PhantomFX
CIN: L92100TN2016PLC103929

Phantom Digital Effects Limited
Reg.off: Kosmo One, 6th floor, Tower B, Plot No. 14 3rd Main Road, Ambattur, Chennai - 600 058
GST. NO. 33AAICP4586D1ZD

044-42833212
info@phantom-fx.com
www.phantom-fx.com

Date: 28.08.2024

To

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor,
Plot No. C /1, G Block, Bandra - Kurla Complex,
Bandra (E), Mumbai – 400051, Maharashtra, India.

(NSE Symbol: PHANTOMFX)

Dear Sir/Madam,

Sub: Intimation regarding Notice of 8th Annual General Meeting ("AGM") and Annual Report for the Financial Year 2023-24 of the Company.

Ref: Disclosure under Regulations 30 & 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We wish to inform you that the 8th Annual General Meeting ("AGM") of the Members of the Company is scheduled to be held on Thursday, September 19, 2024 at 11.00 AM (IST) through Video Conferencing (VC)/Other Audio Visual Means (OAVM).

The Notice convening the 8th Annual General Meeting along with the Annual Report for the FY 2023-24 is being sent through electronic mode to those Members whose email addresses are registered with the Company / Registrar and Transfer Agent of the Company / Depository Participant(s) within the prescribed timelines.

In terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the aforesaid Notice and Annual Report are attached herein.

The Annual Report including notice of AGM as mentioned above is also available on the website of the Company at www.phantomfx.com and the website of National Depository Services Limited at www.evoting.nsdl.com

You are requested to take on record the above-said information.

Thanking you,

Yours faithfully,
For **Phantom Digital Effects Limited**

R POORNIMA
Digitally signed by R POORNIMA
Date: 2024.08.28 13:22:15 +05'30'

Poornima Raghu
Company Secretary
M.No: A66317

Encl.: As Above

PhantomFX

UNLEASHING THE MAGIC



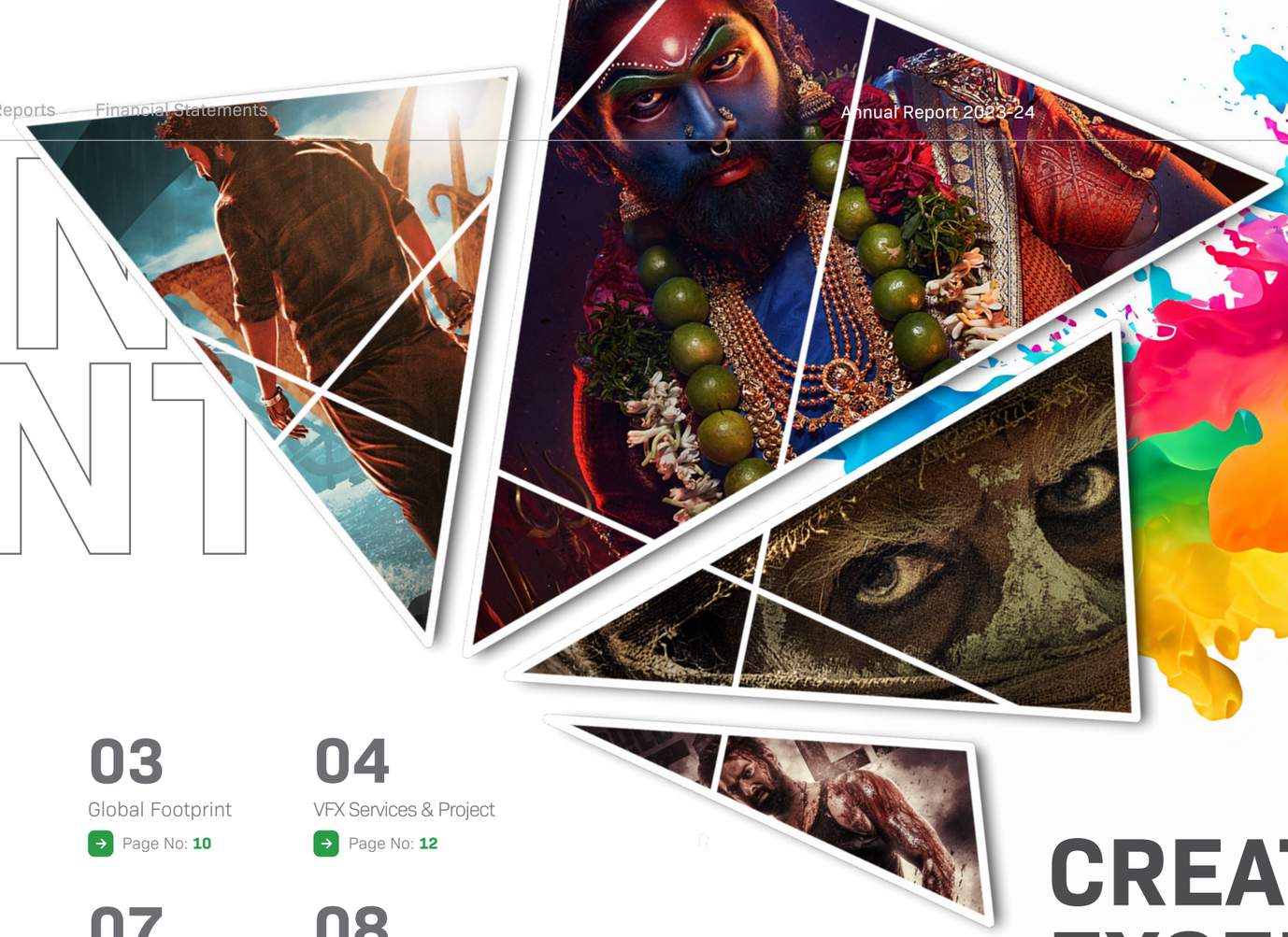
CREATIVE STUDIO EXCELLENCE:

BREATHING LIFE INTO STORIES

Phantom Digital Effects Limited

Annual Report 2023-24

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Disclaimer

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.



CREATIVE STUDIO EXCELLENCE: BREATHING LIFE INTO STORIES

This tagline highlights PhantomFX's dedication to excellence in the VFX industry. The studio prides itself on delivering high-quality visual effects that enhance storytelling. By "breathing life into stories," PhantomFX ensures that each project resonates with audiences, providing immersive and unforgettable experiences. The studio's commitment to artistic and technical excellence is a testament to its role in elevating the craft of storytelling through visual effects.

COMPANY OVERVIEW

Incorporated in 2016, Phantom Digital Effects Limited (PhantomFX) is a premier creative visual effects (VFX) studio, providing comprehensive services for films, web series, and commercials. The company holds the esteemed Certified Trusted Partner Network (TPN) accreditation. Headquartered in Chennai, strategically positioned in Mumbai and Hyderabad, India and with a wholly-owned subsidiary in the UK and administrative offices in USA, Canada, and Dubai.

This extensive presence enables seamless coordination with clients across various time zones. PhantomFX was creatively driven by professionals capable of managing complex and scalable VFX production tasks, consistently delivering high-quality, industry-standard content. With an impressive clientele and extensive industry experience, PhantomFX has established itself as one of India's most reliable visual effects providers.

Vision

To be a Global provider of Creative VFX services and to become an industry 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

1. Excellence & Quality
2. Reliability & Consistency
3. Innovation
4. Teamwork
5. Ethics & Integrity
6. Safety, Health & Environment



OUR EXCELLENCE

A Numbers Insight
(as at Aug 2024)

7.2+
Million hours of creation

500+
Projects

3,000+
Million hours of creation

250+
Happy Clients

500+
Artists

55,000+
Office space (sq. ft.)

FY24 Financial Highlights

Revenue
₹ 89 Cr

EBITDA
₹ 39 Cr

Net Profit
₹ 24 Cr

APPROVED VENDOR

Disney | NETFLIX | amazon Prime

LIONSGATE | Paramount

TPN CERTIFIED

TPN Gold Assessment: Phantom Digital Effects Limited July 01 2023

TPN TRUSTED PARTNER NETWORK

GOLD CONTENT SECURITY ASSESSMENT

Phantom Digital Effects Limited
Kosmo One,6th Floor,Tower B,Plot No.14,
Chennai, Tamilnadu 600058
India

Primary Contact Information

Phantom FX
itdept@phantom-fx.com

Assessment Date: 2023-06-20
Report Generated: 2023-07-01
Expiration Date: 2025-06-30
TPN Assessor: Pritam Parab

TPN Best Practices Questionnaire v5.1



PhantomFX is growing with CAGR of 101% in Total Income, 128% in EBITDA, and 122% in PAT for FY22-FY24

JOURNEY:

CRAFTING A LEGACY OF VISUAL EXCELLENCE



2010

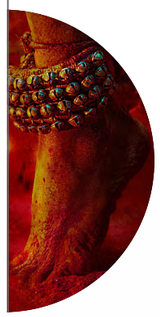
Humble Beginnings:

Rented a small studio apartment, recruited and trained freshers, and registered Phantom Creative Effects as a company.

2011

Visionary Inception:

Mr. Bejoy Arputharaj conceives the idea for a VFX enterprise.



2016

Phantom Digital Effects Incorporated:

Official incorporation of Phantom Digital Effects Limited.



2017

Rapid Expansion:

The team expands to over 200 members and transitions to a spacious 15,000-square-foot office in an IT park. Success with "Vishwaroopam" earns recognition and praise for the company.

2018

Significant Milestone:

The team surpasses 250 members and secures TPN certification.

2019

Globally recognized as the 'Fastest Growing Indian Company,' in Bangkok.



2021

Mumbai Presence:
The company establishes a presence in Mumbai with a luxurious 3,500-square-foot office in Andheri, West, supported by a team of over 50 members.



2022

Global Expansion and Public Listing:

Established offices in Dubai, Vancouver, Montreal, and Delaware.

PhantomFX went public through an IPO in October 2022.

Expanded offices in Chennai, and Mumbai to around 55,000+ square feet, with over 600 employees.



2023

Groundbreaking Projects:

In January, PhantomFX's highly successful project "Ayalaan" featured groundbreaking visual effects and significant global box office revenue.

Acquired Tippett Studio, the legendary visual effects production company.

2024

Capital and UK Subsidiary:

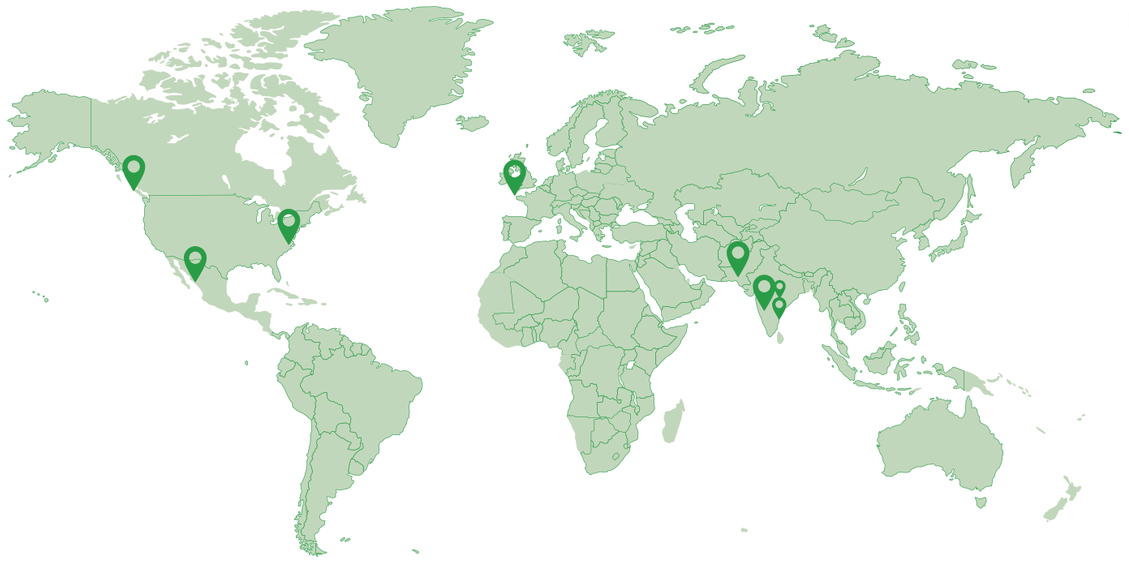
Successfully raised capital through QIP.

In June, a wholly-owned subsidiary was incorporated in London, UK.

Secured prestigious work from the renowned OTT platform "NETFLIX."

Expanded in Hyderabad.

GLOBAL FOOTPRINT



Offices Across India:

Kosmo One, Ambattur, Chennai	Techniplex Complex, Goregoan, Mumbai	Isprout Business Center, Whitefields, Kondapur, Hyderabad

The Asia-Pacific region is expected to witness the fastest growth, with countries like India and China becoming key hubs for VFX outsourcing due to skilled workforce.

COMPREHENSIVE VFX SERVICES

Creating 3D Elements, Photoreal Creatures, and Environments

Utilize a blend of graphic materials and advanced digital techniques to craft lifelike elements that seamlessly integrate into any filmmaker's vision.

Rig/Wire Removal

Perform standard VFX post-production tasks by digitally erasing visible wires, harnesses, or support rigs to create smooth, dynamic movements in the final footage.

Paint Clean-up

Enhance visual quality by digitally refining or fixing elements in a shot, ensuring seamless integration of effects.

Rotoscopy

Trace live-action footage frame-by-frame to isolate elements for seamless integration of effects, vital for creating high-quality VFX.

3D Matchmove

Blend CGI with live-action footage by aligning computer-generated elements with the camera's motion, crucial for realistic visual effects.

3D Animation (Storyboard, Animation)

Bring characters to life with captivating 3D animation services, ensuring engaging and awe-inspiring performances on screen.

Pre-Visualization

Visualize scenes before filming, aiding in planning shots, visualizing effects, saving time and costs, and fostering creative exploration in film, animation, gaming, and photography.

Game Cinematics

Blend gaming and film industries with game cinematics or cutscenes, enhancing player engagement and immersion, and enriching enjoyment and realism.

Fire/Water FX and Other Natural Phenomena

Elevate storytelling with photoreal creatures and dynamic effects through a comprehensive suite of CG assets, lighting, and compositing techniques, captivating audiences with stunning visual effects.

Final Compositing

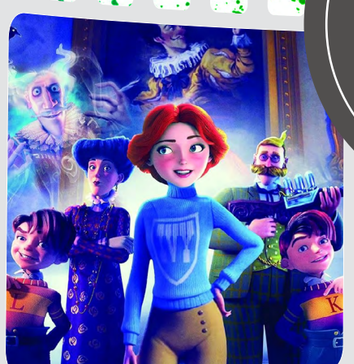
Enhance storytelling by seamlessly merging visual elements, perfecting footage with missing or amplified elements to elevate the narrative.

Technological advancements like AR, VR, and AI are transforming VFX studios, enabling more immersive visuals. Our new automation tools aim to increase productivity by 10-15%, allowing artists to focus on creative tasks.

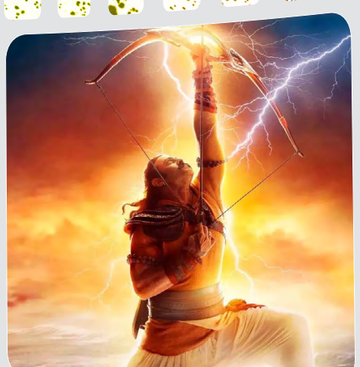






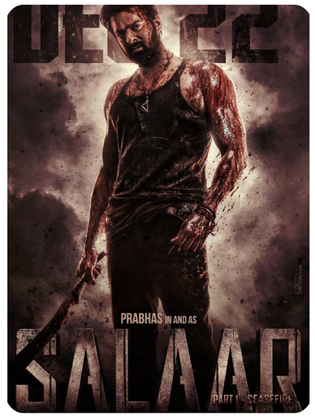
















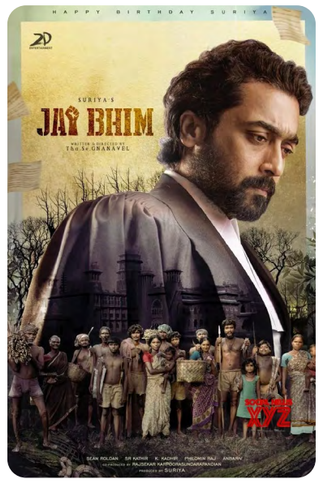




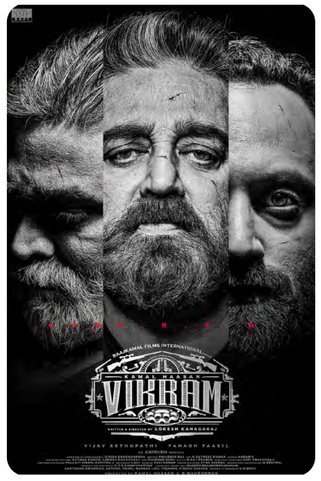












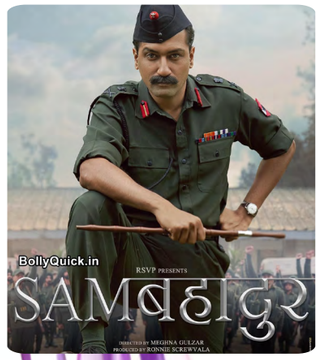














LANDMARK

PROJECTS ACCOMPLISHED

DOMESTIC PROWESS: SPOTLIGHT ON DOMESTIC PROJECTS



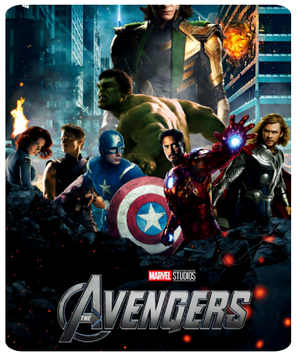


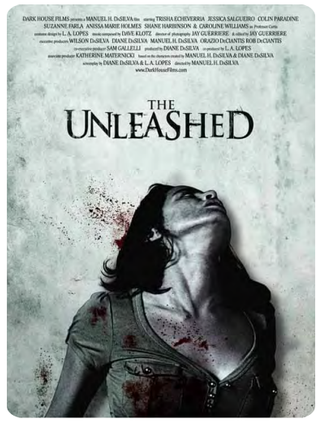








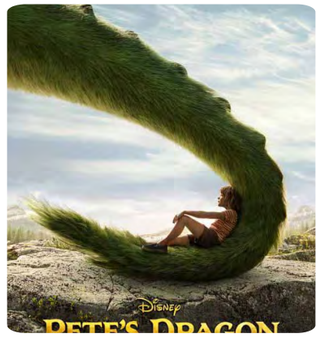
























LANDMARK

PROJECTS ACCOMPLISHED

GLOBALLY ENGAGED: INTERNATIONAL PROJECT HIGHLIGHTS

BUILDING ON THE MONUMENTAL

SUCCESS OF "AYALAAN"

"Ayalaan" transformed theaters into lively festival arenas, resonating with audiences of all ages

Release Date:
January 2024

Global Box Office:
Over ₹50 crores in just four days

VFX Shots:
Delivered a staggering 4500+ VFX shots

Industry Standard:
Set a new benchmark in VFX and CGI for Indian cinema

Global Recognition:
Positioned Indian cinema on the global stage for cutting-edge visual storytelling

Audience Reception:
Universal praise for the seamless integration of VFX and storytelling.

