

### Mixed results; All eyes on FY'2026 scale-up and execution

- Nazara's Q4FY25 rev. declined 2.7% QoQ (DE: -20%), with a beat led by Gaming vertical (Fusebox, up 33% QoQ) and eSports (Nodwin, lower than exp. decline). OPM was a miss, reporting loss of -0.5% due to loss in Nodwin, lower op. perf. in Kiddpia & Fusebox, and a Rs.165mn impairment in Brandscale unit within Nodwin subsidiary.
- Under 'Nazara 3.0' strategy, the company is focused on developing a diverse gaming platform at scale – be it online or offline gaming, with multiple demographics - from kids to adults, spanning presence in India & abroad, supported by multiple revenue streams.
- Nazara is expected to double down on accelerating FY26 growth by focusing on organic biz. and the recently acquired biz, although profitability may see volatility. We raise our FY26E/FY27E earnings estimates by 6.1%/3.5% and revise our rating to 'Accumulate' with a DCF-based TP of Rs. 1,425 (implies ~55x on FY27E EPS).

### FY26 to be led by Gaming biz; Kiddopia to revive

Nazara expects FY26 growth to be led by the gaming vertical - a) Kiddopia stemming its subscriber decline, including. IP integrations such as Barbie, Hasbro, and Little Angel, b) Animal Jam partnership with Slinky to launch a causal game in FY26, c) Addition of Indoor gaming chain Funky Monkey and new center openings, d) New game in Fusebox (global launch of Big Brother), e) New IP Rev. CATS:Crash Arena, and King of Thieves, and f) Addition of U.K based Console and PC game publisher Curve Games.

### eSports positioning for greater growth; but profitability volatile

Under Nodwin, Nazara plans to expand its live events, NH7, to 3 new cities (from 5) in FY26, while Comic Con would expand to 11 cities (from 7 cities) and 3 international locations. On the other hand, content and media biz. continues to add partnerships (4 IPs in works), and scale up gaming events such as BGMI, Prime League (Germany), etc. Nodwin's growth remains on a fast clip, although profitability remains unpredictable in near future due to the volatile nature of event success/ failure/ cancellation.

### Real Money Gaming to focus on market building

Pokerbaazi (46% stake, unconsolidated) grew its Rev. by 39% YoY to Rs. 5.8Bn, but loss rose to Rs. 575mn vs. FY'24 profit of Rs. 338mn), due to GST impact and higher marketing spends for user acquisition. Co. continues to absorb GST impact (28% on deposits), to ensure user activity and acquisition, and near-term spends would continue to build a sustainable user base and work towards market building.

Key Data	
Nifty	24,853
Equity / FV	Rs 367mn / Rs 4
Market Cap	Rs 114bn
	USD 1.3bn
52-Week High/Low	Rs 1,327/ 592
Avg. Volume (no)	543,478
Bloom Code	NAZARA IN

	Current	Previous
Rating	Accumulate	BUY
Target Price	1,440	1,120

### Change in Estimates

(Rs.bn)	Current		Chg (%)/bps	
	FY26E	FY27E	FY26E	FY27E
Revenue	21	25	9.9	9.7
EBITDA	3	3	4.5	9.7
EBITDA (%)	12.7	13.6	(65)	(1)
APAT	2	2	6.1	3.5
EPS (Rs)	19.7	26.1	6.1	3.5

### Valuation (x)

	FY25A	FY26E	FY27E
P/E	150.9	66.4	50.1
EV/EBITDA	73.2	42.3	32.9
ROE (%)	3.6	5.9	7.3
RoACE (%)	2.8	5.3	6.8

### Q4FY25 Result (Rs Mn)

Particulars	Q4FY25	YoY (%)	QoQ
Revenue	5,202	95.4	(2.7)
Total Expense	4,692	98.0	(2.7)
EBITDA	510	74.6	(2.5)
Depreciation	373	73.4	1.6
EBIT	(27)	(84.8)	(877.1)
Other Income	187	(50.4)	(14.7)
Interest	48	485.4	70.8
EBT	112	(40.9)	(42.6)
Tax	(80)	6600.0	(169.1)
RPAT	159	(286.2)	(35.2)
APAT	66	(20.6)	(72.9)
		(bps)	(bps)
Gross Margin	27.5	(905)	(1082)
EBITDA (%)	9.8	(117)	2
NPM (%)	3.0	625	(153)
Tax Rate (%)	(71.8)	(7122)	(13160)
EBIT (%)	(0.5)	621	(59)

Director Research: Rahul Jain

+9122 40969771

[rahulj@dolatcapital.com](mailto:rahulj@dolatcapital.com)

Associate: Kashish Mehta

+9122 40969789

[kashishm@dolatcapital.com](mailto:kashishm@dolatcapital.com)

## Exhibit 1: Quarterly performance versus estimates

Particulars (Rs mn)	Actual	Estimates		% Variation		Comment
		Dolat	Consensus	Dolat	Consensus	
INR Revenue	5,202	4,274	4,839	21.7	7.5	Fusebox & Nodwin led beat.
EBIT	(27)	195	174	(114.0)	(115.6)	Loss in Nodwin and impairment charge led to OPM miss.
EBIT, margin	(0.5)	4.6	3.6	(510 bps)	(410 bps)	
PAT	66	243	284	(72.7)	(76.6)	Weak op. perf. led miss

Source: Company, Dolat Capital

## Change in Estimates

**For FY26E/FY27E:** Q4 results were a beat on Rev, largely due to the Gaming vertical and lower-than-expected dip in eSports- Nodwin. We raise our revenue estimates by 9.9%/9.7%. The EBITDA margin has been lowered by 65bps for FY26 and unchanged for FY27E. We expect Nazara to well meet and exceed its FY27E EBITDA guidance of Rs. 3Bn. Overall earnings estimates are raised by 6.1%/3.5%.

