

Ref: NSE/17/2023-24

Date: 23rd May, 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: General updates - EARNINGS RELEASE & SHAREHOLDERS' LETTER

Sir/Ma'am,

In continuation to our intimation dated 22nd May, 2023 for financial results for the quarter and year ended 31st March 2023, we are enclosing a presentation on financial performance of the Company.

Kindly update the above in your records.

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

PALLAVI Digitally signed by
PALLAVI TONGIA
TONGIA Date: 2023.05.23
16:53:24 +05'30'

PALLAVI TONGIA
COMPANY SECRETARY



PhantomFX

EARNINGS RELEASE & SHAREHOLDERS' LETTER

Q4 FY23 | MAY 23, 2023



In This Report, We Cover

1. About Us
2. What We Do?
3. Our Strengths
4. Key Financial Performance
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BRINGING IMAGINATION ALIVE, ON SCREEN

About Phantom Digital Effects (PDEL)

- One of a kind Trusted Partner Network (TPN) certified organization operating as a full fledged creative VFX studio based in India.
- Operates through its extensive network of offices cum studio spread locally and globally in Chennai, Mumbai, Hyderabad, Los Angeles, Vancouver, and Montreal.
- Provides end-to-end services to production houses like completing a shot with final compositing, creating 3D elements, photo real creatures, and environments, Rig/Wire removal, paint clean-up, rotoscoping, 3D match move, 3D animation (storyboard & animation), Pre-visualization Game cinematics, Fire/water Fx and other natural phenomena 3D ride animation for commercials, feature films, and web series globally.
- Provides services like presenting visual effects, animations, concept art, previz, and VFX supervision.
- Boasts of impressive delivery capabilities backed by ~600 employees in creative space and of an experience which spans across years of successfully delivering 250+ projects and 3,100+ shots to over 550 clients.

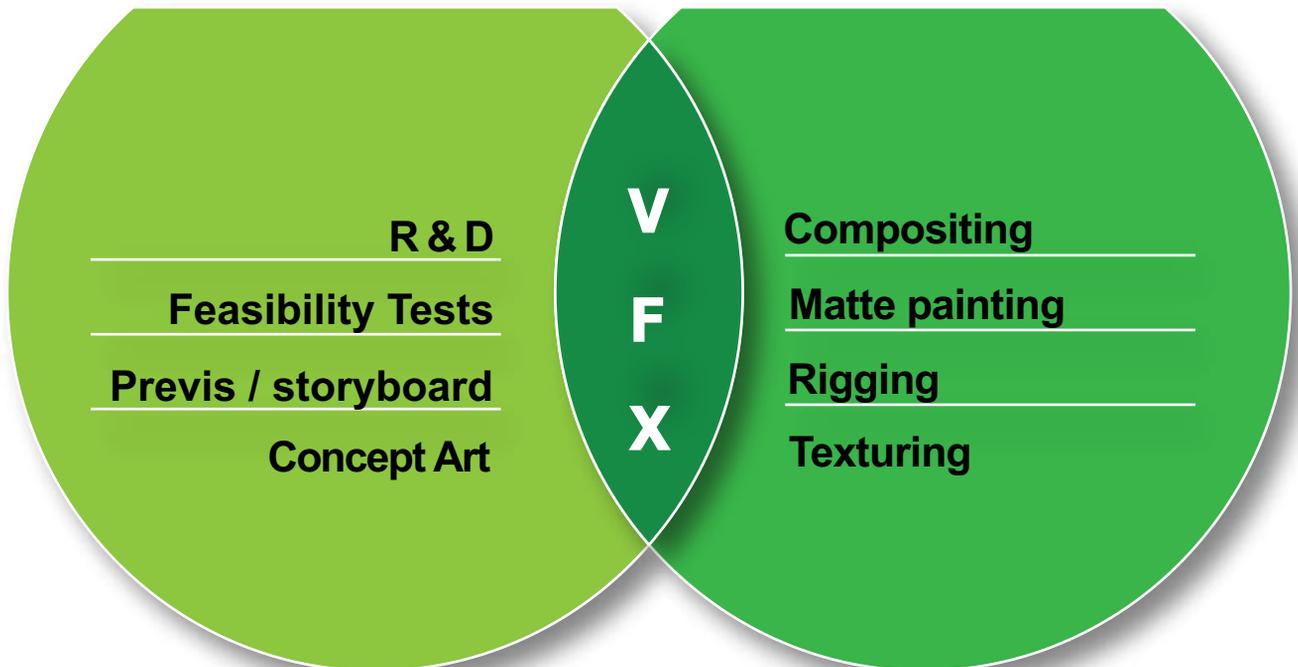
What PDEL does?