Global Recognition:
Increased global collaborations and projects.

RECOGNITION AT VAM AWARDS FOR GROUNDBREAKING WORK ON "AYALAAN"

VAM AWARD 2024



Best Innovative Use of Software in VFX



Best VFX Feature (Domestic)



Best Compositing



Best VFX Supervisor
Bejoy Arputharaj



Best Motion Capture

HIGHLIGHTS OF CHALLENGING PROJECTS



In “LEO,” Phantom FX crafted a groundbreaking 2-minute CGI chase sequence, featuring over 40 vehicles seamlessly blended into the action. Despite technical challenges, they depicted the hero’s triumph with precision and innovation in a short 2-month timeframe.



Project demonstrated PhantomFX’s exceptional talent with approximately 60 VFX shots, showcasing their expertise in set extensions and explosive FX simulations. Their dedication to quality was evident throughout, solidifying their reputation for excellence.



Phantom FX’s “Ayalaan” features over 4500 VFX shots, including 3000 for the alien Tattoo. With 14,00,000 render hours, it sets new standards in Indian cinema, showcasing their innovation and technical excellence.

This involved integrating various FX elements into live-action footage across multiple seasons. With over 100 shots per season, they consistently delivered high-quality work within tight deadlines, ensuring client satisfaction with their technical prowess.



PHANTOMFX ACQUIRES A MAJORITY STAKE IN TIPPETT STUDIO

THE ICONIC VFX POWERHOUSE FOUNDED BY OSCAR-WINNING FILMMAKER PHIL TIPPETT.







About Tippett Studio:

Tippett Studio, founded by the legendary Phil Tippett, is a premier animation and visual effects company based in Berkeley, California. With a legacy rooted in both classic stop-motion and advanced computer graphics, the studio has played a pivotal role in shaping the visual effects landscape. Phil Tippett's visionary work on iconic films like Jurassic Park, Star Wars, and RoboCop has cemented the studio's reputation as a leader in the industry.

The studio's recent projects, including The Mandalorian and The Book of Boba Fett, showcase its ability to deliver top-tier visual effects across diverse platforms like Disney Plus and Netflix. With the expansion into Canada, Tippett Studio continues to serve a global clientele, working with major players such as Marvel Studios, Lucasfilm, and Disney, further solidifying its status as a trailblazer in the field.

TIPPETT STUDIO







Awards received by Tippett Studio

2 Oscar Awards (**9** Add'l Nominations)	**2** Emmy Awards	**1** BAFTA Award

The acquisition represents a significant leap forward for PhantomFX, aligning with the company's commitment to fostering innovation, creativity, and growth within the VFX industry. By integrating Tippett Studio's unparalleled expertise and creative prowess, PhantomFX is poised to set new standards in visual effects and expand its global footprint. This strategic move marks a transformative milestone for both companies and the broader visual effects industry, strengthening PhantomFX's position as a leading force in the field.



The global VFX market was valued at approximately USD 16 billion in 2023 and is projected to grow at a CAGR of 10% from 2024 to 2028





AWARDS & EVENTS

CELEBRATING EXCELLENCE WITH MULTIPLE AWARD WINS & RECOGNITION

Outlook Business ICON Awards 2022



Times Business Awards. 2022





VAM Awards. 2023



Testimonial



SHOWCASING INNOVATION ACROSS PREMIER INDUSTRY EVENTS

AFM - American Film Market



67th - JCI(junior chamber International) India 2022 National Convention



Indiajoy VFX excellence award Summit 2022



Eduspark Summit 2023



Broadcast & Mediatainment Expo 2023



IIFF - International Innovation Film Festival



CABSAT 2024, Dubai



YI - Evovle 2023



ELCOT event - XR policy drafting 2023



Ficci 2024



GAFX 2024



FIlm Bazaar by NFDC 2023



Film & Media Exchange - FMX 2023



Global Investor Meet – GIM 2024



Umagine 2024



CARING FOR OUR CREATIVE MINDS: OUR COMMITMENT TO EMPLOYEE WELL-BEING AND GROWTH

Phantom Premier League





Phantom Premier League: Phantom Premier League is an exciting sports event where employees channel their competitive spirit and teamwork into a thrilling cricket tournament. It's more than just a game; it's a celebration of camaraderie, strategic thinking, and physical fitness. The league brings together staff from various departments, fostering a sense of unity and enthusiasm that extends beyond the playing field.

Fun activities



Fun Activities: We understand the importance of unwinding and having fun in a fast-paced work environment. Our regular fun activities are designed to help employees relax and recharge. Whether it's a Jenga challenge, board games, or a casual carrom match, these activities encourage creativity, problem-solving, and collaboration in a relaxed setting. They provide a much-needed break from the routine and are a great way to promote a positive work culture.

Celebrating Festivals



Celebrating Festivals: At Phantom, we believe in embracing cultural diversity and celebrating it with fervor. Our festival celebrations are a vivid blend of traditions and joy, where employees come together to dress up, create beautiful decorations, and share festive treats. This not only brings the spirit of the season into the workplace but also strengthens bonds among colleagues by honoring each other's traditions and creating lasting memories.

EMPOWERS COMMUNITIES

THROUGH DIVERSE CSR INITIATIVES



Supported the purchase of an ambulance vehicle to enhance emergency medical services and transportation for the community.

Funded the renovation of classrooms, including the provision of new furniture, to create a more conducive learning environment for students.

Assisted in the establishment of a daycare center for dementia patients in Coimbatore, aiming to improve the quality of life for elderly individuals with dementia.

Contributed to ulcer care and patient treatment, helping to alleviate the suffering of those affected by severe ulcers.

Supported the trust's ongoing charitable activities, contributing to their mission of social welfare.

Provided resources to purchase various utility items, enhancing the living conditions and daily operations of the institution.

Assisted the foundation in its social initiatives, aiding in their efforts to uplift underprivileged communities.

BOARD OF DIRECTORS



Mr. Bejoy Arputharaj Sam Manohar

Chairman & Manging Director



Mr. Binu Joshua Sam Manohar

Whole Time Director & CFO



Mrs. Syntia Moses Darry

Whole Time Director



Mr. Ravindran Sivasankaran

Whole Time Director - VFX Head



Dr. Tom Antony

Independent Director



Mr. Manjit Singh Parmar

Independent Director



Mr. Suryaraj Kumar

Independent Director



Mr. Jeemon Pullely

Non - Executive Director

MESSAGE FROM THE

CHAIRMAN & MANAGING DIRECTOR



We are Embracing Innovation and Breaking Boundaries in Visual Effects

Dear Shareholder,

At PhantomFX, we continue to have an optimistic outlook, regardless of the challenges we face, and we are driven ahead by our steadfast faith in conquering misfortune. Our main goal is for our group to develop, learn, and grow as a unit.

Founded with a passion for creativity rather than mere profit, PhantomFX is driven by our mission to craft extraordinary visual experiences. As embodied in our tagline, "Unleash the Magic on Screens," we aim to transcend the boundaries of VFX and make a global impact. With dedication and perseverance, we are confident that we can achieve our ambitious goals.

The Animation and VFX industry is experiencing substantial growth, driven by several key trends. The market size is projected to reflect a robust CAGR of 9.43%. This growth is fuelled by the increasing adoption of animation and VFX across various end-user sectors. Our objective is to develop our organization by enhancing professional skills through tailored workshops and, in the future, establishing a specialized VFX and animation institute to educate and motivate emerging professionals.

"The Animation and VFX industry is booming with a projected 9.43% CAGR. At PhantomFX, we're leading this wave with new initiatives to bridge industry needs and emerging talent, ensuring we're at the cutting edge of this dynamic growth."

For us and, this year has been extraordinary. We are pleased to have Mr. James Abadi join us as our Executive Producer for our activities in the UK. His illustrious background and demonstrated skill set fit us perfectly with our mission to promote quality and innovation in the VFX sector. The inclusion of Mr. Abadi as Executive Producer, UK, to our team is a big milestone for the advancement of PhantomFX's strategic goals and the expansion of our footprint in the UK. Their established network and industry connections will be instrumental in facilitating our growth and securing an increasing number of projects.

A major highlight of the year was the success of "Ayalaan." The film, which has garnered global acclaim and set a new standard for Indian cinema. Delivering over 4,500 VFX shots was a monumental achievement, and the film's success surpassing ₹50 crores in global box office revenue within just four days reflects our commitment to innovation and storytelling. Our work on "Ayalaan" not only earned multiple VAM Awards but also opened new business avenues, reinforcing our position in the industry. The recognition from the VAM Awards, highlights the dedication and creativity of our team. This validation strengthens our resolve to push the boundaries of visual effects and deliver exceptional cinematic experiences.

"The success of "Ayalaan" has set a new benchmark in the VFX industry. With over 4,500 VFX shots and a remarkable global box office debut, this achievement exemplifies our dedication to pioneering visual experiences."

Looking ahead, we are thrilled to embark on the next chapter with "Ayalaan 2." We are committed to delivering a visual experience that will captivate audiences and redefine cinematic excellence in India.

Another landmark achievement was the acquisition of Tippett Studio. The Tippett Studio's legacy, defined by iconic projects like Jurassic Park and Star Wars, has long been a beacon of inspiration for me personally, and bringing this legendary studio under the PhantomFX banner is a dream realized. With Phil Tippett's creative genius continuing to guide the studio and the addition of key leaders like Gary Mundell and Cliff McDowell to our team, we are positioned to revolutionize the VFX landscape.

This acquisition signifies more than a mere business deal; it embodies a dedication to innovation, creativity, and the advancement of the limits of visual storytelling.The potential to merge Tippett's storied expertise with PhantomFX's cutting-edge capabilities excites me beyond measure. Together, we are not only poised to redefine industry standards but also to demonstrate the creative power that Indian VFX studios bring to the global stage, challenging perceptions and setting new benchmarks. The road ahead is filled with extraordinary possibilities, and I am thrilled about the future we are building together.

"Bringing Tippett Studio into the PhantomFX family is more than a strategic move—it's a celebration of creativity and legacy. With Phil Tippett's ongoing guidance and our new leadership team, we are set to revolutionize the VFX landscape."

We are pleased to announce the introduction of pioneering innovations through our advanced automation tools and cutting-edge Virtual Production unit. These developments are designed to boost productivity while broadening creative opportunities by incorporating AI-driven technology and generating photorealistic virtual settings. We are redefining the landscape of visual effects and revolutionizing the filmmaking experience.

"Our new automation tools and state-of-the-art Virtual Production unit are at the forefront of transforming filmmaking. By harnessing AI and photorealistic environments, we are expanding creative possibilities and enhancing productivity."

In summary, the key takeaway I would like to convey is that PhantomFX is well-positioned for swift advancement. The word 'well-positioned' signifies our preparedness and proactive accumulation of skills to address upcoming market needs. We are delighted about the potential that await us, which will propel PhantomFX to new heights in the VFX business.

I would like to express my heartfelt gratitude to all our stakeholders for your unwavering trust and support.

Thank you.

Bejoy Arputharaj
Chairman & Managing Director

CORPORATE INFORMATIONS

Corporate Identity Number : L92100TN2016PLC103929, ISIN: INE0MLZ01019, NSE Symbol: PHANTOMFX

BOARD OF DIRECTORS

Mr. Bejoy Arputharaj S,
Chairman & Managing Director

Mrs. Syntia Moses Darry
Whole-time Director

Mr. Binu Joshua S
Whole-time Director

Mr. S. Ravindran
Whole-time Director

Mr. P. V. Jeemon
Non Executive Director
(*up to 29th May, 2024*)

Mr. Manjit Singh Parmar
Independent Director

Mr. Tom Antony
Independent Director

Mr. Suryaraj Kumar
Independent Director

CHIEF FINANCIAL OFFICER

Mr. Vijaykrishnan T S
(*from 28th Jul, 2023 to 16th Feb, 2024*)

Mr.Binu Joshua S
(*w.e.f 29th May, 2024*)

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Pallavi Tongia
(*Up to 18th Aug, 2024*)

Ms. Poornima Raghu
(*w.e.f 19th Aug, 2024*)

REGISTERED OFFICE

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

STATUTORY AUDITORS

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

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

INTERNAL AUDITORS

M/s. KEK and Associates, LLP
New No 28, Old no 27, Parvathy Apartments,
Damodaran Street,
T.Nagar, Chennai-600 017

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

ICICI BANK
No. 02/407, Pushpa Nagar,
Mount Poonamallee Road, Ayyappanthangal,
Chennai-600056, Tamilnadu, India
KOTAK MAHINDRA BANK
Sri Hari Building, Ground Floor, Door No.337,
Arcot Road, Kodambakkam,
Chennai-600024, Tamilnadu, India

COMMITTEES OF THE BOARD

AUDIT COMMITTEE
Mr. Manjit Singh Parmar, Chairman
Mr. Tom Antony
Mr. Suryaraj Kumar

NOMINATION & REMUNERATION COMMITTEE
1. Mr. Tom Antony, Chairman
2. Mr. Manjit Singh Parmar
3. Mr. Suryaraj Kumar

STAKEHOLDER RELATIONSHIP COMMITTEE
1. Mr. Tom Antony, Chairman
2. Mr. Manjit Singh Parmar
3. Mrs. Syntia Moses Darry

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
1. Mr. Tom Antony, Chairman
2. Mr. Manjit Singh Parmar
3. Mrs. Syntia Moses Darry

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

MANAGEMENT DISCUSSION & ANALYSIS

At PhantomFX, we blend artistic vision with technological innovation to create visually stunning and emotionally resonant digital experiences. Our expertise in visual effects spans across film, web series, and commercials, where we seamlessly integrate imagination and reality. With a focus on precision and detail, we deliver tailored solutions that elevate storytelling and captivate global audiences. Our commitment to excellence is reflected in our ability to manage complex VFX projects, consistently exceeding client expectations. We believe in the power of visual effects to transform narratives and bring extraordinary ideas to life.

Economy Overview

Global Economic Overview

Global economic growth is expected to moderate due to a combination of factors including high inflation, tightening financial conditions, and geopolitical uncertainties. Advanced economies are likely to see slower growth compared to emerging markets. Emerging markets are showing stronger growth potential compared to advanced economies, driven by robust domestic demand, ongoing industrialization, and favourable demographic trends. Continued innovation and adoption of new technologies are driving productivity improvements and creating new economic opportunities, particularly in sectors like digital services, green energy, and healthcare. Many governments are prioritizing infrastructure development, particularly in emerging markets. This investment is expected to boost economic growth, create jobs, and improve long-term productivity.

The global economy is facing significant challenges, including inflation, rising interest rates, supply chain disruptions, and slower growth in key regions like the US, EU, and China. Despite these hurdles, certain industries are poised for growth, particularly those aligned with digital transformation, renewable energy, healthcare, e-commerce, green technologies, and semiconductors. These sectors are benefiting from increased investments and the accelerated adoption of technologies and sustainable practices, driven by the pandemic's impact and ongoing environmental concerns. The pandemic has accelerated digital adoption across various sectors. Companies are investing heavily in digital infrastructure, cloud computing, artificial intelligence (AI), and cybersecurity. The demand for digital content, including streaming services, online gaming, and virtual experiences, continues to rise globally. This growth is driven by the increasing consumption of digital media across various devices and platforms. Technological innovations, such as AI-driven content creation, virtual reality, and augmented reality (AR), are revolutionizing the VFX and media industries. These advancements are enabling more immersive and realistic content, driving consumer engagement.

