception of the lease. However, from the standpoint of the Company, if the fair value of the leased asset exceeds the present value of the minimum lease payments, the amount recorded as an asset and a liability will be the present value of the minimum lease payments. In calculating the present value of the minimum lease payments the discount rate is the interest rate implicit in the lease, if this is practicable

# Notes to Financial Statements

for the year ended March 31, 2023

## Company Overview, Significant Accounting Policies & Other notes to accounts

to determine; if not, the Company's incremental borrowing rate is used.

### II. Operating Lease

Lease payments under an operating lease is recognised as an expense in the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

### As a Lessor

#### I. Operating Lease

Lease income from operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern in which benefit derived from the use of the leased asset is diminished.

### Note: 27 Other notes to accounts

#### 1 Contingent liabilities and commitments (to the extent not provided for):

##### A. Contingent Liabilities

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Claims against the company not acknowledged as debt	-	-
Guarantees	-	-
Other money for which the company is contingently liable	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

##### B. Commitments

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
Uncalled liability on shares and other investments partly paid	-	-
Other commitments (specify nature)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

- Company hasn't proposed any Dividend during the financial year 2022-23.
- During the year Company has made public issue of equity shares of 26.4 Lakhs of ₹10 each at a premium of ₹85 amounting to ₹25,08,00,000 The Company has utilized the amount received through public issue for the purpose as stated in the prospectus. Company has not issued any other securities during the year.
- Company has utilized the amount borrowed during the year from banks and financial institution for the purpose for which it has been raised.
- In the opinion of the Board, the assets other than Property, Plant and Equipment, Intangible Assets and non-current investments have value on realization in the ordinary course of business equal to the amount at which they are stated
- There are no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)

## Notes to Financial Statements

for the year ended March 31, 2023

### Company Overview, Significant Accounting Policies & Other notes to accounts

**7 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	-

In the opinion of the Board, The company has taken overdrawn facility from the banks or financial institutions on the basis of security of current assets.

**8** The Company is not declared as wilful defaulter by any bank or financial institution or other lender.

**9** The company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**10** The company does not have any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period

**11** Compliance with number of layers of companies:

The company has no parent and subsidiaries with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

**12** Compliance with approved Scheme(s) of Arrangements:

No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

**13** Utilisation of Borrowed funds and share premium:

A. The Company has not advanced or loaned to or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

B. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding that the company shall

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**14** Payment to the Auditor:

Particulars	(Amount in ₹ Lakhs)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Statutory Audit Fee	3.00	3.25
Taxation Matters	1.00	-
For Limited review report	0.60	-
For IPO Expenses considered in Security Premium	1.25	-
<b>Total</b>	<b>5.85</b>	<b>3.25</b>

## Notes to Financial Statements

for the year ended March 31, 2023

### Company Overview, Significant Accounting Policies & Other notes to accounts

#### 15 Corporate Social Responsibility:

The Company is covered under section 135, amount of expenditure incurred on corporate social responsibility activities are as follows:

- amount required to be spent by the company during the year, 4,54,142
- amount of expenditure incurred,

S. No.	Particulars	Paid in Cash	Yet to be Paid in Cash	Total
(i)	Construction/ acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	4.55	-	4.55
	<b>Total</b>	<b>4.55</b>	<b>-</b>	<b>4.55</b>

- shortfall at the end of the year out of the amount required to be spent by the Company during the year : Nil
- Total of previous years shortfall : Nil
- There is no shortfall during the year.
- The nature of CSR activities undertaken by the Company - Charitable activities and donation made to Section 80G exempted trust.
- Details of related party transactions : Nil
- Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately - Nil

#### 16 In the case of all concerns having works in progress

(Amount in ₹ Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Works in Progress (broad heads)	744.06	549.92
<b>Total</b>	<b>744.06</b>	<b>549.92</b>

**Note:** Normally, 10 percent of total value of sales/services, purchases of trading goods and consumption of raw material is considered as an acceptable threshold for determination of broad heads.