## Exhibit 2: Change in Estimates

Particulars (Rs. Mn)	FY24A	FY25A	FY26E			FY27E		
	Actual	Actual	Old	New	Chg.(%)	Old	New	Chg.(%)
INR Revenue	11,411	16,286	19,526	21,458	9.9	22,936	25,168	9.7
YoY growth, %	4.3	42.7	27.3	31.8	442 bps	17.5	17.3	(17 bps)
EBITDA	1,279.0	1,534.6	2,602.0	2,719.7	4.5	3,122.0	3,424.7	9.7
EBITDA Margin (%)	11.2	9.4	13.3	12.7	(65 bps)	13.6	13.6	0 bps
Net Profit	566	759	1,702	1,805	6.1	2,310	2,391	3.5

Source: Company, Dolat Capital

## Exhibit 3: Key assumptions in our estimates

Metrics	FY24A	FY25A	FY26E	FY27E
Gaming Vertical	(0.0)	27.9	50.9	17.2
-Kiddopia Growth YoY (%)	(0.5)	(12.7)	2.1	13.4
- Animal Jam Growth YoY (%)	81.4	10.8	13.0	12.0
- Fusebox Growth YoY (%)		N.A	29.2	13.0
- Telco subscription Growth YoY (%)	(36.4)	(30.3)	N.A*	N.A
- RMG Growth YoY (%)	(34.4)	(56.7)	N.A^	N.A
- Freemium Growth YoY (%)	(12.7)	1.4	2.3	15.8
eSports Vertical	18.8	20.9	18.6	19.0
- Nodwin Growth YoY (%)	9.9	22.7	17.1	18.1
- Sportskeeda Growth YoY (%)	60.1	22.2	21.9	20.8
Ad-Tech Growth YoY (%)	(32.6)	234.9	32.0	14.0
INR Revenue growth (%)	4.3	42.7	32.1	17.3
EBIT Margins (%)	2.9	0.2	6.9	8.4
EPS growth (%)	40.2	25.0	88.7	32.5

Source: Company, Dolat Capital

\*Telco segment no longer disclosed separately by Nazara

^RMG – OpenPlay has been transferred to Pokerbaazi (46% unconsolidated subsidiary), hence financials not reported.

#### Exhibit 4: Vertical growth quarterly

QoQ Growth	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Gaming</b>	<b>(6.2)</b>	<b>(1.2)</b>	<b>(10.2)</b>	<b>1.9</b>	<b>23.1</b>	<b>35.6</b>	<b>1.7</b>
- Kiddopia	(2.3)	(2.8)	(6.9)	(3.7)	(0.4)	(2.5)	(2.7)
- Animal Jam	(0.5)	22.4	(10.4)	(1.7)	1.7	27.1	(12.1)
- Fusebox	N.A	N.A	N.A	N.A	N.A	N.A	33.2
- Telco subscription	(31.5)	(5.4)	7.1	12.0	(15.5)	2.8	N.A
- Freemium	(25.0)	0.0	(27.8)	66.7	(18.5)	(5.7)	8.0
-Real money gaming	(1.8)	(35.1)	(36.8)	10.4	9.4	(12.1)	N.A
<b>eSports</b>	<b>46.0</b>	<b>12.6</b>	<b>(23.5)</b>	<b>(10.9)</b>	<b>37.8</b>	<b>28.0</b>	<b>(6.7)</b>
- Nodwin	82.8	6.8	(26.0)	(28.4)	91.4	21.5	(8.0)
- Sportskeeda	(9.6)	44.4	(18.1)	24.3	(24.6)	47.3	(3.6)
<b>AdTech</b>	<b>(17.0)</b>	<b>16.0</b>	<b>5.3</b>	<b>(6.5)</b>	<b>(6.2)</b>	<b>513.7</b>	<b>0.0</b>
<b>INR Revenue</b>	<b>16.8</b>	<b>7.8</b>	<b>(16.9)</b>	<b>(6.1)</b>	<b>27.5</b>	<b>67.6</b>	<b>(2.7)</b>

Source: Company, Dolat Capital

#### Exhibit 5: Quarterly Trend

Rs mn	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
<b>INR Revenue</b>	<b>2,662</b>	<b>2,501</b>	<b>3,189</b>	<b>5,347</b>	<b>5,202</b>	<b>(2.7)</b>	<b>62.4</b>	<b>11,383</b>	<b>16,239</b>	<b>42.7</b>
Operating Exp.	2,370	2,252	2,938	4,823	4,692	(2.7)	66.0	10,104	14,705	45.5
EBITDA	292	249	252	524	510	(2.5)	35.4	1,279	1,535	20.0
Depreciation	472	152	257	458	538	3.4	224.4	953	1,467	54.0
EBIT	(179)	97	(6)	65	(27)	PTL	LTL	326	68	(79.3)
Other Income	377	256	253	219	187	(14.7)	4.5	796	915	14.9
Finance Cost	8	6	18	28	48	70.8	135.3	68	99	46.0
Share of Associate	(20)	(7)	(12)	(4)	(55)	1,457.1	NA	(20)	(77)	283.1
PBT	169	340	218	253	57	(70.0)	(84.5)	1,034	807	(22.0)
Total Tax	(1)	104	37	116	(80)	(169.1)	(201.1)	140	177	26.3
PAT Before MI	171	236	181	137	138	84.0	(52.5)	895	630	(29.6)
MI	87	10	(57)	(170)	(21)	(87.8)	(155.5)	182	(238)	(231.1)
Rep. PAT After MI	(85)	226	220	307	66	(72.9)	(74.3)	566	757	33.9
Reported EPS	(1.1)	3.0	2.9	3.8	0.8	(80.3)	(78.5)	8.3	10.4	25.0
<b>Margins (%)</b>						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
EBIDTA	11.0	10.0	7.9	9.8	9.8	2 bps	(117 bps)	11.2	9.5	(179 bps)
EBIT	(6.7)	3.9	(0.2)	1.2	(0.5)	(59 bps)	621 bps	2.9	0.4	(245 bps)
PBT	6.4	13.6	6.8	4.7	1.1	(247 bps)	(526 bps)	9.1	5.0	(412 bps)
PAT	6.4	9.4	5.7	2.6	2.6	125 bps	(376 bps)	7.9	3.9	(398 bps)
Effective Tax rate	(0.7)	30.6	16.8	46.0	N.M	N.M	N.M	13.5	21.9	838 bps

Source: Company, Dolat Capital, Depreciation includes impairment

## What to expect Next Quarter

We expect a Revenue decline of 25.9% QoQ growth in Q1FY26 (+54.1% YoY), as Q1 is a seasonally lean quarter for key businesses (Nodwin, Kiddopia, Animal Jam). Loss in Nodwin is expected to return to profit, coming off the impact of event cancellation, and the EBITDA margin is expected to improve.