Making it Pixel Perfect through our end to end service offerings which includes :

Pre-Production

Post-Production

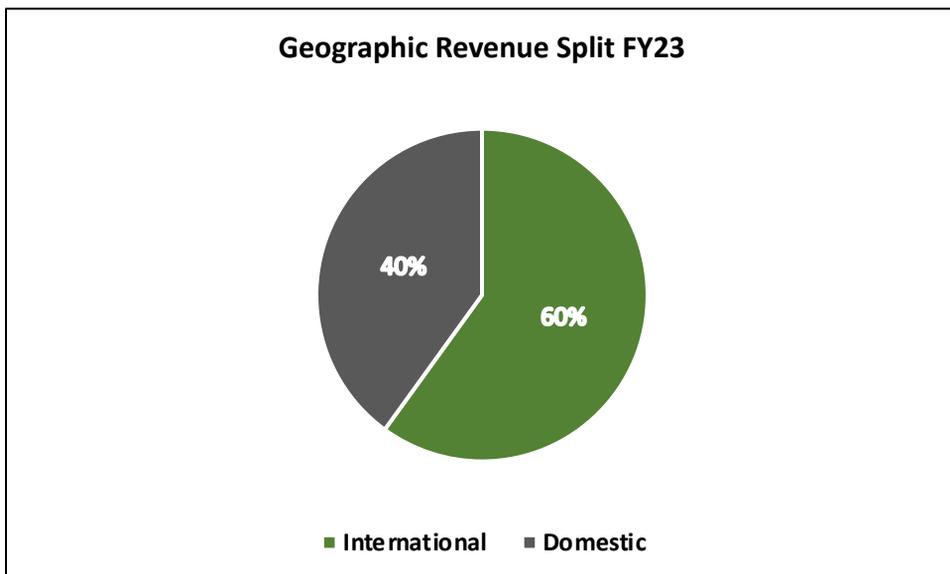
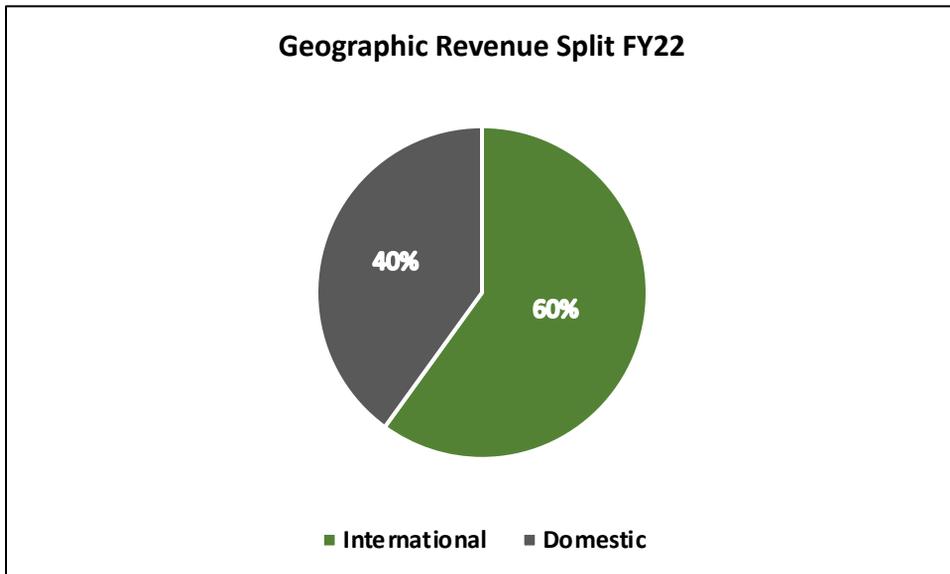
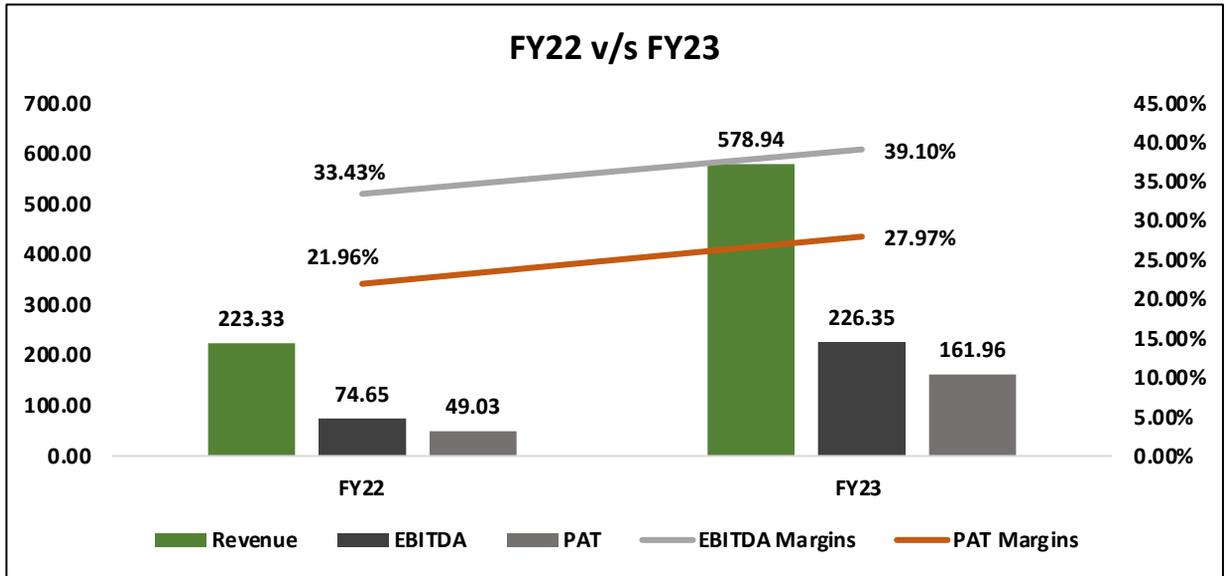