Source: IMF

Indian Economic Overview

India's real GDP is projected to grow between 6.5% and 7% in FY 2024-25, demonstrating resilience despite global economic uncertainties. The economy grew by 8.2% in FY 2024, surpassing the 8% mark in three out of four quarters, driven by stable consumption demand and improving investment. The agriculture, industry, and services sectors contributed 17.7%, 27.6%, and 54.7% to the overall GVA, respectively. The manufacturing and construction sectors both grew by 9.9% in FY 2024. Retail inflation moderated to 5.4% after averaging 6.7% in FY 2023, reflecting successful measures by the government and RBI.

India's fiscal position strengthened with the Union Government's fiscal deficit reduced to 5.6% of GDP in FY 2024. Capital expenditure increased by 28.2% to ₹9.5 lakh crore, driving growth in sectors like infrastructure and defense. The banking sector showed marked improvement, with the GNPA ratio declining to a 12-year low of 2.8%. The external sector remained robust, with service exports reaching a record USD 341.1 billion and forex reserves covering 11 months of projected imports. The female labor force participation rate rose to 37% in 2022-23, driven by increased rural women participation.

Source: pib (Press Information Bureau Government of India)

Industry Overview

Global VFX Industry

The global Animation and VFX industry is witnessing remarkable growth, driven by transformative trends and innovations. With the market size expected to soar from USD 179.78 billion in 2024 to USD 311.46 billion by 2029, the industry is set to achieve a robust CAGR of 9.43%. This expansion is underpinned by the increasing integration of animation and VFX across various sectors, notably in film and television, where production budgets are escalating as studios strive to deliver visually stunning and ambitious projects. The global reach of digital platforms has further fuelled this trend, enabling broader international distribution and access to content.

Key growth drivers include the surge in demand for 3D-UHD animated films, the rising popularity of video streaming services, and the strategic outsourcing of VFX processes to optimize costs. As studios and content creators seek to meet the growing appetite for high-quality visuals, technological advancements are playing a pivotal role. The integration of Virtual Reality and Augmented Reality into animation and VFX workflows is enhancing creative possibilities and viewer experiences, while the expansion of OTT services is driving demand across emerging markets.

Recent developments highlight the industry's resilience and adaptability, particularly in the face of challenges posed by the COVID-19 pandemic, which disrupted production and post-production workflows. However, the industry's swift recovery and ongoing innovations underscore its robust potential for continued growth.

Leading companies, such as DNEG, are capitalizing on these opportunities by making strategic investments and expanding their service offerings to meet the evolving demands of the media and entertainment sectors. This dynamic landscape ensures that the animation and VFX industries will continue to evolve, pushing the boundaries of what's possible in visual storytelling and content creation.

Looking ahead, the future of the global Animation and VFX industry is bright, with continued technological integration, rising global content consumption, and expanding digital platforms set to drive sustained growth. As new markets emerge and audience expectations rise, the industry is poised to reach unprecedented heights, delivering cutting-edge visual experiences across an increasingly diverse range of platforms and media.

Source: Modor Intelligence

Indian VFX Industry

The Indian VFX industry has evolved into a global powerhouse, increasingly recognized for its technical expertise and cost-effective solutions. With a significant portion of its revenue coming from international projects, Indian VFX studios have established themselves as vital players in the global content creation ecosystem. The industry has grown rapidly, fueled by a combination of domestic and international demand, advancements in technology, and government initiatives aimed at boosting the sector.



Recent Developments

Impact of International Strikes:

The recent strikes by the Writers Guild of America (WGA) and the Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA) led to significant production delays, affecting over 48 films and 46 TV shows. This disruption had a direct impact on Indian VFX studios, which derive around 70% of their revenues from international projects. To mitigate the impact, Indian studios sought domestic collaborations and explored new international markets, showcasing their resilience and adaptability.

OTT Budget Cuts:

Major OTT platforms, including Disney+ and Netflix, have scaled back their content spending. Disney+ reduced its entertainment cash content expenditure by USD 4.5 billion in 2023, while Netflix slashed its budget to USD 13 billion, down from a projected USD 17 billion. This resulted in a 16% decrease in Netflix's original programming, posing challenges for VFX studios reliant on OTT content.

Domestic Market Resilience:

Despite challenges in the international market, the domestic Indian film industry remains robust. High-budget films such as 'Animal' and 'Kalki 2898 AD' have allocated 25% to 30% of their budgets to VFX, underscoring the increasing importance of visual effects in Indian cinema. Films like 'Adipurush' and 'Salaar' have also set new benchmarks with extensive VFX integration, featuring thousands of VFX shots.

Advancements in VFX Technology:

Indian VFX studios are embracing new technologies such as AI, machine learning, and real-time rendering. These innovations are enhancing efficiency, automating complex tasks like upscaling and CGI pre-visualization, and enabling real-time visualization of intricate scenes. This technological shift is helping Indian studios maintain a competitive edge in the global market.

Virtual Production:

The adoption of virtual production techniques in India has been slower compared to developed markets, mainly due to longer break-even timelines and challenges in integrating these technologies with traditional filmmaking practices. However, the few virtual production studios in India are increasingly being used by local producers, although they have yet to attract significant international clientele.

Government Initiatives:

The Indian government is actively promoting the Animation, Visual Effects, Gaming, and Comics (AVGC) sector. The establishment of the National Centre of Excellence for AVGC in Mumbai aims to provide a significant boost to the industry. Additionally, the audio-visual co-production agreement between India and Canada is expected to facilitate cultural exchange and collaboration, further strengthening India's position in the global VFX market.

Growth Drivers

Rising Domestic Demand:
The increasing integration of VFX in major Indian films, where VFX accounts for a significant portion of the budget, is driving domestic growth. The success of VFX-heavy films is encouraging more filmmakers to invest in advanced visual effects.

Technological Advancements:
The adoption of AI, machine learning, and real-time rendering technologies is enhancing the efficiency and quality of VFX production in India. These advancements are enabling studios to offer world-class services at competitive prices.

Global Market Integration:
Despite the challenges posed by international strikes and budget cuts, the Indian VFX industry continues to be a preferred outsourcing destination for global studios due to its cost-effective services and skilled workforce.

Government Support:
Government initiatives, including the establishment of the National Centre of Excellence for AVGC and international collaboration agreements, are providing the necessary infrastructure and support for the industry's growth.

Key Challenges

Impact of International Strikes:
The reliance on international projects makes the Indian VFX industry vulnerable to external disruptions, such as strikes and budget cuts in Hollywood.

OTT Platform Budget Reductions:
The reduction in content spending by major OTT platforms is limiting opportunities for Indian VFX studios, which have been increasingly dependent on these platforms for business.

Slow Adoption of Virtual Production:
The slow adoption of virtual production techniques in India, due to high costs and integration challenges, is limiting the industry's ability to fully leverage this emerging technology.

Outlook

The Indian VFX industry is poised for sustained growth, driven by rising domestic demand, continued global integration, and technological advancements. However, the industry must address challenges related to its reliance on international markets and the slow adoption of new technologies like virtual production.
The Indian government's support, coupled with increasing international collaborations, positions the industry well for future expansion. As the global entertainment landscape evolves, the Indian VFX sector is expected to play an increasingly prominent role, leveraging its strengths in creativity, technology, and cost-effectiveness to capture a larger share of the global market.

The Indian VFX industry stands at the cusp of a significant transformation. With the right blend of technological innovation, strategic collaborations, and government support, it is well-positioned to overcome current challenges and achieve new heights in the global visual effects arena. As India continues to enhance its digital infrastructure and embrace cutting-edge technologies, its VFX industry is set to become a global leader in visual storytelling and immersive experiences.

Source: E&Y Report and IBEF

Review of Operations

PhantomFX is one of the leading creative visual effects studios delivering comprehensive services for film, web series, and commercials. Headquartered in Chennai, India, with key locations in Mumbai, Hyderabad, the UK, the US, Canada, and Dubai, PhantomFX ensures global coordination and top-tier quality. Renowned for its creative expertise and industry-leading standards, PhantomFX holds the Certified TPN designation and was listed on the NSE Emerge platform in October 2022.

Acquisition of Majority Stake in Tippett Studio

In a landmark move for the visual effects industry, PHANTOMFX has acquired a majority stake in the esteemed Tippett Studio, founded by the Oscar-winning filmmaker Phil Tippett. This strategic acquisition, finalized in 2024, positions PhantomFX at the forefront of VFX innovation by integrating Tippett Studio's acclaimed legacy, known for its work on iconic films like *Jurassic Park* and *Star Wars*. Under this partnership, Tippett Studio will retain its name and operational autonomy while benefiting from the creative leadership of Phil Tippett and the strategic guidance of Gary Mundell, CEO of Tippett North America, and Cliff McDowell, COO for North America. The acquisition also includes Tippett Productions, a new Canadian venture dedicated to original content creation. This collaboration underscores PhantomFX's commitment to enhancing creativity, advancing VFX technology, and expanding its global footprint in the visual effects industry.

Setting New VFX Benchmark with Record-Breaking Release of Ayalaan

PHANTOMFX has achieved a pivotal milestone in the Indian film industry with the release of the sci-fi epic "Ayalaan" on January 12, 2024. The film has garnered widespread acclaim for its groundbreaking visual effects and computer graphics, setting new industry standards and establishing PhantomFX as a leader in VFX innovation. With over 4500 VFX shots, Ayalaan has transformed audience experiences and redefined cinematic excellence in Indian cinema. The film's remarkable success is evidenced by its rapid achievement of over ₹50 crores in global box office revenue within just four days, underscoring its universal appeal and the studio's exceptional contribution to the art of visual storytelling.

New Advances in Automation and Virtual Production

- **Revolutionary Automation Tools:** Boost production efficiency by 10-15% with advanced automation, allowing artists to focus on creativity.
- **State-of-the-Art Virtual Production Unit:** Real-time technology enables virtual interaction with 3D sets, enhancing pre production accuracy and experience.
- **AI Research and Development:** Integration of cutting-edge AI solutions to elevate visual effects quality and productivity.
- **Photorealistic Virtual Sets:** New service offering lifelike virtual environments for enhanced visual storytelling.

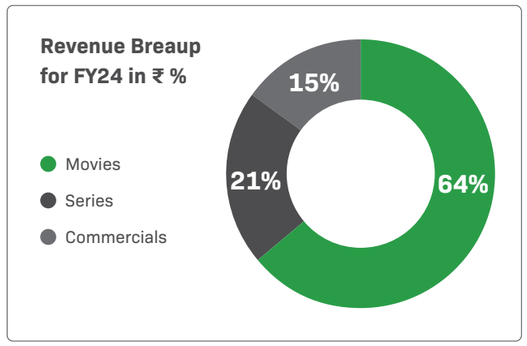


Financial Highlights

In FY24, the company continued its strong growth trajectory, with revenue reaching ₹89.33 crores, a significant increase from ₹57.89 crores in FY23. This growth was underpinned by the expansion in project deliveries and higher-margin overseas business. EBITDA also saw a substantial rise to ₹39.02 crores, with the EBITDA margin improving to 43.00%. The company's profitability was further demonstrated by the increase in PAT to ₹24.11 crores, with a PAT margin of 26.66%. These improvements indicate that the company's strategic focus on operational efficiency and margin enhancement is yielding positive results.

Fixed assets grew from ₹10.40 crores in FY23 to ₹18.16 crores in FY24, reflecting ongoing investments in infrastructure.

The company demonstrated remarkable growth in FY24, driven by increased project deliveries, overseas business expansion, and operational efficiency. Significant investments in capacity and capabilities are expected to further bolster financial performance in the coming years. However, the increase in working capital, particularly trade receivables, and rising liabilities are areas to monitor closely.



The **Movies** segment remained the dominant contributor, generating ₹56.73 crores, up from ₹47.78 crores in FY23. The **Series** segment also showed robust growth, nearly doubling its revenue from ₹9.76 crores in FY23 to ₹18.72 crores in FY24, reflecting the company's ability to capitalize on the rising demand for serialized content, possibly driven by the surge in streaming platforms. The most notable growth, however, came from the **Commercials** segment, which saw a dramatic increase in revenue from ₹0.35 crores in FY23 to ₹13.88 crores in FY24. The diversification of revenue streams, with substantial contributions from all three segments, positions the company well for sustained growth, reducing its reliance on any single segment and enhancing its resilience against market fluctuations.

Ratio Analysis

Particulars	FY23	FY24	Change (%)
Debtors Turnover Ratio	5.90	2.68	(54.56)
Current Ratio	3.65	5.16	41.57
Debt-Equity Ratio	0.16	0.14	(9.89)
Interest Coverage Ratio	40.67	19.15	(52.92)
EBITDA Margin (%)	39.97	43.15	7.96
Net Profit Margin (%)	27.57	26.66	3.41
Return on Net Worth (%)	36.63	16.66	119.87

Opportunities & Threats

Opportunities

Growth in Streaming Services and Digital Content

- Increasing demand for high-quality VFX in streaming platforms, web series, and digital content.
- Expanding market opportunities and potential for increased revenue.
- Develop tailored VFX solutions for digital platforms and engage with OTT content creators.

Advancements in AI and Automation

- Integration of AI and automation in VFX production processes to enhance efficiency and creativity.
- Improved production speed, reduced costs, and enhanced visual quality.
- Invest in AI research and development, incorporate cutting-edge tools and techniques.

Expansion into Emerging Markets

- Growing entertainment and media sectors in emerging markets such as Asia and Latin America.
- New revenue streams and diversified market presence.
- Establish partnerships and local presence in key emerging markets.

Virtual Production and Real-Time Technologies

- Increasing adoption of virtual production and real-time technologies in filmmaking and content creation.
- New business opportunities and potential for innovative project offerings.
- Enhance capabilities in virtual production and offer comprehensive solutions to clients.

Strategic Partnerships and Acquisitions

- Opportunities for growth through strategic partnerships and acquisitions, such as the recent acquisition of Tippett Studio.
- Expanded capabilities, market reach, and access to new creative talent.
- Continue to seek strategic partnerships and acquisition opportunities that align with business goals.
- PhantomFX is planning to venture into animation and gaming segments to broaden service offerings and tap into new markets.

Threats

International Market Volatility

- Fluctuations in international markets due to geopolitical tensions, economic instability, or trade policies could impact global project revenues and cost structures.
- Potential delays in international projects, increased costs, and revenue fluctuations.
- Diversify project portfolio and strengthen relationships with multiple international clients.

Technology and Innovation Risks

- Rapid technological changes and the risk of not keeping pace with advancements in VFX and virtual production technologies.
- Potential obsolescence of current technologies, loss of competitive edge.
- Invest in R&D and technology upgrades, maintain partnerships with technology providers.

Economic Downturn and Budget Cuts

- Economic slowdowns and reduced budgets for film and TV productions can impact demand for VFX services.
- Reduced revenue from clients, potential project delays or cancellations.
- Focus on diversifying services and targeting different market segments.

Talent Retention and Recruitment

- Difficulty in attracting and retaining skilled VFX professionals in a competitive market.
- Potential impact on project delivery and quality.
- Offer competitive compensation, professional development opportunities, and a positive work environment.

Regulatory and Compliance Risks

- Changes in regulations or compliance requirements in different markets, including data protection and intellectual property laws.
- Legal risks, potential fines, and increased compliance costs.
- Regularly review and update compliance practices, engage with legal experts.

Risk Management

Phantom Digital understands 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.

Outlook

PhantomFX is well-positioned to leverage emerging trends and continue its trajectory of growth in the VFX industry. The company's strategic focus on expanding into digital and streaming markets, coupled with its investment in advanced technologies such as AI and virtual production, positions it to capitalize on the growing demand for high-quality visual effects. The recent acquisition of Tippett Studio further strengthens its capabilities and market reach, providing a solid foundation for future expansion.

As global content consumption evolves, PhantomFX's adaptability and innovation will be key to navigating market volatility and capturing new opportunities. The company's emphasis on strategic partnerships and diversification of services will enhance its resilience against economic fluctuations and regulatory changes. Overall, PhantomFX is poised for continued success, with a clear path towards sustaining growth and solidifying its position as a leader in the VFX industry.