### Exhibit 6: What to expect Next Quarter

Particulars (Rs Mn)	Q1FY26E	Q4FY25	Q1FY25	QoQ (%)	YoY (%)
INR Revenue	3,854	5,202	2,501	(25.9)	54.1
EBITDA	534	510	249	4.7	114.4
PAT	345	66	226	420.6	52.5
EPS (Rs)	3.8	0.8	3.0	397.2	27.3
EBITDA Margin (%)	13.9	9.8	10.0	405 bps	389 bps

Source: Company, Dolat Capital

### Earnings Call KTAs

- **Revenue:** Nazara Tech reported INR Revenue of Rs. 5,202mn, down by 2.7% QoQ, and above our estimate of Rs. 4,274mn. Vertical-wise, growth was witnessed in Fuse-box (Gaming), up 33.2% QoQ, while Kiddopia and Animal Jam declined 2.7%/12% respectively. eSports vertical declined 6.7% QoQ, while AdTech was flat sequentially.

### Exhibit 7: Revenue Analysis for Q4FY25

Particulars	Amount (Rs. Mn)	QoQ (%)	YoY (%)	Mix (%)	Incremental Revenue	Contribution to Incremental Revenue
<b>Gaming</b>	<b>1,576</b>	<b>(1.7)</b>	<b>(8.8)</b>	<b>30.3</b>	<b>27</b>	<b>(18.6)</b>
- Kiddopia	463	(2.7)	(9.0)	8.9	(13)	9.0
- Animal Jam	268	(12.1)	11.7	5.2	(37)	25.5
- Fusebox	791	N.M	N.M	15.2	197	(136.0)
- Telco subscription	N.A	N.A	N.A	N.A	(73)	50.4
- Freemium	54	8.0	38.5	1.0	4	(2.8)
- Real money gaming	N.A	N.A	N.A	N.A	(51)	35.2
<b>eSports</b>	<b>2,171</b>	<b>(6.7)</b>	<b>46.6</b>	<b>41.7</b>	<b>(156)</b>	<b>107.7</b>
- Nodwin (incl. Publishme)	1,519	(8.0)	53.3	29.2	(132)	91.1
- SportsKeeda	652	(3.6)	33.1	12.5	(24)	16.6
<b>Adtech</b>	<b>1,479</b>	<b>0.0</b>	<b>438.0</b>	<b>28.4</b>	<b>0</b>	<b>0.0</b>
Inter-Segment	(24)	N.M	N.M	(0.5)	(15.9)	11.0
<b>Total</b>	<b>5,202</b>	<b>(2.7)</b>	<b>95.4</b>	<b>100.0</b>	<b>(145)</b>	<b>182.8</b>

Source: Company, Dolat Capital

\*Telco segment no longer disclosed separately by Nazara

^RMG – OpenPlay has been transferred to Pokerbaazi (46% unconsolidated subsidiary), hence financials not reported.

### Gaming Business (30.3% of Revenue):

- The Gaming business, which includes Kiddopia, Animal Jam, Freemium - Fusebox (Love Island), Telco subscription, Freemium- World Cricket Championship and Real money gaming, declined by 1.7% QoQ, and by 8.8% YoY.

### Kiddopia (9% of Rev):

- Kiddopia saw Revenue of Rs.463mn, down 2.7% QoQ (estm of Rs. 484mn). Kiddopia continued to witness subscriber decline, down 1.7% QoQ, with subscriber count at 2,28,376, witnessing the 8<sup>th</sup> straight quarter of user decline.

- ARPU lowered mildly at \$6.9 (Q3FY25: \$6.97) and Cost per Trial dropped to \$33.7 (\$43.9 in Q3FY25).
- In terms of ranking, Kiddopia retained its ranking amongst the Top#3 Grossing App (as per App Annie for Apple users in the US for Kids under 5 years of age), indicating continued product stickiness and content relevance.
- Marketing spends were lowered to \$2.1mn (Q3FY25: \$2.3mn). EBITDA margin lowered to 20.1%, down 504bps QoQ (estm: 24.7%).
- **From Concall:**
- Management is hopeful of returning to subscriber growth in FY26, based on its IP partnerships and tie-ups.

### Exhibit 8: Business Metrics

Particulars	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Paying Subscribers	3,01,714	2,92,488	2,73,249	255,382	246,943	237,185	232,295	228,376
Monthly Churn Rate (%)	5.9	6.2	6.7	7.3	6.6	6.5	5.7	6.0
ARPU (\$ Abs)	6.77	6.63	.82	6.89	6.92	6.95	6.97	6.90
CPT (\$ Abs)	39.3	38.9	40.9	39.0	38.6	40.9	43.6	33.7
Activation Ratio	68.0	66.0	67.0	66.0	67.0	67.0	66.0	51.0
Marketing Spend (\$mn)	2.6	2.7	2.3	2.4	2.4	2.3	2.3	2.1

Source: Company

### Animal Jam (5.2% of Rev):

- **Revenue** stood at Rs. 268mn, down 12% QoQ (Estm: Rs. 271mn). Management stated that product metrics for retention, engagement and monetisation of users are healthy.
- **EBITDA stood at Rs. 49mn and EBITDA margin** came in at 18.3%, down 1,188bps QoQ (estm: 18.9%). Q3 had an approx. \$300K (Rs. 25.4mn) one-time benefit. Comparable adj. EBITDA margin movement was down 352bps QoQ.
- Q4 saw continued momentum with new product drops including the Domestic Shorthair Cat, Pet Mouse, Cheetah, Skunk, Exquisite Halo Bundle, and Member IAP Bonuses—further enriching the in-game economy.
- In Jan'25, Animal Jam entered into a partnership with Slinky (Slinky Jam) to foster organic growth by jointly developing a casual mobile game, which is slated for launch in FY26.