PDEL's Strengths

- The highly reputable TPN Certification makes PDEL a reliable VFX partner ensuring a secure ecosystem that meets the rigorous standards of MPAA. This certificate showcases that PDEL ensures safety and security of the assets and privacy of every single shot that enters its workflow.
- Has a universal footprint coupled with capabilities to deliver solutions matching global standards through its studios in India and offices in USA and Canada.
- Approved vendor for marquee content providers such as Amazon, Walt Disney, and DNEG providing a testimony of superior capabilities and quality of work.
- Demonstrated its versatility by working across genres and serving massive Hollywood and Bollywood successes like Avengers- Assemble, Outlander, Supergirl, Ghostbusters, Bahubali 2, RRR, Flash(2021, 2022), and many more.
- Praised and awarded with many honors for its work over the years that showcases reliability of services provided and has received recognitions like:



Key Financial Matrices



Key Financial Performance

Income Statement

Particulars (Rs. Mn)	Q4 FY23	H2 FY23	FY23	FY22
Revenue from Operations	189.32	318.48	578.94	223.33
Other Income	1.85	4.21	8.44	0.33
Total Revenue	191.17	322.69	587.39	223.66
Total Expenses excluding Depreciation, Amortization, & Finance Cost	127.00	199.02	352.60	148.67
EBITDA	62.32	119.46	226.35	74.65
EBITDA Margins (%)	32.92%	37.51%	39.10%	33.43%
Depreciation & Amortization	6.62	9.26	11.54	2.86
Finance Cost	1.35	4.44	5.49	6.62
Tax	14.56	28.36	55.80	16.48
PAT	41.64	81.60	161.96	49.03
PAT Margins (%)	22.00%	25.62%	27.97%	21.96%
Diluted EPS	2.94	8.05	15.97	5.44

Balance Sheet As At

Particulars (Rs. Mn)	31.03.23	31.03.22
Assets		
Non-Current Assets		
Property, Plant & Equipment	96.66	7.06
Intangible Assets	7.34	0.25
Deferred Tax Assets (Net)	0.00	2.56
Other Non-Current Assets	25.80	7.82
Total Non-Current Assets	129.80	17.69
Current Assets		
Inventories- W.I.P.	74.41	54.99
Trade Receivables	157.41	38.93
Cash & Bank Balances	40.59	16.75
Short-Term Loans and Advances	1.58	1.63
Other Current Assets	227.11	20.58
Total Current Assets	501.09	132.87
Total Assets	630.89	150.55