#### 17 Value of Imports:

Value of imports calculated on C.I.F basis by the company during the financial year is as follows:

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Goods	35.41	-
<b>Total</b>	<b>35.41</b>	<b>-</b>

#### 18 Foreign Currency earned and expended:

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>A. Foreign currency earned</b>		
Export of Services	1,167.80	661.78
<b>Total</b>	<b>1,167.80</b>	<b>661.78</b>
<b>B. Foreign currency expended</b>		
Purchase of Asset	35.41	-
Foreign Travel Expenses	3.48	-
International Marketing Expenses	137.55	-
<b>Total</b>	<b>176.44</b>	<b>-</b>

## Notes to Financial Statements

for the year ended March 31, 2023

### Company Overview, Significant Accounting Policies & Other notes to accounts

#### 19 Undisclosed income:

The Company do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

There is no previously unrecorded income and related assets have been recorded in the books of account during the year.

#### 20 Details of Crypto Currency or Virtual Currency:

The Company has not traded or invested in Crypto currency or Virtual Currency during the period.

#### 21 Dues to Micro, Small and Medium Enterprises:

There are no dues to Micro, Small and Medium Enterprises at the close of the Reporting Period.

#### 22 Disclosure of related parties/related party transactions pursuant to Accounting Standard (AS) - 18 "Related Party Disclosures":

##### A. List of Related Parties:

Name of Related Party	Relationship
BEJOY ARPUTHARAJ	Managing Director
BINU JOSHUA SAMMANOHAR	Whole time director
SYNTIA MOSES DARRY	Whole time director
RAVINDRAN	Whole time director
PHANTOMFX STUDIOS PRIVATE LIMITED	Enterprises owned by Directors

##### B. Transaction with related Parties:

(Amount in ₹ Lakhs)

Particulars	BEJOY ARPUATHARAJ	BINU JOSHUA SAMMANOHAR	SYNTIA MOSES DARRY	RAVINDRAN
Loan from Director	170.76 (84.32)	6.11 (0.54)	10.96 (2.00)	1.49 (1.23)
Director Remuneration	117.00 (28.35)	72.00	52.50 (24.50)	45.00
Rental Expenses - guest House	-	-	0.45	-
	-	-	-	-

##### C. Balance with related parties:

(Amount in ₹ Lakhs)

Particulars	BEJOY ARPUATHARAJ	BINU JOSHUA SAMMANOHAR	SYNTIA MOSES DARRY	RAVINDRAN
Loan from Director	14.97 (171.46)	9.58 (3.47)	8.96 (2.00)	3.71 (2.22)
Rental Expenses Payable - guest House	-	-	0.45	-
	-	-	-	-

## Notes to Financial Statements

for the year ended March 31, 2023

### Company Overview, Significant Accounting Policies & Other notes to accounts

#### D. Material Transaction with related parties:

(Amount in ₹ Lakhs)

Particulars	Name of Related Party	Amount
Managerial remuneration	BEJOY ARPUTHARAJ	117.00 (28.35)
Loan from Director	BEJOY ARPUTHARAJ	170.76 (84.32)

#### E. Material Balance with related parties:

(Amount in ₹ Lakhs)

Particulars	Name of Related Party	Amount
Loan from Director	BEJOY ARPUTHARAJ	14.97 (171.46)

#### F. Compensation of Key Management Personnel:

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Short-term employee benefits	286.50	52.85

### 23 Loans and Advances

#### a) Repayable on Demand

(Amount in ₹ Lakhs)

Type of Borrower	As at 31-Mar-2023		As at 31-Mar-2022	
	Amount of Loans and advances outstanding	% to the total Loans and Advances	Amount of Loans and advances outstanding	% to the total Loans and Advances
KMPs	NIL		NIL	

#### b) Without specifying any terms or period of repayment

(Amount in ₹ Lakhs)

Type of Borrower	As at 31-Mar-2023		As at 31-Mar-2022	
	Amount of Loans and advances outstanding	% to the total Loans and Advances	Amount of Loans and advances outstanding	% to the total Loans and Advances
KMPs	37.21	6%	191.41	100%

### 24 Income Taxes:

#### I. Minimum Alternate Tax

The MAT credit is not Applicable as the company is registered under new regime scheme of Income Tax Act, 1961.

#### II. Current Tax

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Current Tax	525.40	168.15
Less: MAT Credit Entitlement	-	-
<b>Net Current Tax</b>	<b>525.40</b>	<b>168.15</b>

### 25 Exchange Difference:

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Exchange Difference Gain/(Loss)	12.63	1.59
<b>Total</b>	<b>12.63</b>	<b>1.59</b>

## Notes to Financial Statements

for the year ended March 31, 2023

### Company Overview, Significant Accounting Policies & Other notes to accounts

#### 26 Employee Benefit (Incurred in India):

**A. Provident Fund** - The Company has contributed ₹55.01 for the year 2023 and ₹17.07 in the previous year towards the Employees Provident Fund.