### FuseBox (15.2% of Rev)

- Fusebox operates IP-driven interactive story games (Like Love Island) that are primarily monetized through in-app purchases.
- Fusebox reported Revenue of Rs. 791mn, up 33.2% QoQ (estm: Rs. 486mn), and EBITDA of Rs. 131mn, up 4% QoQ (estm: Rs. 74mn). EBITDA margin stood at 16.6% (Q3FY25: Rs. 21.2%).
- Fusebox Games has released Big Brother: The Game (iOS | Android) is a narrative-driven mobile title based on Banijay Entertainment's long-running reality television format. The app is now available worldwide on iOS and Android.

### Real Money Gaming (Nil – Deconsolidated)

- On 8<sup>th</sup> March, 2025, Nazara announced that it would transfer its 94.86% stake in OpenPlay Technologies into its significantly held subsidiary (46.07% stake, (noted as Share of Associates/J.V in P&L), Moonshine Technologies, for a

consideration of Rs. 1,043.4mn, while Moonshine will issue 2,87,376 (compulsorily convertible preference shares) CCPS to Nazara. This is a related party transaction, and integration is aimed at synergizing OpenPlay's Rummy platform into Moonshine's existing Rummy offering.

- Pokerbaazi reported Revenue of Rs. 1,805mn, up 19.2%/61% QoQ/YoY. EBITDA reported loss of Rs. 221mn (Q3: Rs. 182mn profit, Q4FY24: Rs. 139mn loss). FY'25 reported Revenue of Rs. 5,883mn and EBITDA loss of Rs. 575mn, with loss attributed to marketing-related spends.
- Business continues to be impacted by GST, as GST on deposits are borne by the company.
- **From Concall:**
- Q1FY26 would continue to see higher marketing spends due to IPL.

#### **Freemium (1% of Rev):**

- Revenues were Rs. 54mn with EBITDA margin at 37%.

#### **eSports Business (41.7% of Rev):**

- The eSports business (Nodwin, Freaks4U, Sportskeeda) declined by 6.7% QoQ to Rs. 2,171Mn.

#### **Nodwin (29% of Rev):**

- Nodwin reported a decline of 8% QoQ and reported Revenue of Rs. 1,519mn (Estm Rs. 1,460mn). EBITDA posted a loss of Rs. 48mn, due to the cancellation of NH7 weekender event and slower than expected performance improvement in Freaks4U.
- NODWIN has now focused Freaks4U into core EBITDA-positive engines and has rationalised staffing.
- It also recorded an impairment charge of Rs. 165mn (Q3 also saw a charge of Rs. 153mn) on equity investment made in Brandscale.
- NODWIN's plans to raise additional capital to fuel its growth in the near future.

#### **From Concall:**

- Nazara stated Nodwin will prioritize growth over profitability for the foreseeable future, as Nodwin needs to scale up even more in India as well as international markets.

#### **SportsKeeda (12.5% of Rev):**

- SportsKeeda revenue declined 3.6% QoQ to Rs.652mn (estm of Rs. 555Mn).
- During Q2 and Q3, PFN was impacted by Google SEO update and the resultant volatility, which affected traffic flow. Management stated that Dec-24 month and Jan-25 month saw a strong recovery. The team continued to run operations by rationalising some costs, and traffic came back to normal or higher levels by Q4FY25.
- EBITDA margin stood at 30.1% (estm: 29.4%), down 353bps YoY.

#### **Adtech Business (28.4% of Rev):**

- Adtech Business reported Revenues at Rs.1,479mn (estm: Rs. 825mn), flat on QoQ basis. Q3 consolidated Space & Time acquisition (Oct-24), and Q4 marked the full quarter of consolidation. Space and Time contributed 85% of Q4

Revenue. On a standalone basis too, AdTech biz. reported Revenue of Rs. 213mn, down 41%/23% QoQ/YoY.

- EBITDA margin stood at 6.8% (estm:3%) vs. Q3FY25: 4.7%. Standalone business EBITDA is at 8.5% margin (up 227bps YoY), while EBITDA for Space and Time was at 6.6%.
- **From Concall:**
- While acquisition is consolidated, the integration of S&T is now underway. Nazara shared that the focus will be on unlocking synergies across client relationships, expanding cross-market offerings, and further scaling profitable segments in FY26.

### Overall Financial Performance:

- **EBITDA:** EBITDA for the quarter stood at Rs. 510mn, up 74.6% YoY but down 2.5% QoQ. EBITDA was lower in eSports segment, and in Kiddopia and Animal Jam segments of gaming.
- **EBIT:** EBIT reported loss of Rs. 27mn, below our estimate of Rs. 195mn, with a miss due to a loss in Nodwin and impairment charge of Rs. 165mn in Brandscale (also Nodwin).
- **PAT:** PAT stood at Rs. 66mn (estimate: Rs. 243mn). Loss at EBIT and higher share of loss at the associate level led to lower PAT.

### Key Acquisitions and Announcements:

U.S expansion in Combat sports with TJRWrestling.net:

- On 7<sup>th</sup> May, Nazara Technologies' subsidiary, Absolute Sports (parent of Sportskeeda), has announced the acquisition of two prominent wrestling media IPs, TJRWrestling.net and ITRWrestling.com, from Titan Insider Digital for \$1.25 million (~Rs. 105mn). The deal is structured as an all-cash asset purchase via its U.S. subsidiary, Sportskeeda Inc., and is expected to close within 45 days.
- Combined, these platforms draw 1.7mn MAUs and 4.6mn monthly pageviews, primarily from North America, and generated \$722K (~Rs.61mn) in revenue in 2024.
- Transaction is valued at 1.73x of CY24 Revenue, bolstering Sportskeeda's position in the combat sports segment and expanding presence in the U.S. (largest pro-wrestling fanbase).