Particulars (Rs. Mn)	31.03.23	31.03.22
Equity & Liabilities		
Shareholder's Funds		
Share Capital	116.40	0.10
Reserves and Surplus	325.69	52.47
Total Shareholder's Funds	442.09	52.57
Non-Current Liabilities		
Long-Term Borrowings	15.50	7.67
Deferred Tax Liability (Net)	0.70	0.00
Long-Term Provisions	5.30	5.26
Total Non-Current Liabilities	21.50	12.93
Current Liabilities		
Short-term Borrowings	57.41	19.14
Trade Payables	17.35	7.45
Other Current Liabilities	39.42	39.30
Short-Term Provisions	53.13	19.17
Total Current Liabilities	167.31	85.06
Total Equity & Liabilities	630.89	150.55

Cashflow Statement

Particulars (Rs. Mn)	FY23	FY22
Net Cashflow from Operating Activities	(99.76)	30.40
Net Cashflow from Investing Activities	(106.27)	(2.97)
Net Cashflow from Financing Activities	229.92	(15.77)
Net Change in Cash and Cash Equivalents	2.39	1.17

What Next?

- Planning to expand its footprint in the international market and win more orders globally. Further, the management is focused on increasing its contribution in each project and thereby win higher number with greater value per project.
- Plans to foray into animation services space and tap allied field of gaming which requires extensive VFX by leveraging its capabilities and experience.
- The current order book comprises of 15 under execution orders with total contract value of ~Rs.700 Mn. expected to be completed in a period of nine months. Further order inflow worth 240 Mn. are expected from a large OTT platform.
- Endeavoring to add another ~400 employees by FY24 to service its existing projects and efficiently cater to its growing order book.
- Planning to establish a training division and organize tailor-made industry workshops to enhance the skills of new artists, preparing them to effectively contribute to future projects.

Management Commentary

Commenting on the quarterly and yearly performance of the company, the management team said:

On the financial front, Revenue from operations stood at Rs. 189.32 Mn for Q4 FY23 and Rs. 578.94 Mn for FY23 as compared to Rs. 223.34 Mn in FY22. This robust growth was led by increasing demand for our services and efficient execution of our healthy order book. Our EBITDA stood at Rs. 62.32 Mn for Q4 FY23 and Rs. 226.35 Mn in FY23 against Rs. 74.66 Mn in FY22. EBITDA Margins were recorded at 32.92% in Q4 FY23 and 39.10% in FY23 as compared to 33.43% in FY22 led by efficient utilization of resources, economies of scale, and increase in business from international clientele. The dip in EBITDA Margins from Q3 FY23 to Q4 FY23 is attributed to the Company's significant recruitment efforts aimed at fulfilling the current orderbook and service robust pipeline of new projects. PAT stood at Rs. 41.64 Mn in Q4 FY23 and at Rs. 161.96 Mn in FY23 as compared to Rs. 49.04 Mn in FY22. PAT margins were witnessed at 22.00% in Q4 FY23 and 27.97% in FY23.

On the business front, we believe this robust performance is likely to sustain on the back of healthy order book and our focus on delivering high-quality VFX solutions to our clients, and trust shown in us by celebrated industry players like Amazon INC., Walt Disney, and DNEG.

To capitalize on this opportunity, we are on a path to increase our office cum studio spaces domestically and internationally coupled with hiring talented employees holding the flexibility to work on any kind of project with a faster turnaround. We are also setting up training division for our employees giving them invaluable experience of industry and enhance their skillset.

We are particularly proud of our success in expanding our services to newer markets, which will be contributing significantly to our revenue growth moving in line with our vision to become a partner of choice in the VFX space. Looking ahead, we remain committed to investing in cutting edge technology and talent to maintain our competitive edge and continue delivering outstanding results for our clients.

At Phantom, we continue to move forward on our mission to grow sustainably through continuous support of our stakeholders. We would like to conclude by thanking our whole team who have stood tall with us in every situation.”

Management Guidance

- Revenue is expected to grow by **~75-80% in FY24** led by inflow of demand for our services and effective execution of order book.
- EBITDA margins is expected to stay within a corridor of **33-35%**.

Disclaimer

Certain statements in this document may be forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Phantom Digital Effects Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstance

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