**B. Gratuity** - The Present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

**Interest cost:** It is the increase in the Plan liability over the accounting period resulting from the operation of the actuarial assumption of the interest rate.

**Current Service Cost:** is the discounted present value of the benefits from the Plan's benefit formula attributable to the services rendered by employees during the accounting period.

**Actuarial Gain or Loss:** occurs when the experience of the Plan differs from that anticipated from the actuarial assumptions. It could also occur due to changes made in the actuarial assumptions.

#### (i) Reconciliation of Opening and closing balance of Gratuity Obligations:

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Net Liability as at the beginning of the period	52.62	40.76
Net Expenses in P/L A/c	0.35	11.86
Benefits Paid	-	-
Net Liability as at the end of the period	52.97	52.62
<b>Total</b>	<b>52.97</b>	<b>52.62</b>

(No Fund is being maintained)

#### (ii) Reconciliation of Opening and closing balance of Gratuity Obligations:

Expenses recognized during the year in Profit & Loss Account:

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest Cost	3.82	2.76
Current Service Cost	17.02	13.23
Net Actuarial (gain) / loss	(20.49)	(4.12)
Net Expenses to be recognized in P&L	0.35	11.86
<b>Total</b>	<b>0.35</b>	<b>11.86</b>

#### (iii) Changes in Benefit Obligations:

Expenses recognized during the year in Profit & Loss Account:

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening Defined benefit Obligation	52.62	40.76
Current service cost	17.02	13.23
Interest cost for the year	3.82	2.76
Actuarial losses (gains)	(20.49)	(4.12)
<b>Closing Defined benefit Obligation</b>	<b>52.98</b>	<b>52.62</b>
<b>Total</b>	<b>52.98</b>	<b>52.62</b>

# Notes to Financial Statements

for the year ended March 31, 2023

## Company Overview, Significant Accounting Policies & Other notes to accounts

### (iv) Valuation Bases / Assumptions:

- \* Rate of Mortality
- \* Valuation Date
- \* Rate of Interest
- \* Rate of Salary Escalation
- \* Rate of exit due to reasons other than death or retirement
- \* Rate of Return on Plan Assets

## 27 Cashflow Statement

- (1) There are no significant cash and cash equivalent balances held by the enterprise that are not available for use by it.
- (2) the company has an borrowing facility up to ₹1000 Lakhs and there are undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments amounting to ₹488 lakhs.
- (3) There are no non cash transaction happened in investing and financing trasaction to be excluded from Cash flow statement.

### Additional Disclosures:

#### I. Components of Cash and Cash Equivalents:

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on Hand	-	-
Balance with banks	5.87	167.45
Bank Deposits	400.00	-
<b>Total Components of Cash and Cash Equivalents:</b>	<b>405.87</b>	<b>167.45</b>

#### II. Amount Spent for CSR Activities

(Amount in ₹ Lakhs)

S. No.	Particulars	Paid in Cash	Yet to be Paid in Cash	Total
(i)	Construction/ acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	4.55	-	4.55

## 28 Changes in Accounting Estimates

There are no changes in Accounting Estimates made by the company during the year.

## 29 Changes in Accounting Policies

There are no changes in Accounting Policies made by the company during the year.

## 30 Disclosures on PPE and Intangible Assets

### I. Property, plant and equipment

- 1) The Company have restrictions on the title property, plant and equipment pledged as security for liabilities.
- 2) There is no contractual commitments for the acquisition of property, plant and equipment.
- 3) There is no amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in the statement of profit and loss; and
- 4) The Company has no assets retired from active use and held for disposal.
- 5) There are no temporarily idle property, plant and equipment.

## Notes to Financial Statements

for the year ended March 31, 2023

### Company Overview, Significant Accounting Policies & Other notes to accounts

- 6) The Company is not having any fully depreciated property, plant and equipment that is still in use.
- 7) The Company has not revalued any class of property, plant and equipment.
- 8) There is no property, plant and equipment retired from active use and not held for disposal.

#### II. Intangible asset

- 1) The Company has no Intangible asset which has been amortised over more than ten years from the date when the asset is available for use.
- 2) The Company has no individual intangible asset that is material to the financial statements of the enterprise as a whole.
- 3) The title of intangible assets are not restricted and the carrying amounts of intangible assets pledged as security for liabilities.
- 4) The Company has no commitments for the acquisition of intangible assets.
- 5) The Company is not having any fully amortised intangible asset that is still in use if any
- 6) The Company has not acquired any asset through business combinations.
- 7) The Company has recognised the depreciation charged during the period in statement of profit or loss.