### Acquisition of U.K based publisher – Curve Digital Games

- On 20<sup>th</sup> May, 2025, Nazara announced the acquisition of U.K-based game publisher Curve Digital Entertainment for a cash consideration of Rs. 2,470mn (GBP 21.7mn).
- Curve Group is a London-based video game publisher focused on console and PC platforms, incl. PlayStation, Xbox, Steam, and Switch. The Co. partners with 3rd party developers on key stages from financial support to distribution. Popular titles published by Curve Games include For the King Franchise, Bomber Crew, Human Fall Flat, Wobbly Life, Badlands Crew, etc
- Curve Digital reported Rev. of Rs. 2,635mn, EBITDA of Rs. 1,114mn (Margin of 42%), and PBT of Rs. 496mn. 2-year CAGR of Rev/EBITDA/PBT was - 4%/5%/86%.

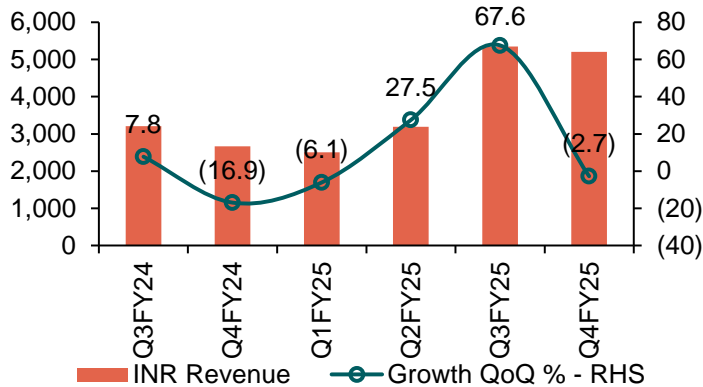
- Target is valued at 0.93x of CY24 Revenue, and will strengthen Nazara's presence in gaming, giving access to access to platforms, genres, and geographies in the global PC & consol market.

### Valuation

Given the gaming industry's infancy stage in India, with Average Rev per Gamer of just \$10 p.a. (versus US/China at \$73/\$35), we believe Nazara can compound its revenues multifold over the coming decade. We have currently factored in Revenue CAGR of 17.4% over FY26-40E with an Average EBIT Margin of 14.6% and Terminal growth rate of 3.0%. Based on these assumptions, we have arrived at DCF-based fair value of Rs.1,425, which implies ~55x on FY27E earnings and revise our rating to '**Accumulate**'.

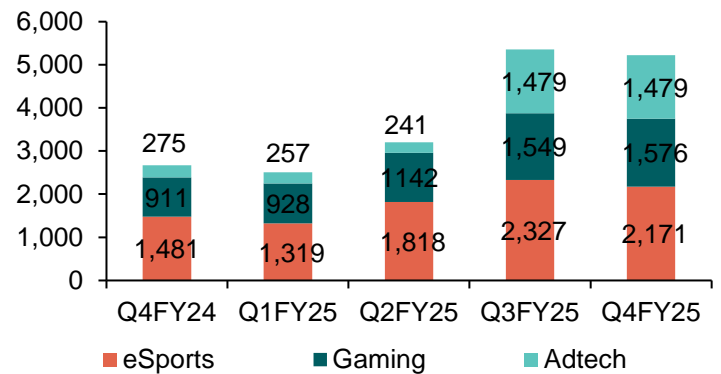
## Story in Charts

**Exhibit 9: Q4 Rev. down 2.7% QoQ**



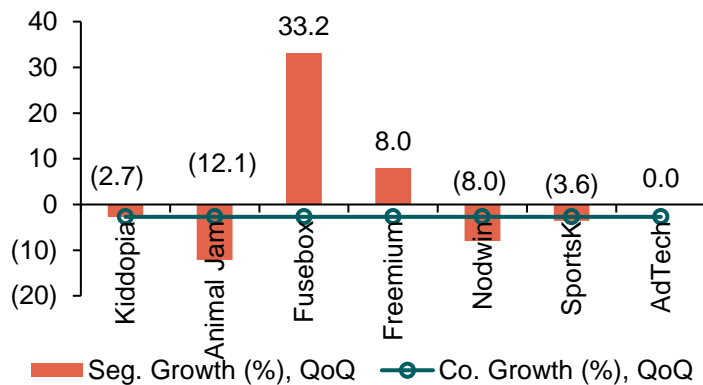
Source: Company, Dolat Capital

**Exhibit 10: Business-wise Performance**



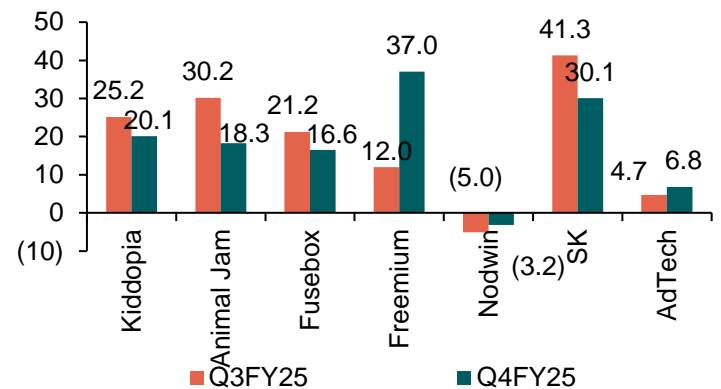
Source: Company, Dolat Capital

**Exhibit 11: Biz. wise growth vs. Co. growth (QoQ)**



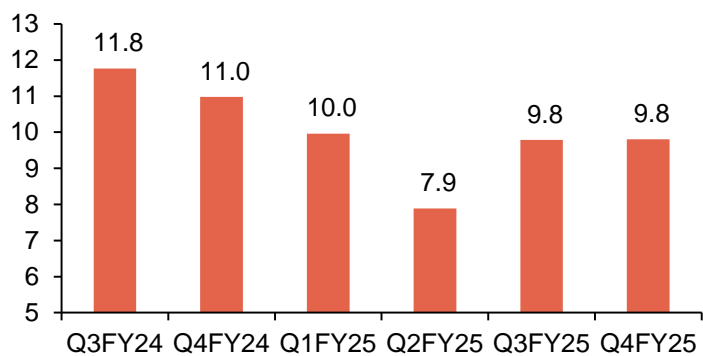
Source: Company, Dolat Capital – **Note:** Fusebox and Adtech Rev. not comparable QoQ due to inorganic addition