Internal Control Systems & 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

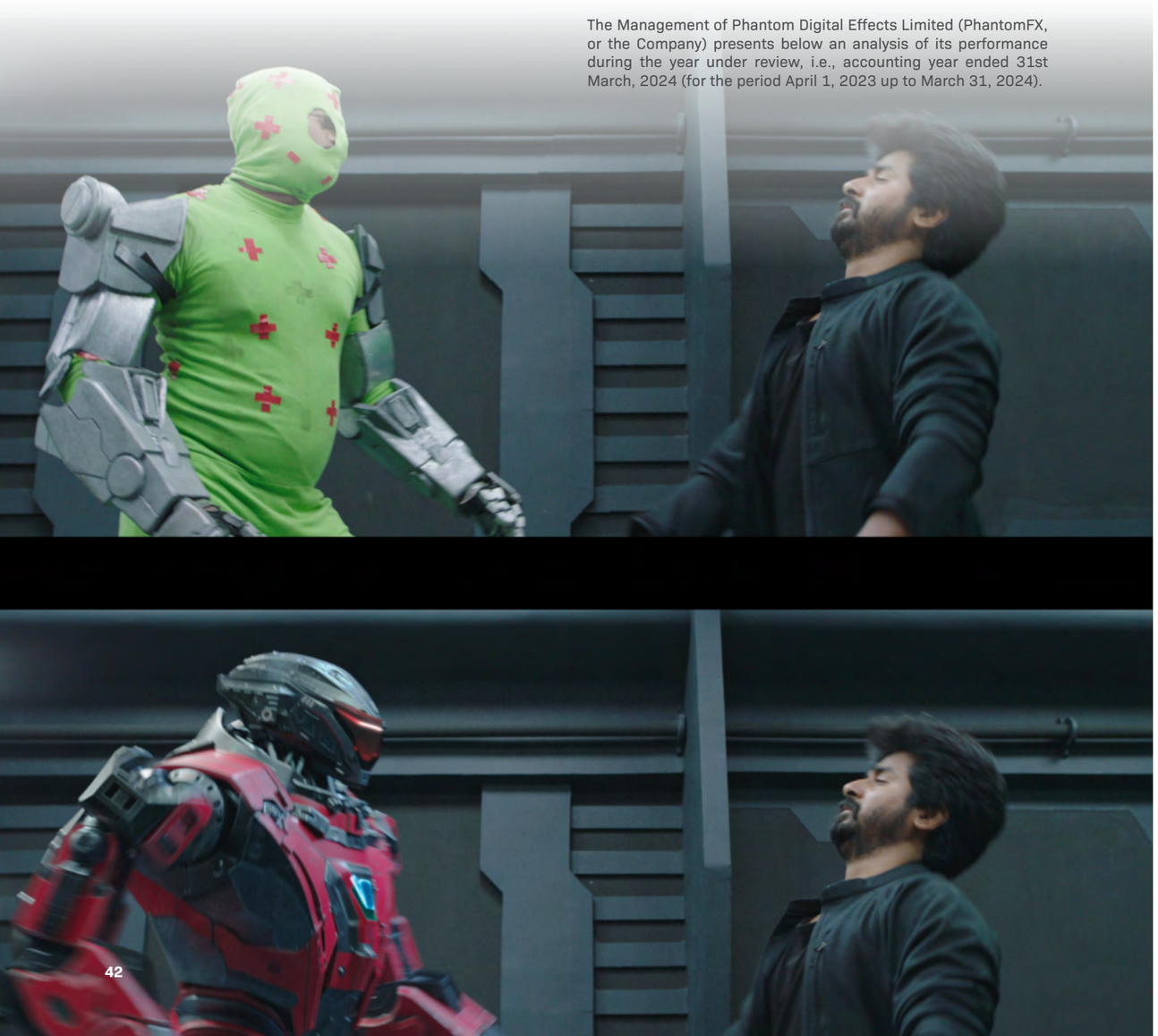
At PhantomFX, we prioritize the development of our employees. We have implemented various initiatives to support their growth, including performance appraisal, learning management, talent cultivation, and training programs. Our HR policies promote employee contentment, motivation, and retention through 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 552 employees by the end of March 2024, and continues to expand.

Cautionary Statement

The Company's objectives, projections, outlook, expectations, estimates, and other information expressed in the Management Discussion and Analysis may be considered forward-looking statements under applicable securities laws and regulations. These statements are based on certain assumptions that the Company cannot guarantee.

Several circumstances, some of which the Company may not have direct control over, could have a substantial impact on the Company's operations. As a result, actual results may differ materially from such projections, whether expressed or implied, because it would be beyond the Company's ability to successfully implement its growth strategy. The Company assumes no obligation or responsibility to update forward-looking statements or to publicly amend, modify, or revise them to reflect events or circumstances that occur after the date of the statement on the basis of subsequent development, information, or events.

The Management of Phantom Digital Effects Limited (PhantomFX, or the Company) presents below an analysis of its performance during the year under review, i.e., accounting year ended 31st March, 2024 (for the period April 1, 2023 up to March 31, 2024).



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 8th Annual General Meeting of the members of **M/s. PHANTOM DIGITAL EFFECTS LIMITED** will be held on Thursday the 19th day of September, 2024 at 11.00 AM 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 31st March 2024 together with the Reports of the Directors and Auditors thereon and in this regard, to consider and if thought fit, to pass the following resolutions as an Ordinary Resolution.

   "RESOLVED THAT the audited Standalone financial statements of the Company for the financial year ended 31 st March 2024 and the reports of the Board of Directors and Auditors thereon laid before this Meeting, be and are hereby received considered and adopted."

2. To re-appoint Mrs.Syntia Moses Darry (DIN: 03459055), who retires by rotation and being eligible, offers herself for re-appointment as a Director and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mrs. Syntia Moses Darry (DIN: 03459055), who retires by rotation, at this Meeting and being eligible, has offered herself for re-appointment be and is hereby reappointed as Director of the Company liable to retire by rotation."

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: 29.05.2024

NOTES:

1. The Ministry of Corporate Affairs ("**MCA**") has, vide its circular Nos.14/2020 dated 8th April 2020, 17/2020 dated 13th April 2020, followed by Circular No. 20/2020 dated May 05, 2020, 22/2020 dated 15th June 2020, 33/2020 dated 28th September 2020, 39/2020 dated 31st December 2020, Circular No. 02/2021 dated January 13, 2021, 10/2021 dated 23rd June 2021, 20/2021 dated 8th December, 2021, 3/2022 dated 5th May, 2022 and 11/2022 dated 28th December 2022, and subsequent circulars issued in this regard, the latest being Circular No.09/2023 dated September 25, 2023 (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 him/her 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 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 12th May, 2020, Circular No. SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated 15th January, 2021 and Circular

NOTICE TO THE SHAREHOLDERS

No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated 13th 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 2023-24) 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, 23rd August, 2024**. Members holding shares in dematerialised (demat) mode are requested to register/update their e-mail ids with their relevant DPs if the email is not updated.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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 and also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

11. 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 **Monday, 16th September, 2024** and will end at 05:00 P.M (IST) on –**Wednesday, 18th September, 2024**. 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.

12. The Company has appointed **Mr. 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.

13. 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 placed on the Company's website https://phantomfx.com/.

14. Subject to the 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. **Thursday, 19th September, 2024.**

15. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **12th September, 2024** 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. **12th September, 2024** should treat this Notice for information purposes only

16. 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., **12th September, 2024 such**

NOTICE TO THE SHAREHOLDERS

person may obtain the User ID and Password from NSDL by e-mail request on evoting@nsdl.co.in for all future communication members.

Dispatch of Annual Report through Electronic Mode:

17. 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 2023-24 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 2023-24 will also be available on the Company's website www.phantomfx.com, websites of the Stock Exchange, that is, National Stock Exchange of India Limited at www.nseindia.com, respectively, and on the website of Company's E-voting partner at https://www.evoting.nsdl.com

18. 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:

19. 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@phantom-fx.com.

20. 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 Thursday, 12th September, 2024 to 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 Monday, 16th September, 2024 at 09:00 A.M. and ends on Wednesday, 18th September, 2024 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. Thursday, 12th September, 2024, 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 of the cut-off date, being Thursday, 12th September, 2024.

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.

NOTICE TO THE SHAREHOLDERS

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.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner**" icon under "Login" which is available under '**IDeAS**' 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 "**Access to e-Voting**" under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** 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 & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "**Register Online for IDeAS Portal**" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. 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. 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 **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. 4. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. **NSDL Mobile App is available on** App Store Google Play
Individual Shareholders holding securities in demat mode with CDSL	1. 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 www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password.

NOTICE TO THE SHAREHOLDERS

Type of shareholders	Login Method
	2. 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 & 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. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 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 www.cdslindia.com 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 **evoting@nsdl.com or call at 022 - 4886 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 **helpdesk.evoting@cdslindia.com or contact at toll free no. 1800-21-09911**

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.

NOTICE TO THE SHAREHOLDERS

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 user 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.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on 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.com 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 whose 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.

NOTICE TO THE SHAREHOLDERS

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 by e-mail to Mr. M Sudhakar by email to advocatesudha2015@gmail.com with a copy marked to evoting@nsdl.com. 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.

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 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 or call on.: 022 - 4886 7000 or send a request to evoting@nsdl.com

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

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 . 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.com for procuring user id and password for e-voting by providing above mentioned documents.

4. 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

NOTICE TO THE SHAREHOLDERS

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. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at cs@phantom-fx.com and the same will be replied by the company suitably. **Pre-registration should be done between Friday, 13th September, 2024 (9:00 a.m. IST) and Sunday, 15th September, 2024 (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 Sharegistry India Private Limited at 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, 4th 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

2. **Purva Sharegistry India Private Limited (RTA)**
   Contact Person:
   Ms. Deepali Dhuri
   Compliance Officer
   9 Shiv Shakti Industrial Estate,
   J.R. Boricha Marg, Lower Parel (E),
   Mumbai - 400011
   Ph: +91- 8928652025
   Mail: support@purvashare.com

3. **Phantom Digital Effects Limited**
   Contact Person: Company Secretary & Compliance Officer
   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

ANNEXURE TO THE NOTICE

Details of the Directors retiring by rotation and seeking re-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:

Name of the Director	Mrs. Syntia Moses Darry
DIN	03459055
Date of Birth	14.05.1984
Age	40
Date of first appointment on the Board	June 02, 2016
Qualifications	Master's degree in Commerce and Computer Application
Profile, Experience and Expertise in specific functional areas	She has over 12 years of experience in industry including VFX Industry. As a Whole-time Director of the company, she oversees budgets, cost-effectiveness, and the Company's financial matters. She has rich experience in financial and management accounting. She is also experienced in planning, preparation of yearly budgets and managing the company's cashflow and securing new funding.
Skills and capabilities required for the role and the manner in which the Directors meet the requirements	Knowledge in finance, accounting, management and strategy. The educational qualifications in the relevant field and the experience in those areas equip her to meet the requirements.
Terms and Conditions of Re-appointment	Appointment is sought in terms of Section 152(6) of the Companies Act, 2013 where in Mrs. Syntia Moses Darry is liable to retire by rotation and eligible for reappointment.
Remuneration (including sitting fees, if any) last drawn (FY 2023-24)	Rs. 60.00 (in Lakhs)
Remuneration proposed to be paid	Not Applicable as the appointment sought is in terms of Section 152(6)
Shareholding in the Company including shareholding as a beneficial owner as on March 31, 2024	Holding 8,36,400 equity shares of Rs.10/- each in individual capacity
Relationship with other Directors / Key Managerial Personnel	Mrs. Syntia Moses Darry being spouse of Mr. Bejoy Arputharaj Sammanohar, Managing Director is related to her and his brother Mr. Binu Joshua Sammohar, Whole-time Director & Chief Financial Officer .
Number of meetings of the Board attended during the financial year 2023-24	Out of 11 Board meetings held during the year 2023-24, attended all 11 meetings.
Directorships of other Boards as on March 31, 2024 (Indian Companies)	Nil
Membership / Chairmanship of Committees of other Boards as on March 31, 2024	Nil
Listed entities from which the Director has resigned in the past three years	Nil

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: 29.05.2024

BOARDS' REPORT

Dear Members,

The Board of Directors have the pleasure in presenting the 08th Annual Report of the Company along with audited financial statements for the financial year ended March 31, 2024.

1. FINANCIAL RESULTS

The Company's financial (Standalone) performance for the year ended March 31, 2024 is summarised below:

(Amount in Lakhs)

Particulars	2023-24	2022-23
Revenue from Operations	8933.05	5,789.42
Other Income	110.38	84.43
Total Income	**9043.43**	**5,873.86**
Operating expenditure	**5321.01**	**3580.85**
Depreciation and amortisation expense	**454.65**	**115.41**
Total expenses	**5,775.66**	**3,696.26**
Profit Before exceptional items and tax	**3267.77**	**2,177.60**
Exceptional items	**-**	**-**
Profit Before Tax	**3267.77**	**2,177.60**
Current Tax	856.72	525.47
Deferred Tax	(8.47)	32.53
Tax Adjustment of Earlier Years	8.03	-
Net Profit for the period	**2411.49**	**1,619.60**
Earnings per share (Basic & Diluted) (in Rs.)	26.90	15.97

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

During the year under review, the Company recorded revenue of Rs.8933.05 lakhs from its operation as against Rs.5789.42 lakhs in the previous financial year 2022-23. Other Income during the current financial year 2023-24 was Rs.110.38 lakhs as against Rs.84.43 lakhs in the previous financial year 2022-23. The Company recorded Profit before Tax of Rs.3267.77 lakhs for the financial year 2023-24 as against Rs. 2177.60 lakhs for the previous financial year 2022-23. The net profit for the financial year 2023-24 stood at Rs.2411.49 lakhs as against Rs. 1619.60 lakhs in the previous financial year. The YOY growth w.r.t EPS rate has increased to 68.44% for this financial year.

3. BUSINESS OVERVIEW

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. 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 2023-24.

BOARDS' REPORT

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.

To bring transparency in the matter of the declaration of dividend, the company had adopted a Dividend Policy. The policy has been displayed on the Company's website at link https://www.phantomfx.com/investor/policies.php

5. TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to the general reserves and the entire amount of profit for the year forms part of the 'Retained Earnings'.

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 THIS REPORT

There have been no material changes and commitments affecting the financial position of the Company that 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

We are thrilled to highlight the remarkable achievements and accolades that our organization has received during the year. Our commitment to excellence and innovation has been recognized through several prestigious awards, underscoring the dedication and hard work of our entire team. Notably, we are honored with the following which reflects our leadership in the VFX industry.

- ✓ EDISON AWARDS 2024
  - Visual Marvel Award - LEO Movie
- ✓ VAM AWARDS 2024
  - Best VFX Feature (Domestic) - Ayalaan Movie
  - Best Compositing - Ayalaan Movie
  - Best VFX Supervisor - Ayalaan Movie - Bejoy Arputharaj
  - Best Motion Capture - Ayalaan Movie
  - Best Innovative Use of Software in VFX - Ayalaan Movie
  - Best Compositing Artist - Havinash Raghav - Ayalaan Movie

8. CHANGE IN THE NATURE BUSINESS

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

9. CHANGE IN CAPITAL STRUCTURE

During the year, the Authorised Share Capital of the Company has been increased from Rs.12,00,00,000/- (Rupees Twelve Crores) divided into 1,20,00,000 equity shares of Rs.10 each to Rs.20,00,00,000/- (Rupees Twenty Crores) divided into 2,00,00,000 equity shares of Rs.10 each thereafter. Consequential amendments were made in the Memorandum and Articles of Association of the Company.

The Company has issued/ allotted 19,39,200 Equity Shares of face value Rs.10/- each at an issue price of Rs.412.50 per equity share which includes premium of Rs.402.50/- per equity share by way of Qualified Institutions Placement ("QIP"). Consequent to this QIP, the paid-up share capital of the Company has increased and stood at Rs.13,57,92,000/- divided into 1,35,79,200 equity shares of Rs.10/- each as on March 31, 2024.

10. 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:-** No Bonus Shares were issued during the year under review.

d. **EMPLOYEES STOCK OPTION PLAN:-** The Company has not provided any Stock Option Scheme to the employees.

e. **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.

f. **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.

BOARDS' REPORT

g. **QUALIFIED INSTITUTIONAL PLACEMENT:-** Pursuant to the approval of the Board and the Members, the Company has issued / allotted 19,39,200 Equity Shares of face value ₹10/- each at an issue price of ₹412.50 per equity share which includes premium of Rs.402.50/- per equity share by way of Qualified Institutions Placement ("QIP"). Apart from this issue, there was no other change in the share capital of the Company

11. UTILIZATION OF FUNDS RAISED THROUGH PUBLIC ISSUE

The funds raised through the Initial Public Offer (IPO) during October 2022 as well as through the Qualified Institutional Placement (QIP) during December 2023 are being utilized, for the purpose for which it was raised by the Company in accordance with the terms of the issue. As on date of this report there was no deviation(s) or variation(s) in the utilization of issue proceeds from the objects as stated in the prospectus/ placement memorandum.

12. 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.

13. BORROWINGS

As on 31st March 2024, an amount of Rs.2,041.36/- lakhs is outstanding towards borrowings, which comprises of both secured and unsecured loans.

14. 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 2023-24.

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:

a) in the preparation of the annual accounts for the year ended March 31, 2024, 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;

b) 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, 2024 and of the profit of the Company for the year ended on that date;

c) 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;

d) the Directors have prepared the annual accounts on a going concern basis;

e) 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 made an investment of Rs. 5.32 Lakhs towards its contribution to share capital of its subsidiary viz., Phantomfx Studios Limited, UK and the company has yet to commence the operation. The Company has not given any Loans, Guarantees or provided any Securities in connection with any loan during the Financial Year coming under the purview of 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.

BOARDS' REPORT

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 has 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. The details in respect of other related party transactions are provided under Note No.25 of the financial statements.

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 is available on the Company's website and can be accessed at https://phantomfx.com/

19. BOARD OF DIRECTORS

The Board of Directors has an optimum combination of Executive and Non-Executive Directors with One Woman Director and three (3) Independent Directors (IDs). The Chairperson of the Board is an Executive Director from Promoter Category. The profiles of Directors can be accessed on the Company's website at https://phantomfx.com/

The composition of the Board is in conformity with the Act and consists of a combination of Executive and Non-Executive Directors and not less than 1/3rd 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 2023-24, the Company held 11 (Eleven) meetings of the Board of Directors as per Section 173 of Companies Act, 2013. 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	DESIGNATION	NO. OF MEETING ENTITLED	NO. OF MEETING ATTENDED
1	Mr. Bejoy Arputharaj S	Chairman & Managing Director	11	11
2	Mrs. Syntia Moses Darry	Whole Time Director	11	11
3	Mr. Binu Joshua S	Whole Time Director	11	11
4	Mr. S Ravindran	Whole Time Director	11	11
5	Mr. P V Jeemon	Non-Executive Director	11	11
6	Mr. Manjit Singh Parmar	Independent Director	11	11
7	Mr. Tom Antony	Independent Director	11	11
8	Mr. Suryaraj Kumar	Independent Director	11	11

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. During FY 2023-24, 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 Rs. 20,000/- per meeting to its Non-Executive Directors for attending the meetings of Board and Committees.