#### 31 Investments

The company does not hold any investment during the year except Fixed deposit with ICICI Bank amounting to 4 Crores

#### 32 Government Grants

The company is granted ₹3000000 lakhs as SME IPO incentive as government grants received from Tamil Nadu government, recognized as Revenue receipt in the financial statements.

#### 33 Borrowing Costs

No amount of borrowing costs has been capitalised during the period

#### 34 Segment Reporting

As the Company collectively operates only in one business Segment, i.e., Visual Effects, hence, it is reporting its results in single Segment. Therefore, segment disclosure is not applicable.

#### 35 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

## Notes to Financial Statements

for the year ended March 31, 2023

Company Overview, Significant Accounting Policies & Other notes to accounts

### 36 Earnings Per Share

(Amount in ₹ Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
1. Profit attributable to equity shareholders before extraordinary items (A)	1,619.56	490.33
2. Profit attributable to equity shareholders after extraordinary items (B)	1,619.56	490.33
3. Weighted average number of equity shares outstanding during the year (C)	10,139,863	9,010,000
4. Effect of potential equity shares on employee stock options outstanding	-	-
5. Effect of any other items of potential Equity Shares eg. Convertible Debentures, Convertible Preference Shares	-	-
6. Weighted average number of potential equity shares outstanding during the year for the purpose of computing Diluted Earnings Per Share (D)	101.40	90.10
<b>7. Basic earnings per share before extraordinary items of face value of ₹ X (A/C)</b>	<b>15.97</b>	<b>5.44</b>
<b>8. Basic earnings per share after extraordinary items of face value of ₹ X (B/C)</b>	<b>15.97</b>	<b>5.44</b>
<b>9. Diluted earnings per share before extraordinary items of face value of ₹ X (A/D)</b>	<b>15.97</b>	<b>5.44</b>
<b>10. Diluted earnings per share after extraordinary items of face value of ₹ X (B/D)</b>	<b>15.97</b>	<b>5.44</b>

### 37 Impairment of Assets

The company does not impair any asset during the year.

38 The Company had made an advance of ₹ 1731 Lakhs to KJR Studios for the purchase of Film Distribution Rights.

### 39 Ratios

S. No	Ratios	Measure	March 31, 2023	March 31, 2022	% Variance	Reason for Variation
a.	Current Ratio Current Assets/Current liabilities	Times	3.00	1.56	92%	
b.	Debt-Equity Ratio Total Debt/Total Shareholder's Equity	Times	0.16	0.51	(68)%	
c.	Debt Service Coverate Ratio Earnings available for debt service/ Debt Service	Times	46.47	11.33	310%	
d.	Return on Equity Ratio (Net Profit After Taxes - Preference Dividend if any)/Average Shareholder's Equity	Percentage	37%	93%	(61)%	
e.	Inventory Turnover Ratio Cost of Goods Sold (or) Sales/ Average Inventory	Times	8.95	4.56	96%	

## Notes to Financial Statements

for the year ended March 31, 2023

### Company Overview, Significant Accounting Policies & Other notes to accounts

S. No	Ratios	Measure	March 31, 2023	March 31, 2022	% Variance	Reason for Variation
f.	Trade Receivables Turnover Ratio Credit Sales/Average Trade Receivables	Times	5.90	11.19	(47)%	
g.	Net Capital Turnover Ratio Net Sales/Net Assets	Times	1.73	4.67	(63)%	
h.	Net Profit Ratio Earning before interest and taxes/ Total Sales	Percentage	0.39	0.32	19%	
i.	Return on Capital Employed (EBIT/Capital Employed) * 100	Percentage	50.50%	137.22%	(63)%	
j.	Return on Investment Income generated from investments/Total Investment*100	Percentage	4%	0%	4%	