**Exhibit 12: EBITDA margin trend (segmental)**



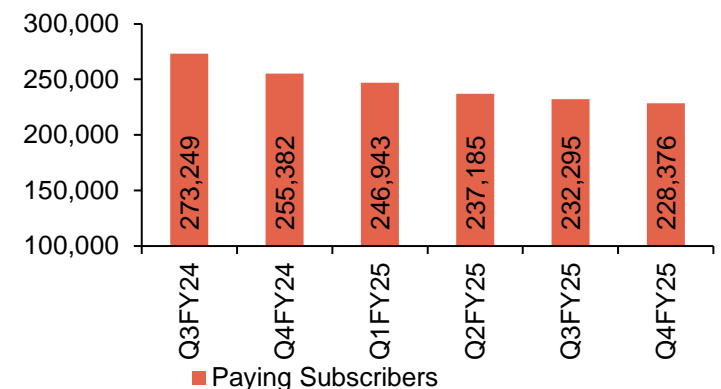
Source: Company, Dolat Capital

**Exhibit 13: EBITDA margin is flat QoQ**



Source: Company, Dolat Capital

**Exhibit 14: Subs. contd. to decline for Kiddopia**



Source: Company, Dolat Capital

## Exhibit 15: Segment quarterly performance

Segment Revenue (mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
<b>Gaming</b>	<b>911</b>	<b>928</b>	<b>1,142</b>	<b>1,549</b>	<b>1,576</b>	<b>1.7</b>	<b>73.0</b>	<b>4,048</b>	<b>5,195</b>	<b>28.3</b>
- Kiddopia	509	490	488	476	463	(2.7)	(9.0)	2,195	1,917	(12.7)
- Animal Jam	240	236	240	305	268	(12.1)	11.7	947	1,049	10.8
- Fusebox	N.A	N.A	232	594	791	N.M	N.M	N.M	1,617	N.M
- Telco subscription*	75	84	71	73	N.A			327	228	(30.3)
- Freemium	39	65	53	50	54	8.0	38.5	219	222	1.4
-Real money gaming^	48	53	58	51	N.A			360	162	(55.0)
<b>eSports</b>	<b>1,481</b>	<b>1,319</b>	<b>1,818</b>	<b>2,327</b>	<b>2,171</b>	<b>(6.7)</b>	<b>46.6</b>	<b>6,316</b>	<b>7,635</b>	<b>20.9</b>
- Nodwin	991	710	1,359	1,651	1,519	(8.0)	53.3	4,270	5,239	22.7
- Sportskeeda	490	609	459	676	652	(3.6)	33.1	1,960	2,396	22.2
<b>Adtech</b>	<b>275</b>	<b>257</b>	<b>241</b>	<b>1,479</b>	<b>1,479</b>	<b>0.0</b>	<b>438.0</b>	<b>1,032</b>	<b>3,456</b>	<b>234.9</b>
Inter-Segment	(5)	(3)	(12)	(8)	(24)	N.M	N.M	(13)	(47)	N.M
<b>Total Revenue</b>	<b>2,662</b>	<b>2,501</b>	<b>3,189</b>	<b>5,347</b>	<b>5,202</b>	<b>(2.7)</b>	<b>95.4</b>	<b>11,382</b>	<b>16,239</b>	<b>42.7</b>
<b>Segment EBITDA (mn)</b>										
Gaming	163	141	210	344	<b>293</b>	<b>(14.7)</b>	<b>79.8</b>	<b>817</b>	<b>989</b>	<b>21.0</b>
- Kiddopia	117	104	119	120	93	(22.2)	(20.4)	561	437	(22.2)
- Animal Jam	29	38	39	92	49	(46.7)	69.0	192	218	13.5
- Fusebox	N.A	N.A	45	126	131	4.0	N.M	N.M	302	N.M
-Telco subscription*	8	13	18	(0)	N.A			4	31	735.8
-Freemium	(3)	(3)	(5)	6	20	233.3	(766.7)	40	18	(55.0)
-Real money gaming^	12	(11)	(6)	-	N.A			20	(17)	(184.6)
<b>eSports</b>	<b>186</b>	<b>183</b>	<b>89</b>	<b>196</b>	<b>148</b>	<b>(24.5)</b>	<b>(20.4)</b>	<b>634</b>	<b>616</b>	<b>(2.8)</b>
- Nodwin	56	(15)	(9)	(83)	(48)	(42.2)	(185.7)	(1)	(155)	N.M
- Sportskeeda	130	198	98	279	196	(29.7)	50.8	650	771	18.6
<b>Adtech</b>	<b>17</b>	<b>7</b>	<b>18</b>	<b>70</b>	<b>101</b>	<b>44.3</b>	<b>497.6</b>	<b>83</b>	<b>196</b>	<b>136.4</b>
Unallocated	(58)	(84)	(64)	(94)	(163)	74.8	182.2	(255)	(405)	<b>58.9</b>
<b>Total EBITDA</b>	<b>308</b>	<b>248</b>	<b>253</b>	<b>516</b>	<b>379</b>	<b>(26.6)</b>	<b>23.0</b>	<b>1,279</b>	<b>1,396</b>	<b>9.1</b>
<b>EBITDA Margin %</b>										
Gaming	17.9	15.2	18.4	22.2	<b>18.6</b>	<b>(359 bps)</b>	<b>71 bps</b>	<b>20.2</b>	<b>19.0</b>	<b>(115 bps)</b>
- Kiddopia	23.0	21.3	24.4	25.2	20.1	(503 bps)	(286 bps)	25.6	22.8	(280 bps)
- Animal Jam	12.1	16.1	16.3	30.2	18.3	N.M	620 bps	20.3	20.8	51 bps
- Fusebox			19.4	21.2	16.6	(465 bps)	N.M	N.M	18.7	N.M
-Telco subscription*	10.7	15.5	25.4	(0.0)	N.A	N.A		1.1	13.6	1246 bps
-Freemium	(7.7)	(4.6)	(9.4)	12.0	37.0	N.M	N.M	18.3	8.1	N.M
-Real money gaming^	25.0	(20.8)	(10.3)	0.0	N.A	N.A		5.6	(10.5)	N.M
<b>eSports</b>	<b>12.6</b>	<b>13.9</b>	<b>4.9</b>	<b>8.4</b>	<b>6.8</b>	<b>(161 bps)</b>	<b>(574 bps)</b>	<b>10.0</b>	<b>8.1</b>	<b>(197 bps)</b>
- Nodwin	5.7	(2.1)	(0.7)	(5.0)	(3.2)	187 bps	(881 bps)	(0.0)	(3.0)	(294 bps)
- Sportskeeda	26.5	32.5	21.4	41.3	30.1	(1121 bps)	353 bps	33.2	32.2	(98 bps)
<b>Adtech</b>	<b>6.1</b>	<b>2.7</b>	<b>7.5</b>	<b>4.7</b>	<b>6.8</b>	<b>210 bps</b>	<b>68 bps</b>	<b>8.0</b>	<b>5.7</b>	<b>(236 bps)</b>
<b>Total EBITDA Margin</b>	<b>11.6</b>	<b>9.9</b>	<b>7.9</b>	<b>9.7</b>	<b>7.3</b>	<b>(237 bps)</b>	<b>(429 bps)</b>	<b>11.2</b>	<b>8.6</b>	<b>(264 bps)</b>