BOARDS' REPORT

Remuneration to 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 AND THE CHANGES THEREOF

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mrs.Syntia Moses Darry (DIN:03459055) Director 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 her re-appointment. Details of the Directors retiring by rotation and seeking re-appointment have been furnished in the explanatory statement to the notice .

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/period of Appointment & Resignation
Mr. Rajinikanth E.S	AFBPR1144Q	Resigned from the position of Chief Financial Officer	28/07/2023
Mr. Vijaykrishnan TS	AAKPV3193R	Appointed as Chief Financial Officer & KMP	28/07/2023
Mr. Vijaykrishnan TS	AAKPV3193R	Resigned from Chief Financial Officer & KMP	16/02/2024
Mr. Suryaraj Kumar	00714694	Shareholders confirmed his appointment as Independent Director	04/05/2023

(*) The Changes Occurred between the end of the Financial Year to which this Financial Statements relate and the date of this Report.

Name	DIN/PAN	Particulars	Effective Date/period of Appointment & Resignation
Mr. Thamiz Selvan Dakshinamoorthy (*)	ATGPD7437F	Appointed as Chief Financial Officer	26/04/2024
Mr. Thamiz Selvan Dakshinamoorthy (*)	ATGPD7437F	Resigned from Chief Financial Officer	29/05/2024
Mr. P V Jeemon (*)	00876858	Non-executive Director – Resigned	29/05/2024
Mr. Binu Joshua M	03459073	Appointed as Chief Financial Officer	29/05/2024

22. AUDITORS AND AUDITORS' REPORT

A. STATUTORY AUDITORS AND THEIR REPORT

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and in accordance with the resolution passed by the members at the AGM held on August 25, 2022, M/s.L.U.KRISHNAN & Co., Chartered Accountants, Chennai (bearing FRN:001527S), were appointed as the Statutory Auditors of the Company to hold office for a period of five years i.e., till the conclusion of 11th Annual General Meeting (for the financial year 31.03.2027) on remuneration as may be agreed between the Board and the Auditors.

M/s. L. U. Krishnan & Co, Chartered Accountants, have submitted their Report on the Financial Statements of the Company for the FY 2023-24, which forms part of the Annual Report 2023-24. There are no observations

BOARDS' REPORT

(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 of the Companies Act, 2013 are not applicable to the Company for the year 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 2023-24. The Secretarial Audit Report submitted by them for the said financial year in the prescribed form MR-3 pursuant to the provisions of Section 204 of the Act is annexed as '**Annexure IV**' to this report. M/s. SKD & Associates, Company Secretaries have been appointed to conduct the secretarial audit of the Company for FY 2024-25 who is confirmed that he is eligible for the said appointment.

The Secretarial Auditors' Report for the financial year 2023-24 does not contain any qualification, reservation or adverse remark except that certain forms/returns under the Act had been filed belatedly. However, the company has filed all applicable forms and returns wherever applicable as of the date of this report.

D. INTERNAL AUDITOR:

In terms of the provision of section 138 of the Companies Act, 2013 with rule 13 of the Companies (Accounts) Rules, 2014, the Board of Directors of the Company at their Meeting held on 30th July, 2022 appointed M/s. K E K and Associates LLP, Chartered Accountant, as Internal Auditors of the Company to conduct internal audit functions and activities of the Company for two years commencing from the Financial year 2022-2023 till the conclusion of Financial year 2023-2024.

At the board meeting held on 29th May, 2024 M/s. K E K and Associates LLP, Chartered Accountant. appointed as Internal auditor of the company to conduct the internal audit functions for FY 2024-25.

23. INTERNAL FINANCIAL CONTROL SYSTEM

The Company has put in place an effective internal control system to synchronize 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 organization, providing assurance about the safekeeping of the assets and the execution of transactions as per the authorization 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.

24. 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.

BOARDS' REPORT

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 2023-24 on sexual harassment

25. 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.

26. 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.

27. 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.

28. 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 2023-24 in the prescribed format are annexed as "**Annexure-V**".

29. 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 Board of Directors of the Company has formed a Risk Management Committee to frame, implement, and monitor the risk management plan for the Company. The Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Committee considers the risks that impact the mid-term to the long-term objectives of the business, including those reputational in nature. The Company has an elaborate risk charter and risk policy defining the risk management governance model, risk assessment, and prioritization process. The Risk Management Committee reviews and monitors the key risks and their mitigation measures periodically and provides an update to the Board on the Company's risks outlined in the risk registers.

During the year, such controls were tested and no material discrepancy or weakness in the Company's internal controls over financial reporting was observed. The policy can be accessed at https://www.phantomfx.com/investor/policies.php

30. 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.

31. 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://www.phantomfx.com/investor/policies.php

32. PARTICULARS OF EMPLOYEES

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

BOARDS' REPORT

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-VI**. 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 – VI**.

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, provided as 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.

33. PARTICULARS OF HOLDING, SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE

Your Company does not have any Holding, Joint venture or Associate Company as on March 31, 2024. During the year, 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). Since PhantomFX Studios Limited has not started the operation, hence, Consolidation of Financial Statement has not been done. (Refer Note: 12 in the Balance sheet under Non-current investment).

During the Financial Year under review, there are no companies which has ceased to be Subsidiary, Joint Venture/ Associate Companies. Form AOC-1 as required under Section 129 (3) of the Companies Act 2013 is attached as **Annexure III**.

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

There were no remuneration or commission received by the Managing Director / Whole-time Directors from its subsidiary company during the year under review.

35. 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 31st March, 2024.

36. 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.

37. COMMITTEES OF THE BOARD

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. As on March 31, 2024 the following Committees constituted by the Board function according to their respective roles and defined scope:

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 made 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. Further, during the year under review, the Board has accepted all recommendations made by various committees.

BOARDS' REPORT

A. AUDIT COMMITTEE

During the Financial Year 2023-24, the Company had 05 (Five) Audit Committee meetings, viz 22nd May, 2023, 28th July, 2023, 29th August, 2023, 10th November, 2023 and 14th February, 2024.

The composition of the Committee as on March 31, 2024 and the details of meetings attended by its members during the financial year 2023-24 are given below:

S NO	DIRECTOR	DESIGNATION	NO. OF MEETING ENTITLED	NO. OF MEETING ATTENDED
1	Mr.Manjit Singh Parmar	Chairman	05	05
2	Mr.Tom Antony	Member	05	05
3	Mr.Suryaraj Kumar	Member	05	05

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

During the Financial Year 2023-24, the Company held 02 (Two) Nomination and Remuneration Committee meetings, viz 30th June, 2023 and 14th February, 2024.

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

S NO	DIRECTOR	DESIGNATION	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. Suryaraj Kumar	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

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

During the Financial Year 2023-24, the Company held 01 (One) Stakeholders' Relationship Committee meeting on March 27, 2024.

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

S NO	DIRECTOR	DESIGNATION	NO. OF MEETING ENTITLED	NO. OF MEETING ATTENDED
1	Mr. Tom Antony	Chairman	01	01
2	Mr. Manjit Singh Parmar	Member	01	01
3	Mrs. Syntia Moses Darry	Member	01	01

BOARDS' REPORT

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

During the Financial Year 2023-24, the Company held 01 (One) Corporate Social Responsibility Committee meeting, viz 22nd May 2023

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

S NO	DIRECTOR	DESIGNATION	NO. OF MEETING ENTITLED	NO. OF MEETING ATTENDED
1	Mr. Tom Antony	Chairman	01	01
2	Mr.Manjit Singh Parmar	Member	01	01
3	Mrs.Syntia Moses Darry	Member	01	01

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

During the Financial Year 2023-24, the Company held 01 (One) Risk Management Committee meetings, viz March 27, 2024.

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

S NO	DIRECTOR	DESIGNATION	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://www.phantomfx.com/investor/policies.php

38. 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.

39. 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

BOARDS' REPORT

them to familiarize 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

40. 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

41. SEPARATE MEETING OF INDEPENDENT DIRECTORS

Independent Directors of the Company met separately on March 27, 2024 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.

42. 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.

43. 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://www.phantomfx.com/investor/policies.php

44. CODE FOR PREVENTION OF INSIDER-TRADING

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

a) Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI).

b) Policy for determination of "legitimate purposes" forms part of this Code.

c) 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 of 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.

45. CODE OF CONDUCT

Commitment to ethical professional conduct is a must for every employee, including Board members and

BOARDS' REPORT

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 https://www.phantomfx.com/investor/policies.php. 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.

46. 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://www.phantomfx.com/investor/policies.php

47. REGISTRAR AND TRANSFER AGENT (RTA)

The Company has 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

48. LISTING

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

ISIN : INE0MLZ01019

49. POSTAL BALLOT

During the year under review the Company has passed resolution in connection with appointment of Mr. Suryaraj Kumar (DIN: 00714694) as an Independent Director of the Company and obtained the approval of the shareolders through postal ballot on 4th May 2023.

50. 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.

ONLINE DISPUTE RESOLUTION (ODR) PORTAL

As per the SEBI circular no. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023, on "Online Resolution of Disputes in the Indian Securities Market" a common Online Dispute Resolution Portal ("ODR Portal") which harnesses online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market has been established.

SMART ODR Portal (Securities Market Approach for Resolution through ODR Portal) can be accessed via the following link – https://smartodr.in/login

51. 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 a 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.

52. CREDIT RATING

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

BOARDS' REPORT

53. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH 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.

54. 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.

55. DISCLOSURE OF CERTAIN TYPES OF AGREEMENTS BINDING LISTED ENTITIES

As per the information available with the Company, there are no agreements entered into by the shareholders, Promoters, Promoters Group entities, Related Parties, Directors, Key Managerial Personnel, Employees of the Company, its subsidiaries and associates companies which are binding the Company in terms of clause 5A of Para A of Part A of Schedule III of the Listing Regulations

56. FAILURE TO IMPLEMENT ANY CORPORATE ACTION

There were no instances where the Company failed to implement any corporate action within the specified time limit.

57. GREEN INITIATIVES

In commitment to keeping in line with the Green Initiative and going beyond it to create new green initiations, an electronic copy of the Notice of the 8th 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 is also available at the Company's website at http://www.phantom-fx.com

58. INVESTOR GRIEVANCE REDRESSAL

During the financial year 2023-24, there were no complaints received from the investors. The designated email id for Investor complaint is cs@phantom-fx.com

59. COMPLIANCE OFFICER DETAILS AND ADDRESS FOR CORRESPONDENCE

Company Secretary & Compliance Officer
Registered Office: 6th Floor, Tower B, Kosmo One Tech Park, Plot No.14, 3rd Main Road, Ambattur Industrial Estate, Ambattur, Chennai, 600058, Tamil Nadu, India
Phone No. 044-43846228, email: cs@phantom-fx.com

60. BUSINESS LOCATIONS

As on March 31, 2024, the company has its place of business (Studios) in the following locations in India

CHENNAI	MUMBAI	HYDERABAD

PhantomFX also have administrative offices in the UK, United States, Canada and Dubai.

61. 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.

By Order of the Board of Directors
For **PHANTOM DIGITAL EFFECTS LIMITED**

Sd/-
BINU JOSHUA SAMMANOHAR
Whole Time Director
DIN:03459073

Sd/-
BEJOY ARPUTHARAJ SAM MANOHAR
Chairman & Managing Director
DIN: 03459098

Place: Chennai
Date: 29.05.2024

ANNEXURE I TO THE BOARDS' REPORT

DECLARATION BY THE CHARIMAN & 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, 2024.

By Order of the Board of Directors
For **PHANTOM DIGITAL EFFECTS LIMITED**

Sd/-
BINU JOSHUA SAMMANOHAR
Whole Time Director
DIN:03459073

Sd/-
BEJOY ARPUTHARAJ SAM MANOHAR
Chairman & Managing Director
DIN: 03459098

Place: Chennai
Date: 29.05.2024

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 post production 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.

(i) 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.

(ii) 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.

(ili) 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

ANNEXURE II TO THE BOARDS' REPORT

(C) Foreign exchange earnings and Outgo

(Amount in Lakhs)

Particulars	2023-24	2022-23
Foreign Exchange Earnings	5,815.85	1167.8
Foreign Exchange Outgo	251.19	176.44

By Order of the Board of Directors
For **PHANTOM DIGITAL EFFECTS LIMITED**

Sd/-
BINU JOSHUA SAMMANOHAR
Whole Time Director
DIN:03459073

Sd/-
BEJOY ARPUTHARAJ SAM MANOHAR
Chairman & Managing Director
DIN: 03459098

Place: Chennai
Date: 29.05.2024

ANNEXURE III TO THE BOARDS' REPORT

AOC-1
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/
Associate companies/ joint ventures

Part "A": Subsidiaries

Name of the subsidiary	M/s. Phantomfx Studios Limited
The date since when Subsidiary was acquired	23.06.2023
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2024
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	GBP (Pounds Sterling) and Exchange Rate is INR 105.29 as on 28.03.2024
Share capital (Rs.)	5.32 Lakhs (GBP 5,000.00 X 106.3235 INR)
Reserves & surplus	Nil
Total assets (Rs.)	5.32 Lakhs
Total Liabilities	5.32 Lakhs
Investments	Nil
Turnover	Nil
Profit before taxation	Nil
Provision for taxation	Nil
Profit after taxation	Nil
Proposed Dividend	Nil
% of shareholding	100%

1. Names of subsidiaries which are yet to commence operations : M/s. PhantomFX Studios Limited, UK
2. Names of subsidiaries which have been liquidated or sold during the year- NIL

By Order of the Board of Directors
For **PHANTOM DIGITAL EFFECTS LIMITED**

Sd/-
Pallavi Tongia
Company Secretary
M.No: A66438

Sd/-
SYNTIA MOSES DARRY
Whole Time Director
DIN:03459055

Sd/-
BINU JOSHUA SAMMANOHAR
Whole Time Director & CFO
DIN: 03459073

Sd/-
BEJOY ARPUTHARAJ SAM MANOHAR
Chairman & Managing Director
DIN: 03459098

Place: Chennai
Date: 29.05.2024

ANNEXURE III TO THE BOARDS' REPORT

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures

Name of Associates/Joint Ventures		
1.	Date on which the associate or JV was associated or acquired by the company	Nil
2.	Latest audited Balance Sheet Date	
3.	Shares of Associate/Joint Ventures held by the company on the year end No. Amount of Investment in Associates/Joint Venture Extend of Holding %	
4.	Description of how there is significant influence	
5.	Reason why the associate/joint venture is not consolidated	
6.	Net worth attributable to Shareholding as per latest audited Balance Sheet	
7.	Profit / Loss for the year i. Considered in Consolidation ii. Not Considered in Consolidation	

1. Names of associates or joint ventures which are yet to commence operations: NIL

2. Names of associates or joint ventures which have been liquidated or sold during the year: NIL

By Order of the Board of Directors
For **PHANTOM DIGITAL EFFECTS LIMITED**

Sd/-
SYNTIA MOSES DARRY
Whole Time Director
DIN:03459055

Sd/-
BINU JOSHUA SAMMANOHAR
Whole Time Director & CFO
DIN: 03459073

Sd/-
BEJOY ARPUTHARAJ SAM MANOHAR
Chairman & Managing Director
DIN: 03459098

Place: Chennai
Date: 29.05.2024

ANNEXURE IV TO THE BOARDS' REPORT

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024
[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, 2024

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

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, 2024, 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, 2024 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')

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 except that certain forms/returns were filed belatedly. However, the company has filed all applicable forms and returns wherever applicable and as of the date of this report.

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 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. The Members of the Company by postal ballot has confirmed on 4th May 2023 the appointment of Mr. Suryaraj Kumar (DIN: 00714694) as Independent Director for a period of five (5) years with effect from 13th February 2023 to 12th February 2028

2. Mr. Rajinikant ES resigned as Chief Financial Officer(CFO) of the Company with effect from 28th July 2023.

3. Increase in the Authorized Share capital of the company from ₹12,00,00,000/-(Rupees Twelve Crores Only) divided into 1,20,00,0000 equity shares

ANNEXURE IV TO THE BOARDS' REPORT

of face value ₹10/- each to ₹20,00,00,000/-(Rupees Twenty Crores Only) divided into 2,00,00,000 equity shares of face value ₹10/- each as approved by the members at their Extra-ordinary General Meeting (EGM) held on 18/12/ 2023.

4. Issue of 19,39,200 -Equity Shares of ₹10/- each at a price of 412.50 per Equity Share (including securities premium of 402.50 per Equity Share) by way of a qualified institutions placement (QIP) to eligible investors. The issue has been approved by the members at their EGM held on 18/12/ 2023.

5. Mr. Vijaykrishnan TS was appointed as Chief Financial Officer(CFO) of the Company with effect from 28th July 2023 and resigned with effect from February 16 2024.

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: F004993F000488102

Date: 29.05.2024
Place: Chennai

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 :-6th Floor, Tower B, Kosmo One Tech
Plot No.14, 3rd Main Road, Ambattur,
Chennai, 600058, Tamilnadu, India.