The accompanying notes 1 to 27 form an integral part of the financial statements

As per our report of even date attached

**For L.U.KRISHNAN & CO**

Chartered Accountants

Firm's Registration.No: 001527S

**P K MANOJ**

Partner

Membership Number: 207550

UDIN: 23207550BGWGMGH2669

Place: Chennai

Date: May 22, 2023

For and on behalf of the Board of Directors of

**PHANTOM DIGITAL EFFECTS LIMITED**

**BEJOY ARPUTHARAJ**

Director

DIN: 03459098

**RAJINIKANTH E S**

Chief Financial officer

**SYNTIA MOSES DARRY**

Director

DIN: 03459055

**PALLAVI TONGIA**

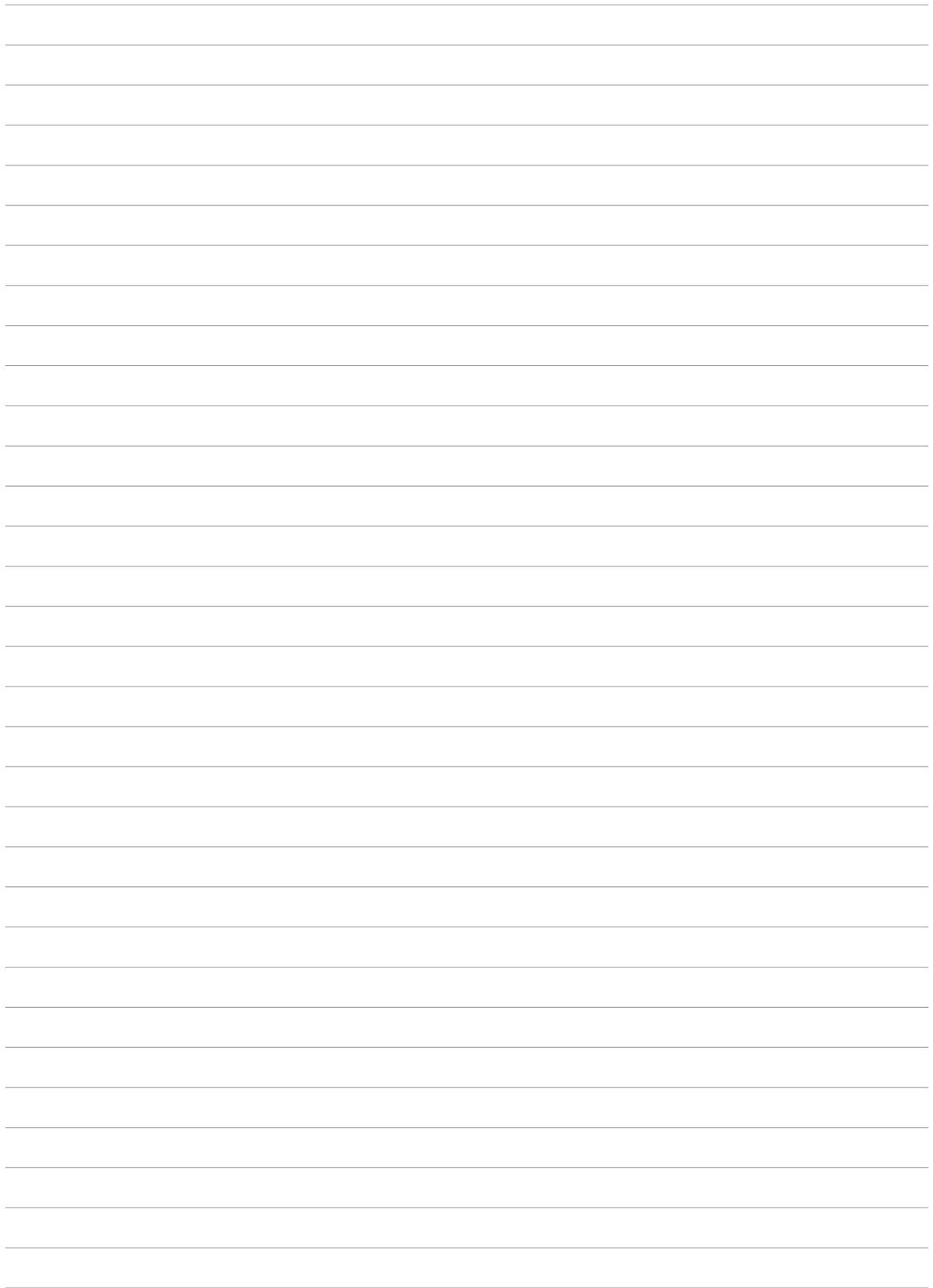
Company Secretary

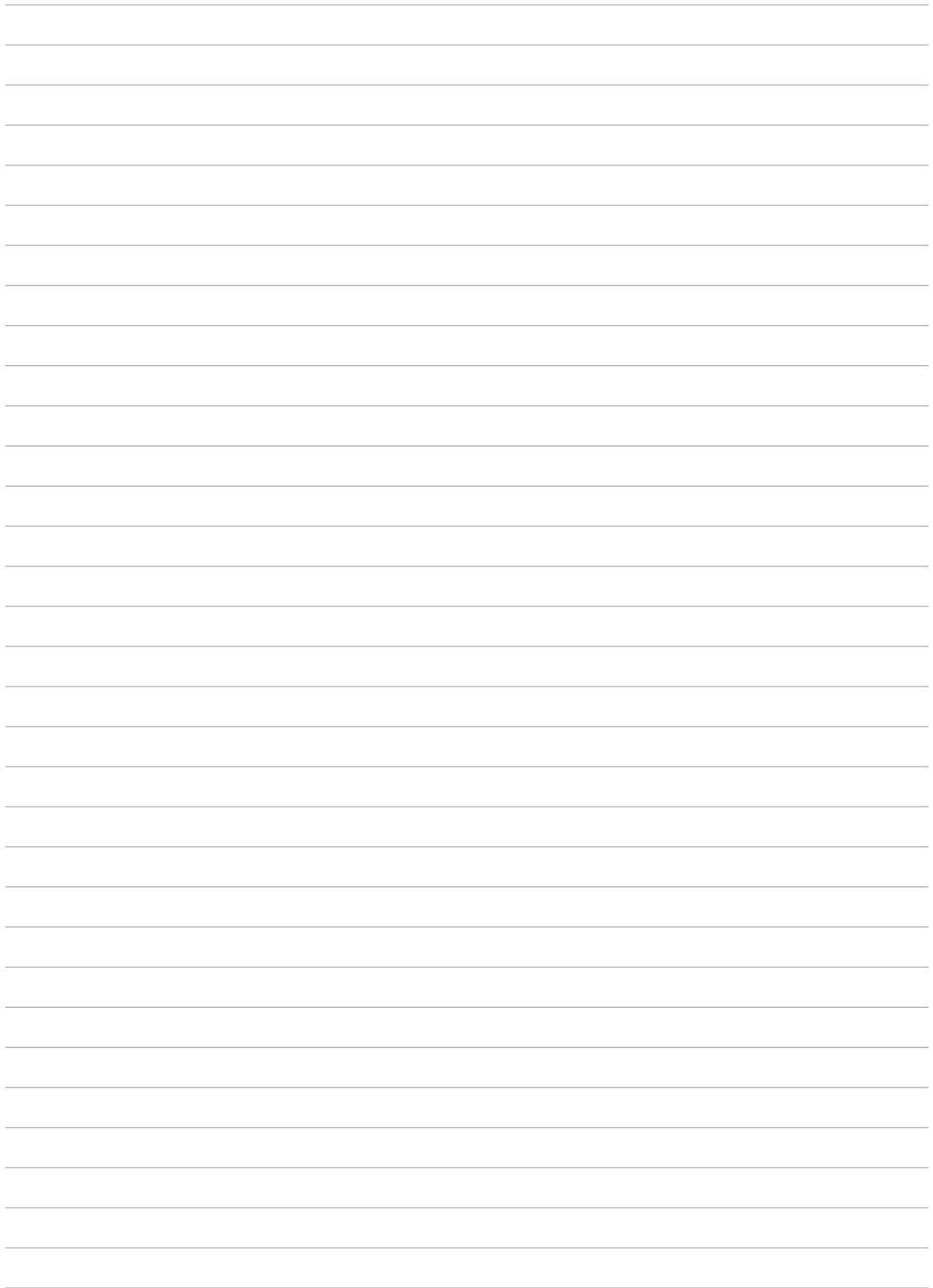
Membership Number:

A66438

Place: Chennai

Date: May 22, 2023







### **Cautionary Statement**

The report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, words like 'plans,' 'expects,' 'anticipates,' 'believes,' 'intends,' 'estimates,' or similar expressions related to the Company or its business are intended to identify such forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company's actual results, performance or achievements could vary materially from those expressed or implied in such forward-looking statements. The Company undertakes no obligation or responsibility to publicly amend, update, modify or revise any forward-looking statements based on any new information, assumption, expectations, future event, subsequent development, or otherwise.



**PHANTOM DIGITAL EFFECTS LIMITED**

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