Source: Company, Dolat Capital

\*Telco segment no longer disclosed separately by Nazara

^RMG – OpenPlay has been transferred to Pokerbaazi (46% unconsolidated subsidiary), hence financials not reported.

## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Revenue</b>	<b>11,383</b>	<b>16,239</b>	<b>21,458</b>	<b>25,168</b>
<b>Total Expense</b>	<b>10,104</b>	<b>14,705</b>	<b>18,739</b>	<b>21,744</b>
COGS	7,165	10,364	11,636	13,298
Employees Cost	1,860	2,874	5,121	6,114
Other expenses	1,079	1,467	1,982	2,331
<b>EBIDTA</b>	<b>1,279</b>	<b>1,535</b>	<b>2,720</b>	<b>3,425</b>
Depreciation	670	1,177	1,239	1,310
<b>EBIT</b>	<b>326</b>	<b>40</b>	<b>1,480</b>	<b>2,115</b>
Interest	68	99	209	234
Other Income	796	915	986	1,286
Exc. / E.O. items	0	0	0	0
<b>EBT</b>	<b>1,054</b>	<b>856</b>	<b>2,258</b>	<b>3,168</b>
Tax	140	153	568	812
Minority Interest	182	(244)	(114)	(35)
Profit/Loss share of associates	(20)	(77)	0	0
<b>RPAT</b>	<b>566</b>	<b>870</b>	<b>1,805</b>	<b>2,391</b>
Adjustments	(147)	(111)	0	0
<b>APAT</b>	<b>713</b>	<b>759</b>	<b>1,805</b>	<b>2,391</b>

### Balance Sheet

(Rs Mn)	FY24A	FY25A	FY26E	FY27E
<b>Sources of Funds</b>				
Equity Capital	306	351	367	367
Minority Interest	3,360	3,743	3,628	3,593
Reserves & Surplus	19,680	28,280	30,085	32,476
<b>Net Worth</b>	<b>19,986</b>	<b>28,631</b>	<b>30,452</b>	<b>32,842</b>
Total Debt	0	919	919	919
Net Deferred Tax Liability	187	852	867	872
<b>Total Capital Employed</b>	<b>23,532</b>	<b>34,145</b>	<b>35,867</b>	<b>38,228</b>

### Applications of Funds

Net Block	6,081	17,449	19,793	19,588
CWIP	0	0	0	0
Investments	10,815	14,711	14,361	14,361
<b>Current Assets, Loans &amp; Advances</b>	<b>10,638</b>	<b>12,022</b>	<b>8,595</b>	<b>11,542</b>
Current Investments	0	0	0	0
Inventories	21	25	25	25
Receivables	2,749	5,760	4,997	5,861
Cash and Bank Balances	5,670	2,989	325	2,594
Loans and Advances	316	320	30	35
Other Current Assets	1,881	2,929	3,217	3,026
<b>Less: Current Liabilities &amp; Provisions</b>	<b>4,002</b>	<b>10,037</b>	<b>6,882</b>	<b>7,263</b>
Payables	2,401	5,472	3,187	3,622
Other Current Liabilities	1,601	4,565	3,695	3,641
<i>sub total</i>				
Net Current Assets	6,636	1,985	1,712	4,279
<b>Total Assets</b>	<b>23,532</b>	<b>34,145</b>	<b>35,867</b>	<b>38,228</b>

E – Estimates

### Important Ratios

Particulars	FY24A	FY25A	FY26E	FY27E
<b>(A) Margins (%)</b>				
Gross Profit Margin	37.1	36.2	45.8	47.2
EBIDTA Margin	11.2	9.5	12.7	13.6
EBIT Margin	2.9	0.2	6.9	8.4
Tax rate	13.3	17.9	25.1	25.6
Net Profit Margin	5.0	5.4	8.4	9.5
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	62.9	63.8	54.2	52.8
Employee	16.3	17.7	23.9	24.3
Other	9.5	9.0	9.2	9.3
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	4.8	0.4	7.1	9.0
Inventory days	1	1	0	0
Debtors days	88	129	85	85
Average Cost of Debt		21.6	22.7	25.4
Payable days	77	123	54	53
Working Capital days	213	45	29	62
FA T/O	1.9	0.9	1.1	1.3
<b>(D) Measures of Investment</b>				
AEPS (Rs)	9.3	8.7	19.7	26.1
CEPS (Rs)	18.1	22.1	33.2	40.3
DPS (Rs)	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0
BVPS (Rs)	261.1	326.8	332.0	358.0
RoANW (%)	3.6	3.6	5.9	7.3
RoACE (%)	5.3	2.8	5.3	6.8
RoAIC (%)	2.2	0.2	4.2	5.9
<b>(E) Valuation Ratios</b>				
CMP (Rs)	1306	1306	1306	1306
Mcap (Rs Mn)	114,453	114,453	114,453	114,453
EV	108,783	112,384	115,047	112,779
MCap/ Sales	10.1	7.0	5.3	4.5
EV/Sales	9.6	6.9	5.4	4.5
P/E	140.3	150.9	66.4	50.1
EV/EBITDA	85.1	73.2	42.3	32.9
P/BV	5.0	4.0	3.9	3.6
Dividend Yield (%)	0.0	0.0	0.0	0.0
<b>(F) Growth Rate (%)</b>				
Revenue	4.3	42.7	32.1	17.3
EBITDA	16.6	20.0	77.2	25.9
EBIT	(25.9)	(87.7)	3600.7	42.9
PBT	18.7	(18.8)	163.8	40.3
APAT	72.2	6.4	137.9	32.5
EPS	49.0	(7.0)	127.2	32.5