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: F004993F000488102

Date: 29.05.2024
Place: Chennai

ANNEXURE V TO THE BOARDS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2023-24

1. **Brief outline on CSR Policy of the Company:** The Company's focus areas are education, health, water and sanitation, women empowerment, support of rehabilitation centers and disaster management. The Company's has framed the 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.

2. **Composition of CSR Committee**

Sr. 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	01	01
2	Mr. Manjit Singh Parmar, Independent Director	Member	01	01
3	Mrs. Syntia Moses Darry, Director	Member	01	01

3. The web-link where the Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. - https://phantomfx.com

4. 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

5. 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 – Nil

6. Average net profit of the company as per section 135(5): ₹945.09 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5): ₹18.90 Lakhs

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

   (c) Amount required to be set off for the financial year, if any:

   (d) Total CSR obligation for the financial year (7a+7b-7c): ₹18.90 Lakhs

8. (a) CSR amount spent for the financial year:

   (a) Total Amount Spent for the Financial Year:₹.19.47 Lakhs

   Amount Unspent: Nil

   (b) 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:Nil

ANNEXURE V TO THE BOARDS' REPORT

(1) Sr. 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. State	(5) District	(6) Amount spent for the project (in Rs.)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Through implementing agency Name	(8) CSR reg number
1.	Amenities provided to Daycare Centers affected by Dementia	Clause i	No	Maharashtra	Mumbai	1,00,000/-	Direct	Dignity Foundation	CSR00008328
2.	Treatment expenses for people affected by leprosy	Clause i	No	Tamil Nadu	Sivagangai	5,50,000/-	Direct	The Leprosy Mission Trust India	CSR00001796
3.	Facilitated to purchase the ambulance to the Psychiatric Rehabilitation Centre	Clause i	NO	Tamil Nadu	Virudhunagar	1,50,000/-	Direct	Annai Homes	CSR00053041
4.	Purchase of various Utilities to charitable trust	Clause iii	Yes	Tamil Nadu	Chennai	2,97,000/-	Direct	Little Drops	CSR00003749
5.	Renovation of Classrooms with New Furniture	Clause ii	Yes	Tamil Nadu	Chennai	6,00,000/-	Direct	Ladies Circle India Trust	CSR00005330
6	Digital education facilities to students	Clause ii	Yes	Tamil Nadu	Chennai	1,00,000/-	Direct	TAPAS TRUST	CSR00048134
7	Rehabilitation of wandering mentally ill and homeless destitute	Clause iii	Yes	Tamil Nadu	Chennai	1,50,000/-	Direct	East Eden Foundation	CSR00047281
					TOTAL	**19,47,000**			

(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): Rs.19.47/- Lakhs

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Lakhs.)
(i)	Two percent of average net profit of the company as per section 135(5)	18.90
(ii)	Total amount spent for the Financial Year	19.47
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.57
(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)]	Nil

ANNEXURE V TO THE BOARDS' REPORT

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: 29.05.2024

ANNEXURE VI 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, 2024

(A) 1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2023-24 and the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary during the Financial Year

Amount in Rs. Lakhs

Sr. No	Name of Directors / Key Managerial Personnel	Designation	Ratio of remuneration to Median remuneration	% increase in the remuneration
DIRECTORS				
1	Mr. Bejoy Arputharaj Sam Manohar	Chairman & Managing Director	27.15	Nil
2	Mrs. Syntia Moses Darry	Whole Time Director	11.31	Nil
3	Mr. Binu Joshua Sammanohar	Whole Time Director	18.10	Nil
4	Mr. Sivasankaran Ravindran	Whole Time Director	11.31	Nil
Key Managerial Personnel				
5	Mr. Rajinikanth E S (*) (01.07.2022 - 28.07.2023)	Chief Financial Officer	NA	NA
6	Mr. Vijayakrishnan T S (**) (28.07.2023 to 16.02.2024)	Chief Financial Officer	NA	NA
7	Ms. Pallavi Tongia (#)	Company Secretary	1.06	NA

*resigned on 28.07.2023
**appointed on 28.07.2023 & resigned on 16.02.2024.
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 2023-24, 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 2023-24, 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.

ANNEXURE VI TO THE BOARDS' REPORT

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

   There is 120% increase in the median remuneration of employees in the Financial Year 2023-24.

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, 2024 was 564.

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 20.11% 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	41 years	-
3.	Designation	Chairman & Managing Director	-
4.	Nature of Employment (Contractual or otherwise)	Appointed for a fixed-term	-
5.	Gross Remuneration	Rs. 144.00 Lakhs	-
6.	Qualification	Bachelor in Computer Applications	-
7.	Experience (Years)	21 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 31st March, 2024	61,54,200 Shares(45.32 %)	

Notes

1. Gross Remuneration comprises salary allowances Company's contribution to provident fund and taxable value of perquisites.

ANNEXURE VI TO THE BOARDS' REPORT

2. 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 Rs. 60.00 lakh or more per annum or Rs. 5.00 lakh or more a month.

By Order of the Board of Directors
For **PHANTOM DIGITAL EFFECTS LIMITED**

Sd/-
BINU JOSHUA SAMMANOHAR
Whole Time Director
DIN: 03459073

Sd/-
BEJOY ARPUTHARAJ SAM MANOHAR
Chairman & Managing Director
DIN: 03459098

Place: Chennai
Date: 29.05.2024

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 Limited** (the **"Company"**), which comprise the Balance Sheet **as at 31st March, 2024,** the Statement of Profit and Loss, and the Statement of cashflows for the year 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 year ended 31st March, 2024 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 31st March, 2024, and profit, and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matter	How the matter was addressed in our audit
The Company derives its revenues primarily from Sale of Visual effects (VFX) Service contracts. The revenue from VFX Service contracts are recognised on proportionate completion basis. Sales are shown net of sales returns, if any.	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. 3. The progress of each projects are separately treated in terms of human resources and other resources and the billing is made as per the stages of completion.

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 Annual Report including Annexures but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of the Auditor's Report.

INDEPENDENT AUDITOR'S REPORT

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.

   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:

8. 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.

9. 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.

10. 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:

11. 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.

12. 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

INDEPENDENT AUDITOR'S REPORT

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.

13. 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.

14. 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.

15. 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:

16. 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

17. 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, 2024 taken on records by the Board of Directors, none of the directors are disqualified as on March 31, 2024 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.

INDEPENDENT AUDITOR'S REPORT

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.

ix. (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.

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

xi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2024, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software and the audit trail feature has not been tampered with and as provision to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

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

Sd/-
P K Manoj
Partner
Membership No:207550
UDIN:24207550BKANNV9670

Place: Chennai
Date: 29-05-2024

Annexure - A

Annexure - A to the Independent Auditor's Report

Companies (Auditor's Report) Order, 2020 ("the Order")

(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, 2024 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 provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity and hence reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, investment made are in the ordinary course of business and accordingly in our opinion, are not prejudicial to the Company's interest. The Company has not provided any guarantees, given any security and the terms and granted any loans and advances in the nature of loans and guarantee.

(c) The Company has not granted any loans or advances in the nature of loans and hence reporting under clauses 3(iii)(c), (d), (e), and (f) of the Order is not applicable to the Company.

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.

Annexure - A

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 31stMarch, 2024 for a period of more than six months.

(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 its subsidiaries, associates or joint ventures. 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 has issued 19,39,200 Equity shares at Rs.10.00 each at a premium at Rs.402.50 each by way of Qualified Institutional Placement on 22nd December 2023 and proceeds were applied for the purposes for which those are raised in the prospectus and the unutilized part amounting to Rs. 3726.66 Lakhs are kept in Fixed Deposit.

(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.

Annexure - A

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 losses 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 year 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. The reporting under Paragraph 3(xxi) of the Order is not applicable in respect of audit of standalone financials statement of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

Sd/-
P K Manoj
Partner
Membership No:207550
UDIN:24207550BKANNV9670

Place: Chennai
Date: 29-05-2024

ANNEXURE "B"

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 Limited** (the **"Company"**) as of **March 31, 2024** 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

ANNEXURE "B"

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, 2024, 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

Sd/-
P K Manoj
Partner
Membership No:207550
UDIN:24207550BKANNV9670

Place: Chennai
Date: 29-05-2024

Balance Sheet as at March 31,2024

(Amount in ₹ Lakhs)

Particulars	Note No.	As at 31 Mar 2024	As at 31 Mar 2023
I. EQUITY AND LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	1	1,357.92	1,164.00
(b) Reserves and Surplus	2	13,116.40	3,256.85
(c) Money received against share warrants		-	-
2 SHARE APPLICATION MONEY PENDING ALLOTMENT			
3 NON-CURRENT LIABILITIES			
(a) Long-Term Borrowings	3	521.90	155.02
(b) Deferred Tax Liabilities (Net)	4	-	6.96
(c) Other Long-Term Liabilities		-	-
(d) Long-Term Provisions	5	86.93	52.98
4 CURRENT LIABILITIES			
(a) Short-Term Borrowings	6	1,519.46	536.87
(b) Trade Payables	7		
(A) Total outstanding dues of micro enterprises and small enterprises and		177.09	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		198.03	173.48
(c) Other Current Liabilities	8	628.03	431.38
(d) Short-Term Provisions	9	216.86	119.12
TOTAL		**17,822.62**	**5,896.66**
II. ASSETS			
1 NON-CURRENT ASSETS			
(a) Property, Plant & Equipment and Intangible Assets			
(i) Property, Plant & Equipment	10	970.04	966.57
(ii) Intangible Assets	11	840.37	73.42
(iii) Capital Work-in-Progress		-	-
(iv) Intangible Assets under development		-	-
(b) Non-Current Investments	12	5.32	-
(c) Deferred Tax Assets (Net)	13	1.51	-
(d) Long-Term Loans & Advances		-	-
(e) Other Non-Current Assets	14	1,859.98	257.99
2 CURRENT ASSETS			
(a) Current Investments		-	-
(b) Inventories	15	3,516.09	744.06
(c) Trade Receivables	16	5,093.20	1,574.11
(d) Cash & Bank Balances	17	1,821.95	405.87
(e) Short-Term Loans and Advances	18	-	15.84
(f) Other Current Assets	19	3,714.17	1,858.80
TOTAL		**17,822.62**	**5,896.66**
Company Overview & Significant Accounting Policies	27		
Other notes to accounts	28		

The accompanying notes 1 to 28 form an integral part of the financial statements

For and on behalf of the Board of Directors of
PHANTOM DIGITAL EFFECTS LIMITED

As per our report of even date attached
For L.U.KRISHNAN & CO
Chartered Accountants
Firm's Registration.No: 001527S

Bejoy Arputharaj	**Syntia Moses Darry**	**Binu Joshua**	**Pallavi Tongia**	**P K Manoj**
Managing Director	Whole time director	Whole time director and CFO	Company Secretary	Partner
DIN: 03459098	DIN: 03459055	DIN: 03459073	Mem No : A66438	Membership Number: 207550
				UDIN: 24207550BKANNV9670

Place: Chennai
Date: 29-05-2024

Statement of Profit and Loss

for the year ended March 31,2024

(Amount in ₹ Lakhs)

Particulars		Note No.	For the year ended 31-Mar-24	31-Mar-23
I	Revenue From Operations	20	8,933.05	5,789.42
II	Other Income	21	110.38	84.43
III	**Total Income (I+II)**		**9,043.43**	**5,873.86**
IV	**Expenses**			
	Changes in Work-in-Progress	22	(2,772.03)	(194.14)
	Employee Benefits Expense	23	4,919.27	2,519.59
	Other Direct Expenses	24	2,224.45	900.87
	Finance Costs	25	180.20	54.89
	Depreciation & Amortisation Expenses	10 & 11	454.65	115.41
	Other Expenses	26	769.13	299.63
	Total Expenses (IV)		**5,775.66**	**3,696.26**
V	**Profit Before Exceptional and Extraordinary Items and Tax (III-IV)**		**3,267.77**	**2,177.60**
VI	Exceptional Items		-	-
VII	**Profit before extraordinary items and tax (V-VI)**		**3,267.77**	**2,177.60**
VIII	Extraordinary items		-	-
IX	**Profit before tax (VII-VIII)**		**3,267.77**	**2,177.60**
X	**Tax Expense:**			
	(1) Current Tax		856.72	525.47
	(2) Deferred Tax		(8.47)	32.52
	(3) Provision for Earlier Income tax		8.03	-
	Total Tax Expenses		**856.27**	**558.00**
XI	**Profit (Loss) for the period from continuning operations (IX-X)**		**2,411.49**	**1,619.60**
XII	**Profit (Loss) for the period from discontinuning operations**		-	-
XIII	Tax expenses of discontinuing operations		-	-
XIV	**Profit (Loss) for the period from discontinuning operations (after tax) (XII-XIII)**		-	-
XV	**Profit/(Loss) For The Period (XI+XIV)**		**2,411.49**	**1,619.60**
XVI	**Earnings per equity share before extraordinary items: (In Rs.)**			
	(1) Basic & Diluted		**26.90**	**15.97**
XVII	**Earnings per equity share after extraordinary items: (In Rs.)**			
	(1) Basic & Diluted		**26.90**	**15.97**
Company Overview, Significant Accounting Policies & Other notes on accounts		**27 & 28**		

The accompanying notes form an integral part of the financial statements

For and on behalf of the Board of Directors of
PHANTOM DIGITAL EFFECTS LIMITED

As per our report of even date attached
For L.U.KRISHNAN & CO
Chartered Accountants
Firm's Registration.No: 001527S

Bejoy Arputharaj	**Syntia Moses Darry**	**Binu Joshua**	**Pallavi Tongia**	**P K Manoj**
Managing Director	Whole time director	Whole time director and CFO	Company Secretary	Partner
DIN: 03459098	DIN: 03459055	DIN: 03459073	Mem No : A66438	Membership Number: 207550
				UDIN: 24207550BKANNV9670

Place: Chennai
Date: 29-05-2024

Statement of Cash Flow

for the year ended March 31,2024

(Amount in ₹ Lakhs)

Particulars		Year ended 31-Mar-24	31-Mar-23
A	**CASH FLOWS FROM OPERATING ACTIVITIES:**		
	Net Profit Before Tax	3,267.77	2,177.60
	Adjustments for:		
	Depreciation	454.65	115.41
	Gain/Loss on Sale of Furniture	-	(1.77)
	Interest Expenses	180.20	54.89
	Interest Income	(102.52)	(18.31)
	Operating Profit before working capital changes:	**3,800.09**	**2,327.82**
	Adjustments for changes in working capital:		
	Increase/Decrease in Trade Receivables	(3,519.09)	(1,184.86)
	Increase/Decrease in Short Term Loans & Advances	15.84	0.42
	Increase/(Decrease)in Long term Provisions	33.96	0.35
	(Increase)/decrease in Inventory-WIP	(2,772.03)	(194.14)
	Increase/Decrease in Other Current assets	374.63	(1,653.02)
	Increase/Decrease in Other Non Current assets	(78.96)	(179.84)
	Increase/Decrease in Short-Term Borrowings	982.59	345.46
	Increase/Decrease in Trade and Other payables	201.64	98.47
	Increase/Decrease in Other Current Liabilities	196.65	38.43
	Cash generated from operations	**(764.68)**	**(400.90)**
	Income Taxes paid	(767.01)	(598.07)
	Cash flow before extraordinary item	**(1,531.69)**	**(998.97)**
	Extraordinary items relating to Operating Activity		
	NET CASH FROM OPERATING ACTIVITES (A)	**(1,531.69)**	**(998.97)**
B	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Interest Received	102.52	18.31
	Investment in Fixed deposit	(2,230.00)	-
	Capital Work-in-progress	(1,523.04)	
	Fixed assets purchased including Intangible Assets	(1,225.06)	(1,085.96)
	Proceeds from sale of Scrap Furnitures	-	5.86
	Increase/(Decrease) in Other Non-Current Investments	(5.32)	-
	NET CASH USED IN INVESTING ACTIVITIES (B)	**(4,880.89)**	**(1,061.79)**
C	**CASH FLOWS FORM FINANCING ACTIVITES**		
	Interest paid	(180.20)	(54.89)
	Proceeds from issue of equity shares	7,641.98	2,275.71
	Increase/(Decrease) in Long-Term Borrowings	366.87	78.36
	NET CASH USED IN FINANCING ACTIVITIES (C)	**7,828.66**	**2,299.18**
D	**NET INCREASE IN CASH AND CASH EQUIVALENT (A+B+C)**	**1,416.08**	**238.42**
	Opening Cash and Cash Equivalents	405.87	167.46
	CLOSING CASH AND CASH EQUIVALENT- Refer Note No.29 in Other Notes to Accounts	**1,821.95**	**405.87**

Company Overview, Significant Accounting Policies & Other Notes on accounts - Note no: 27 & 28
The accompanying notes 1 to 28 form an integral part of the financial statements

For and on behalf of the Board of Directors of
PHANTOM DIGITAL EFFECTS LIMITED

As per our report of even date attached
For L.U.KRISHNAN & CO
Chartered Accountants
Firm's Registration.No: 001527S

Bejoy Arputharaj	**Syntia Moses Darry**	**Binu Joshua**	**Pallavi Tongia**	**P K Manoj**
Managing Director	Whole time director	Whole time director and CFO	Company Secretary	Partner
DIN: 03459098	DIN: 03459055	DIN: 03459073	Mem No : A66438	Membership Number: 207550
				UDIN: 24207550BKANNV9670

Place: Chennai
Date: 29-05-2024

Notes to Financial Statements as at March 31, 2024

Note: 1 Share Capital

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-2024		As at 31-Mar-2023	
	Number	Amount	Number	Amount
a) Number and amount of equity shares authorised	2,00,00,000	2,000	1,20,00,000	1,200
b) (i) Number and amount of equity shares Issued, Subscribed and Paid-Up	1,35,79,200	1,357.92	1,16,40,000	1,164
(ii) Number and amount of equity shares Subscribed but not fully Paid-Up	-	-	-	-
Total of b (i) and (ii)	**1,35,79,200**	**1,357.92**	**1,16,40,000**	**1,164**
c) Par value per Equity share (in ₹ each)		**10**		**10**

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

Particulars	As at	
	31-Mar-24	31-Mar-23
Shares outstanding at the beginning of the year	1,16,40,000.00	10,000.00
Shares issued during the year - **(Refer note 1(n) below)**	19,39,200.00	1,16,30,000.00
Shares bought back during the year	-	-
Shares outstanding at the end of the year	**1,35,79,200.00**	**1,16,40,000.00**

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) Shares in respect of each class in the Company held by its holding Company or its ultimate holding Company including shares held by subsidiaries or associates of the holding Company or the ultimate holding Company in aggregate: The Company does not have holding company.