E – Estimates

## Cash Flow

Particulars	FY24A	FY25A	FY26E	FY27E
<b>Profit before tax</b>	<b>887</b>	<b>662</b>	<b>2,258</b>	<b>3,168</b>
Depreciation & w.o.	670	1,177	1,239	1,310
Net Interest Exp	(331)	(395)	(778)	(1,053)
Direct taxes paid	(406)	(528)	(568)	(812)
Change in Working Capital	(39)	(477)	(2,375)	(293)
Non Cash	126	216	0	0
<b>(A) CF from Operating Activities</b>	<b>908</b>	<b>655</b>	<b>(223)</b>	<b>2,320</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(1,200)	(9,070)	(3,584)	(1,104)
<b>Free Cash Flow</b>	<b>(293)</b>	<b>(8,415)</b>	<b>(3,807)</b>	<b>1,216</b>
(Inc.)/ Dec. in Investments	(5,072)	4,306	350	0
Other	242	(6,576)	0	0
<b>(B) CF from Investing Activities</b>	<b>(6,030)</b>	<b>(11,340)</b>	<b>(3,234)</b>	<b>(1,104)</b>
Issue of Equity/ Preference	9,220	8,810	16	0
Inc./(Dec.) in Debt	336	(428)	0	0
Interest exp net	0	0	0	0
Dividend Paid (Incl. Tax)	0	0	0	0
Other	(93)	(333)	778	1,053
<b>(C) CF from Financing</b>	<b>9,463</b>	<b>8,049</b>	<b>794</b>	<b>1,053</b>
Net Change in Cash	4,124	(2,682)	(2,663)	2,268
<b>Opening Cash balances</b>	<b>1,421</b>	<b>5,670</b>	<b>2,988</b>	<b>325</b>
<b>Closing Cash balances</b>	<b>5,545</b>	<b>2,988</b>	<b>325</b>	<b>2,594</b>

E – Estimates

## Notes

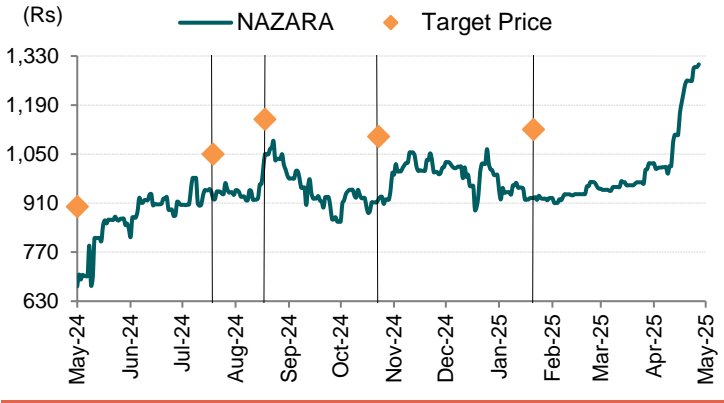
Stock Info and Rating History

Price Performance

Particulars	1M	3M	12M
Absolute (%)	28	41	94
Rel to NIFTY (%)	25	31	86

Shareholding Pattern

Particulars	Sep'24	Dec'24	Mar'25
Promoters	9.0	9.0	8.8
MF/Banks/FIs	12.2	13.5	12.4
FIIIs	9.7	11.6	13.0
Public / Others	69.1	65.9	65.7



Month	Rating	TP (Rs.)	Price (Rs.)
May-24	BUY	900	673
Aug-24	ACCUMULATE	1,050	922
Sep-24	ACCUMULATE	1,150	1,050
Nov-24	BUY	1,100	921
Feb-25	BUY	1,120	925

\*Price as on recommendation date

Notes

### Dolat Rating Matrix

Total Return Expectation (12 Months)

<b>Buy</b>	<b>&gt; 20%</b>
<b>Accumulate</b>	<b>10 to 20%</b>
<b>Reduce</b>	<b>0 to 10%</b>
<b>Sell</b>	<b>&lt; 0%</b>

### Dolat Team

<b>Purvag Shah</b>	<b>Managing Director</b>	<b>purvag@dolatcapital.com</b>	<b>+9122 4096 9747</b>
<b>Amit Khurana, CFA</b>	<b>Head of Equities</b>	<b>amit@dolatcapital.com</b>	<b>+9122 4096 9745</b>

#### CONTACT DETAILS

<b>Equity Sales</b>	<b>Designation</b>	<b>E-mail</b>	<b>Direct Lines</b>
Dinesh Bajaj	Director - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	Director - Equity Sales & Corporate Access	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	Director - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Rajeev Lala	AVP - Equity Sales	rajeevl@dolatcapital.com	+9122 4096 9767
<b>Equity Trading</b>	<b>Designation</b>	<b>E-mail</b>	
P. Sridhar	Director and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	Director - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	Director - Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Director - Sales Trading	kartikm@dolatcapital.com	+9122 4096 9715
Bhavin Mehta	Director Research - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

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**I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)**

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Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: [research@dolatcapital.com](mailto:research@dolatcapital.com) | [www.dolatresearch.com](http://www.dolatresearch.com)

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