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

Name of the Shareholder	As at 31-Mar-2024		As at 31-Mar-2023	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Bejoy Arputharaj	61,54,200.00	45.32 %	61,54,200.00	52.87 %
Syntia Moses Darry	8,36,400.00	6.16 %	8,36,400.00	7.19 %
Rajasthan Global Securities Pvt Ltd	50,100.00	0.37 %	11,50,800.00	9.89 %

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

Notes to Financial Statements as at March 31, 2024

Aggregate number and class of shares allotted as fully paid up bonus shares : During the FY 2022-23 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

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

Promoter Name	Equity Shares held by promoters as at 31-Mar-2024				
	No. of Shares at the beginning of the year	% of total shares	No. of Shares at the end of the year	% of total shares	% Change during the year
BEJOY ARPUTHARAJ	61,54,200.00	52.87 %	61,54,200.00	45.32 %	(7.55) %

n) The Company has issued of 19,39,200 number of Equity shares at Rs. 10 (Face Value) and securities premium at Rs. 402.50 per share aggregating to Rs. 79,99,20,000 under Qualified Institutional Placement.

Note: 2 Reserves and Surplus

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
(a) General Reserve		
Opening Balance	11.00	475.00
Add: Additions during the year	-	435.00
Less: Deduction during the year	-	899.00
Closing Balance	**11.00**	**11.00**
(b) Securities Premium		
Opening Balance	2,011.71	-
Add: Additions during the year - **(Refer note 1(n) above)**	7,448.06	2,244.00
Less: Deduction during the year (Bonus, others)	-	232.29
Closing Balance	**9,459.77**	**2,011.71**
(c) Surplus		
Opening Balance	1,234.13	49.53
Add: Additions during the year	2,411.49	1,619.60
Less: Transferred to Other Reserves (Dividend, Bonus, to reserves)	-	435.00
Closing Balance	**3,645.63**	**1,234.13**
Total	**13,116.40**	**3,256.85**

Notes to Financial Statements as at March 31, 2024

Note: 3 Long-Term Borrowings

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
Secured		
a) Term Loans:		
i. From banks ***(Refer note 3.1 below)***	521.90	155.02
Total	**521.90**	**155.02**

Note:

3.1. Disclosure about the nature of security and the type of asset given as security (Banks)

(Amount in ₹ Lakhs)

Particulars	Rate of Interest	No of O/S Instalments	Instalment Amount (Rs. In Lakhs)	Starting Date	Outstanding (Rs. in lakhs)	Nature of Security /Pledge
ICICI bank - Car Loan	8.35 %	69.00	0.00	10/01/2023	117.26	Vehicle
ICICI bank - Car Loan	7.99 %	40.00	0.00	10/08/2022	37.76	Vehicle
ICICI bank - Term Loan	-	66.00	9.38	30/10/2023	393.75	IT Storage Device

Note: 4 Deferred Tax Liabilities (Net)

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
Deferred Tax Liabilities (Net)	-	6.96
Total	-	6.96

Note: 5 Long-Term Provisions

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
Provision for Employee Benefits	86.93	52.98
Total	**86.93**	**52.98**

Note: 6 Short-Term Borrowings

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
Secured		
a) Loans repayable on demand:		
i. Bank Overdraft	692.58	512.10
ii. Working Capital Demand Loan	800.00	-
b) Current Maturities of Long-term borrowings **(Refer note 3.1 of Notes to Balance Sheet)**	26.88	24.77
Total	**1,519.46**	**536.87**

Notes to Financial Statements as at March 31, 2024

Note: 7 Trade Payables

I. Trade Payables relating to MSME

(Amount in ₹ Lakhs)

Particulars		As at 31-Mar-24	As at 31-Mar-23
a)	The principal amount and the interest due thereon, remaining unpaid to any supplier as at the end of accounting year		
	Principal	177.09	-
	Interest Due	7.54	-
b)	The amount of interest paid by the buyer under MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c)	The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
d)	The amount of interest accrued and remaining unpaid at the end of accounting year	7.54	-
e)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act 2006	-	-

II. Trade Payables ageing schedule

a) Trade Payables ageing schedule For the year ended 31-Mar-2024

(Amount in ₹ Lakhs)

Particulars	Outstanding for following periods from due date of payment < 1 year	1 - 2 Years	2 - 3 Years	> 3 Years	TOTAL
(i) MSME	177.09	-	-	-	**177.09**
(ii) Others	198.03	-	-	-	**198.03**
(iii) Disputed dues - MSME	-	-	-	-	**-**
(iv) Disputed dues - Others	-	-	-	-	**-**
Sub total					**375.12**
Undue- Considered Good					
Unbilled Payables					
Total:					**375.12**

Notes to Financial Statements as at March 31, 2024

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

(Amount in ₹ Lakhs)

Particulars	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	-	-	-	-	-
Sub total					**173.48**
Undue- Considered Good					
Unbilled Payables					
Total:					**173.48**

Note: 8 Other Current Liabilities

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
a) TDS Payable	143.78	60.59
b) GST Payable	12.75	277.88
c) Audit Fees Payable	5.40	3.65
d) Salary Payable	338.33	2.48
e) Salary Payable - KMP	47.21	37.21
f) Professional Tax Payable	1.16	4.17
g) PF & ESI Payable	18.92	18.39
h) Others (consultancy payable)	40.42	22.48
i) Credit Card	20.06	4.54
Total	**628.03**	**431.38**

Note: 9 Short-Term Provisions

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
a) Provision for Taxation	216.86	119.12
Total	**216.86**	**119.12**

Notes to Financial Statements as at March 31, 2024

Note: 10 & 11 Depreciation & Amortisation Expenses

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Depreciation on Tangible Assets	336.76	114.03
Amortization on Intangible Assets	117.89	1.38
Total	**454.65**	**115.41**

Changes in the carrying amounts of each class of assets for the year ended March 31, 2024

Note: 10 Property, Plant & Equipment

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	April 1, 2023	Additions for the year	Deletions for the year	April 1, 2023	Depreciation for the Year	Depreciation on deletion	March 31, 2024	March 31, 2023
Computers & Accessories	226.56	2.91	-	110.60	72.69	-	229.47	115.96
Furniture & Fittings	156.54	135.02	-	68.38	33.86	-	291.57	88.16
Office Equipments	597.07	202.30	-	78.39	163.83	-	799.37	518.68
Vehicles	203.88	-	-	24.63	46.45	-	203.88	179.25
VFX Production Equipments	67.92	-	-	3.40	19.93	-	67.92	64.52
TOTAL (A)	**1,251.98**	**340.23**	**-**	**285.41**	**336.76**	**-**	**1,592.21**	**966.57**
Previous Year	**254.11**	**1,013.66**	**15.79**	**183.08**	**114.03**	**11.70**	**1,251.98**	**71.03**

Note: 11 Intangible Assets

Particulars	Gross Block			Accumulated Depreciation			Net Block	
	April 1, 2023	Additions for the year	Deletions for the year	April 1, 2023	Depreciation for the Year	Depreciation on deletion	March 31, 2024	March 31, 2023
Computer Software	99.81	884.84	-	26.39	117.89	-	984.65	73.42
TOTAL (A)	**99.81**	**884.84**	**-**	**26.39**	**117.89**	**-**	**984.65**	**73.42**
Previous Year	**27.51**	**72.30**	**-**	**25.01**	**1.38**	**-**	**99.81**	**2.50**

Notes to Financial Statements as at March 31, 2024

Note: 12 Non-Current Investments

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
(Unquoted at cost)		
Investments in Equity Instruments		
In Subsidiaries		
a) PhantomFX Studios Limited (UK)	5.32	-
(Invested to the extent of 100% of total equity shares having a face value of 0.01 GBP)		
Total	**5.32**	**-**

Particulars	As at 31-Mar-24	As at 31-Mar-23
Aggregate amount of unquoted investments	5.32	-
Total	**5.32**	**-**

Note: 13 Deferred Tax Assets (Net)

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
Deferred Tax Assets (Net)	1.51	-
Total	**1.51**	**-**

Note: 14 Other Non-Current Assets

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
A. Security Deposits	333.95	254.99
B. OD Limit- Advance	3.00	3.00
C. Advance for Capital Asset	1,523.04	-
Total	**1,859.98**	**257.99**

Note: 15 Inventories

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
Valued at cost or NRV whichever is lower		
a) Work-in-Progress	3,516.09	744.06
Total	**3,516.09**	**744.06**

Notes to Financial Statements as at March 31, 2024

Note: 16 Trade Receivables

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
Trade receivable considered good – Secured	-	-
Trade receivable considered good – Unsecured	5,093.20	1,574.11
Trade receivable which have significant increase in credit risk	-	-
Trade receivable – credit impaired	-	-
Total Trade Receivables	**5,093.20**	**1,574.11**

Ageing Schedule

I. Trade Receivables ageing schedule For the year ended March 31, 2024

(Amount in ₹ Lakhs)

Particulars	Outstanding for following periods from due date of payment: < 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed Trade Receivables - Considered good	4,459.14	634.05	-	-	-	5,093.20
(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	-	-	-	-	-	-
Sub total						**5,093.20**
Undue- Considered Good						-
Unbilled Receivables						-
Total:						**5,093.20**

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

(Amount in ₹ Lakhs)

Particulars	Outstanding for following periods from due date of payment: < 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	Total
(i) Undisputed Trade Receivables - Considered good	334.54	13.64	1,225.93	-	-	1,574.11
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-

Notes to Financial Statements as at March 31, 2024

(Amount in ₹ Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	< 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years	
(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	-	-	-	-	-	-
Sub total						**1,574.11**
Undue- Considered Good						-
Unbilled Receivables						-
Total:						**1,574.11**

Note: 17 Cash & Bank Balances

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
a) Cash & Cash Equivalents		
i) Balance with banks	310.95	5.87
b) Other Bank Balances	-	-
i) Bank Deposits with more than 3 months but less than 12 months maturity	1,511.00	400.00
Total	**1,821.95**	**405.87**

Note: 18 Short-Term Loans and Advances

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
A. Unsecured, Considered good	-	-
a) Loans and advances to related parties	-	15.84
Total	-	15.84

Notes to Financial Statements as at March 31, 2024

Note: 19 Other Current Assets

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
a) Advance paid to suppliers	262.52	26.74
b) Bank Deposits with more than 12 months maturity	2,230.00	-
c) Salary Advance	0.24	1.12
d) Advance paid to professionals	20.87	52.88
e) Pre-paid Expense	128.62	24.85
f) SEPC Incentive receivable	11.31	11.31
g) Tutorials	-	3.02
h) Trade Advance	1,054.07	1,731.77
i) Accrued Interest	6.54	7.11
Total	**3,714.17**	**1,858.80**

Note: 20 Revenue From Operations

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Sale of services:		
Domestic	3,117.21	4,621.63
Export	5,815.85	1,167.80
Total	**8,933.05**	**5,789.42**

Note: 21 Other Income

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Interest Income	102.52	18.31
Profit on sale of asset	-	1.77
SME IPO Incentive	-	30.00
Foreign Exchange Gain	6.80	12.63
Sundry Balance written back	0.13	20.48
Other non-operating income	0.92	1.24
Total	**110.38**	**84.43**

Notes to Financial Statements as at March 31, 2024

Note: 22 Changes in Work-in-Progress

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Opening Work in Progress	744.06	549.92
Less: Closing Work in Progress	(3,516.09)	(744.06)
Total	**(2,772.03)**	**(194.14)**

Note: 23 Employee Benefits Expense

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Salaries & Wages	4,294.26	2,086.85
Contribution to Provident fund	115.95	55.01
Contribution to ESI	1.43	0.60
Directors Remuneration	358.27	286.50
Provision for Gratuity	33.96	0.35
Staff Welfare	115.40	90.29
Total	**4,919.27**	**2,519.59**

Note: 24 Other Direct Expenses

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Marketing Expense	129.50	150.49
Job Outsource	456.10	110.64
Rent Charges	1,154.84	383.13
Subscriptions	211.96	53.03
Consultancy Charges	25.54	76.98
Electricity Charges	200.06	95.52
Internet Charges	46.46	31.08
Total	**2,224.45**	**900.87**

Note: 25 Finance Costs

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Interest Expenses	175.53	50.52
Processing Charges	4.67	4.37
Total	**180.20**	**54.89**

Notes to Financial Statements as at March 31, 2024

Note: 26 Other Expenses

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Advertisement Charges	4.98	3.38
Audit Fees	8.45	4.00
Business Promotion	21.11	34.13
Corporate social Responsibility Expenses	19.47	4.55
Director Sitting Fees	14.20	12.00
Insurance Expenses	5.61	3.48
Professional Charges	407.99	7.43
HR Recruitment Expense	20.41	-
Miscellaneous expenses	21.30	26.56
Printing and Stationery	7.59	6.97
Rates and Taxes	9.62	15.62
Repairs & Maintenance	72.26	118.16
Travelling Expense	156.15	63.36
TOTAL	**769.13**	**299.63**

Company Overview, Significant Accounting Policies & Other Notes to accounts for the year ended March 31, 2024.

Note: 27 Company Overview, Significant Accounting Policies & Other Notes to accounts for the year ended March 31, 2024.

I Company Overview

Phantom Digital Effects Limited ("the Company") is a Public limited Company incorporated in India on February 02, 2016 vide Registration No. L92100TN2016PLC103929 under the provisions of the Companies Act, 2013. The Company has its registered office in Chennai, TamilNadu, India. The shares of the Company are listed on the National Stock Exchange in India.

The Company has incorporated a Wholly Owned Subsidiary, (PhantomFX Studios Limited UK) during the year and has not started the operations.

The Company engaged in the business of post-production activities (Visual effects (VFX) Service contracts) including digital intermediate and other technical and creative services to the Media and Entertainment industry.

The Company is head quartered in Chennai, and operates through delivery centres in Chennai, Mumbai, Hyderabad.

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.

Notes to Financial Statements as at March 31, 2024

2 Revenue recognition:

a) Sale of services:

The Company derives its revenues primarily from Sale of Visual effects (VFX) Service contracts. The revenue from VFX Service contracts are recognised on proportionate completion basis. 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 : 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 Equipment's 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 Equipment's 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.

Useful life of Property, Plant and Equipment's

Category	Useful life
Computer & Accessories	3-6 years
Furniture & Fittings	10 years
Office Equipments	5 years
VFX Production Equipments	10 years
Computer Software	5 years
Vehicles	10 years

Notes to Financial Statements as at March 31, 2024

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 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 Equipment's and intangible assets.

7 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.

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.

8 Employee Benefits:

A. Short - term employee benefits:

Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employees render the related employee service are recognised as undiscounted liability as on balance sheet date. The Compensated absences upon retirement would not arise as the accumulated leave is reimbursed every year and accounted at actual.

Notes to Financial Statements as at March 31, 2024

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.

9 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.

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

11 Earnings Per Share:

Basic Earnings per share is computed by dividing the net profit or loss for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year attributable to the equity shareholders 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.

Notes to Financial Statements as at March 31, 2024

12 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.

13 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.

The Company's cash and cash equivalents consist of cash on hand and in banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal. For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the balance sheet, bank overdrafts are presented under borrowings within current liabilities.

14 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.

15 Leases

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

b. 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.

Note 28 : Other Notes to accounts.

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

A. Contingent Liabilities

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
Claims against the company not acknowledged as debt	-	-
Guarantees	-	-
Other money for which the company is contingently liable	-	-

Notes to Financial Statements as at March 31, 2024

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
Total	-	-

B. Commitments

(Amount in ₹ Lakhs)

Particulars	As at 31-Mar-24	As at 31-Mar-23
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)	-	-
Total	-	-

2 Proposed Dividend Details:

The Company has not declared dividend during the period under review.

3 During the year Company has made Qualified Institutional Placement of equity shares of 19.39 Lakhs of Rs.10 each at a premium of Rs.402.50 amounting to Rs.7999.20 Lakhs. The Company has utilized the amount received through QIP issue for the purpose as stated in the prospectus and the unutilized part amounting to Rs. 3726.66 Lakhs are kept in Fixed Deposit. Company has not issued any other securities during the year.

4 The Company has utilized the amount borrowed during the year from banks and financial institution for the purpose for which it has been raised.

5 In the opinion of the Board, all of the assets other than Property, Plant and Equipment and non current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

6 Details of Benami Property held

The Company has no proceedings which have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

7 Where the Company has borrowings from banks or financial institutions on the basis of security of current assets, The following are the details of statements submitted to bank:-.

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	07/07/2023	2,332	2,332	0
	13/10/2023	2,161	2,161	-
	09/01/2024	4,048	4,048	0
	05/04/2024	5,072	5,072	-

Notes to Financial Statements as at March 31, 2024

8 Wilful Defaulter

The company is not declared as wilful defaulter by any bank or financial institution or other lender during the reporting period.

9 Relationship with Struck off Companies

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

10 Compliance with number of layers of companies:

The company has complied 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.

11 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 during the reporting period.

12 Utilisation of Borrowed funds and share premium:

A. The company has not advanced or loaned 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 (whether recorded in writing or otherwise) 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. Where a company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) 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.

13 Payment to the Auditor:

(Amount in ₹ Lakhs)

Particulars	For the year ended 31-Mar-24	For the year ended 31-Mar-23
Statutory Audit Fees	5.00	3.00
Taxation Matters	1.00	1.00
Limited Review Report	2.45	0.60
Other Matters	-	1.25
Total	**8.45**	**5.85**

Notes to Financial Statements as at March 31, 2024

14 Corporate Social Responsibility:

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

a. Amount required to be spent by the company during the year is Rs. 18.90 Lakhs

b. Amount of expenditure incurred is Rs. 19.47 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	**19.47**	**-**	**19.47**
Total				**19.47**

c. shortfall at the end of the year out of the amount required to be spent by the Company during the year - Nil

d. total of previous years shortfall - Nil

e. The reason for above shortfalls by way of a note - Not Applicable

f. The nature of CSR activities undertaken by the Company - Charitable activities and Donation

g. Details of related party transactions - Nil

h. The Company has not made any provision with respect to a liability incurred by entering into a contractual obligation.

15 Services Income

In case of Companies Rendering or Supplying Services:

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Gross income derived from services rendered or supplied		
VFX Service	8,933.05	5,789.42
Total	**8,933.05**	**5,789.42**

16 In the case of all concerns having works in progress

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Works in Progress - VFX Service	3,516.09	744.06
Total	**3,516.09**	**744.06**

17 (a) The company has not set aside or proposed to be set aside any material amount to reserve, but not including provisions made to meet any specific liability, contingency or commitment known to exist at the date as to which the balance sheet is made up.

Notes to Financial Statements as at March 31, 2024

18 (a) The Company has not set aside any material amount to provisions made for meeting specific liabilities, contingencies or commitments.

19 (a) Dividends from subsidiary companies - Nil

(b) Provisions for losses of subsidiary companies - Nil

20 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	
	31-Mar-24	31-Mar-23
Raw Materials	-	-
Components and Spare Parts	-	-
Capital Goods	-	-
Total	**-**	**-**

21 Foreign Currency earned and expended:

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
A. Foreign currency earned		
Export of services	5,815.85	1,167.80
Royalty, know-how, professional and consultation fees	-	-
Interest and dividend	-	-
Other income, indicating the nature thereof	-	-
Total	**5,815.85**	**1,167.80**
B. Foreign currency expended		
Royalty	-	-
Purchase of Asset	-	35.41
Professional and Consultation Fees	-	-
Travelling Expenses	104.22	3.48
Marketing Expenses	146.97	137.55
Total	**251.19**	**176.44**

22 The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related - Nil

23 Undisclosed income:

There are no transactions that were not recorded in the books of account, and which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

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

Notes to Financial Statements as at March 31, 2024

24 Details of Crypto Currency or Virtual Currency:

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

25 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	Whole time director & CFO
SYNTIA MOSES DARRY	Whole time director
RAVINDRAN	Whole time director
PALLAVI TONGIA	Company Secretary
PHANTOMFX STUDIOS LIMITED (UK)	Wholly Owned Subsidiary
TOM ANTONY	Independent Director
MANJIT SINGH PARMAR	Independent Director
SURYARAJ KUMAR	Independent Director
JEEMON PULLELLY VARGHESE	Independent Director

B. Transaction with related Parties:

Particulars	Subsidiaries	Key Managerial Persons	Independent directors
Director Remuneration	-	360.00	-
	-	(286.50)	-
Rental Expenses- Guest House	-	5.40	-
	-	(0.45)	-
Director sitting Fees	-	-	14.20
		-	(12.00)
Investment in subsidiary	5.32	-	-
	-	-	-

Figures within brackets () represents Previous Year's amount.

C. Balances of Related Parties As at 31 March, 2024

Particulars	Subsidiaries	Key Managerial Persons	Independent Directors
Rent Expenses - Guest House	-	0.41	-
	-	(0.45)	-
Investment in subsidiaries	5.32	-	-
	-	-	-

Figures within brackets ( ) represents Previous Year's amount.

Notes to Financial Statements as at March 31, 2024

D. Material Transaction with related parties:

Particulars	Name of Related Party	Amount
Director Remuneration	Bejoy Arputharaj	144.00
		(117.00)
Director Sitting Fees	Binu Joshua	96.00
		(72.00)
	Tom Antony	4.40
		(4.60)
	Manjit Singh Parmar	4.20
		(3.80)
	Suryaraj Kumar	4.00
		(0.40)
	Jeemon Pullelly Varghese	1.60
		(3.20)

Figures within brackets ( ) represents Previous Year's amount.

E. Material Balance with related parties:

Particulars	Name of Related Party	Amount
Investment in Subsidiaries	PhantomFX Studios Limited (UK)	5.32
		-

Figures within brackets ( ) represents Previous Year's amount.

F. Compensation of Key Management Personnel

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
Short-term employee benefits	358.27	286.50
Post-employment benefits	-	-
Termination benefits	-	-

Figures within brackets ( ) represents Previous Year's amount.

Notes to be disclosed

1. *Terms and conditions of sales and purchases: the sales and purchases transactions among the related parties are in the ordinary course of business based on normal commercial terms, conditions, market rates and memorandum of understanding signed with the related parties. For the year ended 31st March, 2024, the Company has not recorded any loss allowances for transactions between the related parties.*

2. *As the future liabilities for gratuity and leave encashment is provided on an actuarial basis and payment of insurance costs are made for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable, therefore, not included above.*

3. *No amounts in respect of related parties have been written off/ written back during the year or has not made any provision for doubtful debts/ receivable.*

Notes to Financial Statements as at March 31, 2024

26 Income Taxes:

I. Minimum Alternate Tax

The Company has opted the lower tax regime under section 115BAA of the Income Tax Act, 1961. Hence, there is no Minimum Alternate Tax credit recognised in the reporting year.

II. Current Tax

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
Current Tax	856.72	525.47
Less: MAT Credit Entitlement	-	-
Net Current Tax	**856.72**	**525.47**

III. Details of Interest and Penalties

1) Interest on Shortfall in payment of Advance Tax

Interest under section 234B - ₹ 12.23 Lakhs

Interest under section 234C - ₹17.43 Lakhs

2) Any Penalties levied under Income Tax Act - Nil

3) Short Provision of Taxes relating to earlier year - ₹8.03 Lakhs

27 Exchange Difference:

(Amount in ₹ Lakhs)

Particulars	For the year ended	
	31-Mar-24	31-Mar-23
Exchange Difference Gain/(Loss)	6.80	12.63
Total	6.80	12.63

28 Employee Benefit (Incurred in India):

A. Provident Fund - The Company has contributed Rs. 115.95 Lakhs for the year ended 2024 and Rs. 55.01 Lakhs for the year ended 2023 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.

Notes to Financial Statements as at March 31, 2024

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

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
Net Liability as at the beginning of the period	52.98	52.62
Net Expenses in P/L A/c	33.96	0.35
Benefits Paid	-	-
Net Liability as at the end of the period	**86.93**	**52.98**

(No Fund is being maintained)

(ii) Expenses recognized during the year in Profit & Loss Account:

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
Interest Cost	3.91	3.82
Current Service Cost	21.26	17.02
Past Service Cost	-	-
Expected Return on Plan Assets	-	-
Curtailment Cost (Credit)	-	-
Settlement Cost (Credit)	-	-
Net Actuarial (gain) / loss	8.78	(20.49)
Net Expenses to be recognized in P&L	**33.96**	**0.35**

(iii) Changes in Benefit Obligations:

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
Opening Defined benefit Obligation	52.98	52.62
Current service cost	21.26	17.02
Interest cost for the year	3.91	3.82
Actuarial losses (gains)	8.78	(20.49)
Closing Defined benefit Obligation	**86.93**	**52.98**

29 Cashflow Statement

(1) The Company has no significant amount of cash and cash equivalent balances held that are not readily available for use.

(2) The Company has a borrowing facility upto Rs. 1550 Lakhs and there are undrawn borrowing facilities that may be available for future operating activities amounting to Rs. 58 Lakhs.

(3) The Company has appropriate amount of Cash Flows that are required to maintain operating capacity.

(4) There are no non cash transactions happened in investing and financing activities to be excluded from Cash Flow Statement.

Notes to Financial Statements as at March 31, 2024

Additional Disclosures:

I. Components of Cash and Cash Equivalents:

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
Balance with banks	310.95	5.87
Demand deposits with banks	1,511.00	400.00
Total Components of Cash and Cash Equivalents:	**1,821.95**	**405.87**

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	19.47	-	19.47
	Total	**19.47**	**-**	**19.47**

30 Disclosures on PPE and Intangible Assets

I. Property, plant and equipment

1) The Company do have any restrictions on title, and property, plant and equipment pledged as security for liabilities.

2) There is no amount of expenditure recognised in the carrying amount of an item of property, plant and equipment in the course of its construction.

3) There is no contractual commitments for the acquisition of property, plant and equipment.

4) 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.

5) The Company has no assets that are retired from active use and held for disposal

6) There is no temporarily idle property, plant and equipment at the reporting date.

7) The Company has fully depreciated property, plant and equipment that is still in use.

8) The Company has not revalued any class of property, plant and equipment during the financial year.

9) The Company has no property, plant and equipment retired from active use and not held for disposal.

II. Intangible asset

1) The carrying amount and remaining amortization period of any individual intangible asset that is material to the financial statements of the enterprise as a whole - Nil

2) The Company do have any restrictions on title, and intangible assets pledged as security for liabilities.

Notes to Financial Statements as at March 31, 2024

3) There is no contractual commitments for the acquisition of intangible assets.

4) The Company has no fully amortised intangible asset that is still in use.

5) There is no acquisitions of intangible assets through business combinations.

31 Investments

I. Profits and losses with regard to investments have been disclosed as under:

a) profits and losses on disposal of current investments- Nil

b) profits and losses on changes in the carrying amount of current investments- Nil

c) profits and losses on disposal of long-term investments- Nil

d) profits and losses on changes in the carrying amount of long- term investments- Nil

II. The Company has no significant restrictions with regard to investments in subsidiaries on the right of ownership, realisability of investments or the remittance of income and proceeds of disposals.

32 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:

Particulars	<1 year	1-5 years	>5 years	Total
Future minimum lease payments for office rent	487.71	976.37	-	1,464.08

33 Earnings Per Share

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
1. Profit attributable to equity shareholders before extraordinary items (A)	2,411.49	1,619.60
2. Profit attributable to equity shareholders after extraordinary items (B)	2,411.49	1,619.60
3. Weighted average number of equity shares outstanding during the year (C)	89,63,003	1,01,39,863
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	-	-

Notes to Financial Statements as at March 31, 2024

(Amount in ₹ Lakhs)

Particulars	As at	
	31-Mar-24	31-Mar-23
6. Weighted average number of potential equity shares outstanding during the year for the purpose of computing Diluted Earnings Per Share (D)	89,63,003	1,01,39,863
7. Basic and diluted earnings per share before extraordinary items of face value of ₹ 10 (A/C)	26.90	15.97
8. Basic and diluted earnings per share after extraordinary items of face value of ₹ 10 (B/C)	26.90	15.97

34 The Company has incorporated a Wholly owned subsidiary in the UK, PhantomFX Studios Limited, with a Share Capital of £5000, which is disclosed under Non Current Investment in the Balance Sheet **(Refer Note: 12)**. Since PhantomFX Studios Limited has not started the operation, Consolidation of Financial Statement has not been done.

35 Balance shown under head Sundry debtors, creditors and advances are subject to confirmation.

36 Previous year's figures have been regrouped / reclassified wherever necessary to conform with current year's classification.

37 Ratios

S. No	Ratios	31-Mar-24	31-Mar-23	% Variance	Reason for Variation
a.	**Current Ratio** Current Assets / Current liabilities **(Current Assets**-Current Investments, Inventories, Trade Receivables, Cash and Bank Balances, Short Term Loans and Advances, Other Current Assets **Current Liabilities**-Short Term Borrowings, Trade Payables, Other Current Liabilities, Short term Provisions)	5.16	3.65	41.57 %	Increased primarily on account of increase in Trade receivable and in repayment of current borrowings.
b.	**Debt-Equity Ratio** Total Debt / Shareholder's Equity **(Total Debt**-Long Term Debt + Short Term Debt **Shareholder's Equity**-Share Capital, Reserves and Surplus)	14.10%	15.65%	(9.89) %	-
c.	**Debt Service Coverage Ratio** Earnings available for debt service / Debt Service **(Earnings available for debt service-**Net Profit before taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc., **Debt Service**-Interest & Lease Payments + Principal Repayments)	22.23	46.47	(52.16) %	Decreased primarily on account of increase in Earnings available for debt service and repayment of borrowings.

Notes to Financial Statements as at March 31, 2024

S. No	Ratios	31-Mar-24	31-Mar-23	% Variance	Reason for Variation
d.	**Return on Equity Ratio** (Net Profit After Taxes - Preference Dividend if any) / Average Shareholder's Equity **Average Shareholder's Equity**-(Opening Share Capital+Opening Reserves and Surplus+Closing Share Capital+Closing Reserves and Surplus)/2	25.52%	65.49%	(61.02) %	Decreased primarily on account of increase in shareholder's Equity due to QIP Issue during the year.
e.	**Inventory Turnover Ratio** Cost of goods sold / Average Work In Progress **Cost of goods sold**- cost of sales **Average Work In Progress**-(Opening Inventory+Closing Work in progress)/2	2.05	4.99	(58.84) %	Decreased primarily on account of increase in turnover during the current year and increase in closing work in progress.
f.	**Trade Receivables Turnover Ratio** Net Credit Sales / Average Trade Receivables **Net Credit Sales** -Gross Credit Sales - Sales Return **Average Tarde Receivables**-(Opening Trade Receivables + Closing Trade Receivables)/2	2.68	5.90	(54.56) %	Decreased primarily on account of increase in average debtors during the year.
g.	**Trade Payable Turnover Ratio** Net Credit Purchases / Average Trade Payables **Net Credit Purchases**-Gross Credit Purchases - Purchase Return **Average Trade Payables-**(Opening Trade Payables + Closing Trade Payables)/2	8.11	7.25	11.84 %	-
h.	**Net Capital Turnover Ratio** Net Sales / Average Working Capital **Net Sales**-Total Sales-Sales Return **Average Working Capital**-((Opening Current Assets - Opening Current Liabilities)+(Closing Current Assets - Closing Current Liabilities))/2	1.21	1.62	(25.14) %	Decreased primarily on account of increase in working capital during the year.
i.	**Net Profit Ratio** Net Profit / Net Sales **Net Profit**- Profit after tax **Net Sales**-Total Sales-Sales Return	27.00%	27.98%	(3.50) %	-
j.	**Return on Capital Employed** (Earning before interest and taxes / Capital Employed) * 100 **Earning before interest and taxes**-Profit before Taxes + Interest **Capital Employed**-Tangible Net Worth + Total Debt + Deferred Tax Liability	20.88 %	43.61 %	(52.12) %	Decreased primarily on account of increase in shareholder's Equity due to QIP Issue during the year.
k.	**Return on Investment** Investment in subsidiaries- Unquoted	-	-	Nil	-

Notes to Financial Statements as at March 31, 2024

S. No	Ratios	31-Mar-24	31-Mar-23	% Variance	Reason for Variation
	Investment in Fixed Income Income generated from Fixed deposit/ Average Investments*100	4.95 %	4.58 %	8.18 %	-

Note: *The management shall provide remarks for any change in the ratio by more than or less than 25% as compared to preceding year.*

For and on behalf of the Board of Directors of
PHANTOM DIGITAL EFFECTS LIMITED

As per our report of even date attached
For L.U.KRISHNAN & CO
Chartered Accountants
Firm's Registration.No: 001527S

Bejoy Arputharaj
Managing Director
DIN: 03459098

Syntia Moses Darry
Whole time director
DIN: 03459055

Binu Joshua
Whole time director and CFO
DIN: 03459073

Pallavi Tongia
Company Secretary
Mem No : A66438

P K Manoj
Partner
Membership Number: 207550
UDIN:24207550BKANNV9670

Place: Chennai
Date: 29-05-2024

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PHANTOM DIGITAL EFFECTS LIMITED

Phantom Digital Effects Limited
6th floor, Tower-B, Kosmo One Tech Park,
Plot No.14, 3rd Main road, Ambattur,
Chennai 600058

www.phantomfx.com

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