

August 13, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	1,345		1,241	
Sales (Rs. m)	18,546	19,338	23,309	26,418
% Chng.	(20.4)	(26.8)		
EBITDA (Rs. m)	2,684	3,171	2,460	3,262
% Chng.	9.1	(2.8)		
EPS (Rs.)	10.0	17.1	14.8	20.2
% Chng.	(32.5)	(15.2)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	11,383	16,239	18,546	19,338
EBITDA (Rs. m)	1,279	1,535	2,684	3,171
Margin (%)	11.2	9.4	14.5	16.4
PAT (Rs. m)	996	1,187	926	1,583
EPS (Rs.)	13.0	13.5	10.0	17.1
Gr. (%)	108.0	4.1	(26.2)	70.9
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	6.4	4.9	2.9	4.4
RoCE (%)	2.1	0.2	4.0	4.9
EV/Sales (x)	8.3	7.3	6.5	6.2
EV/EBITDA (x)	73.4	77.3	45.0	37.7
PE (x)	108.6	104.3	141.3	82.6
P/BV (x)	5.4	4.3	3.7	3.6

Key Data NAZA.BO | NAZARA IN

52-W High / Low	Rs.1,453 / Rs.835
Sensex / Nifty	80,540 / 24,619
Market Cap	Rs.131bn/ \$ 1,497m
Shares Outstanding	93m
3M Avg. Daily Value	Rs.1375.61m

Shareholding Pattern (%)

Promoter's	8.30
Foreign	12.98
Domestic Institution	9.80
Public & Others	68.90
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	5.9	52.5	50.4
Relative	8.5	44.2	47.4

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Focus on core gaming segment evident

Quick Pointers:

- Plans to de-consolidate Nodwin, a material e-sports subsidiary. EGM to be convened on 13th Aug 2025
- Board approves stock split and bonus issue of 1:1

We cut our EPS estimates by 32%/15% for FY26E/FY27E amid widening losses in Nodwin and PokerBaazi. In 1QFY26, Nodwin/PokerBaazi reported an EBITDA loss of Rs110mn/Rs739mn respectively. NAZARA IN reported an in-line performance with revenues of Rs4,988mn (PLe Rs4,872mn) and EBITDA margin of 9.5% (PLe 10.0%) while PAT was aided by revaluation gain of ~Rs660mn in an investee company, STAN. NAZARA IN's plans to cede control in Nodwin by not participating in the fund raise reflects renewed focus on profitability over scale. Even the latest acquisition of Curve Games (EBITDA margin of 38.0% in 1QFY26) and FuseBox (EBITDA margin of 14.3% in 1QFY26) reflects a pivot towards expanding within the high margin core gaming segment. We incorporate acquisition of SMAASH into our estimates and expect sales CAGR of 9% over next 2 years with an EBITDA margin of 14.5%/16.4% in FY26E/FY27E. Retain HOLD with a SoTP based TP of Rs1,345 (refer exhibit 6 for more details).

Revenue increased 99.4% YoY: Top line increased 99.4% YoY to Rs4,988mn (PLe Rs4,872mn). E-sports revenue was up 16.9% YoY to Rs1,541mn (PLe Rs1,461mn). Ad-Tech revenue was up 313.2% YoY to Rs1,061mn (PLe Rs1,300mn) while Gaming revenue increased by 121.2% YoY to Rs2,574mn (PLe Rs2,276mn).

EBITDA margin at 9.5%: EBITDA increased 90.4% YoY to Rs474mn (PLe Rs487mn) with a margin of 9.5% (PLe of 10.0%) vis-a-vis 10.0% in 1QFY25. PAT stood at Rs535mn for the quarter. After adjusting for one-time gain of ~Rs660mn, adjusted loss stood at Rs125mn (PLe PAT of Rs226mn).

Con-call highlights: **1)** Nodwin plans to raise fresh capital to fund the next leg of growth. NAZARA IN has decided not to participate in this capital raise and would own ~46-47% in Nodwin post dilution. **2)** Funky Monkeys is expected to add 8 to 9 centers this calendar year. **3)** In May'25, Fusebox released a new game based on "Big Brother" IP. A new game on "Big Boss" IP is expected to be released in CY25E and a new IP contract has been signed for another game scheduled to be released in CY26E. **4)** SportsKeeda witnessed a dip in organic traffic in the US due to Google's core update. Traffic is expected to return to normalcy in a couple of quarters. **5)** Other income had a one-time revaluation gain of ~Rs660mn in an investee company, STAN. **6)** Curve Games plans to invest in two strong IPs set to be developed from next quarter, which can drive future growth from hereon. **7)** PokerBaazi reported an EBITDA loss of Rs739mn in 1QFY26 led by higher branding spends in IPL/Shark Tank of ~Rs850mn/~Rs250mn respectively. **8)** PokerBaazi is unlikely to achieve profitability in FY26E but may turn profitable in FY27E. **9)** Current strategy of Smaaash is to stabilize existing 11 centres with expansion lined up in FY27E. **10)** EBITDA guidance of ~Rs3bn in FY27E remains intact. **11)** The core gaming segment delivered EBITDA margin of 24.4% in 1QFY26. The goal is to scale 30% mark in future.

Exhibit 1: Q1FY26 Result Overview (Rs mn)

Consolidated financial table	Q1FY26	Q1FY25	YoY gr.	Q1FY26E	% Var.	Q4FY25	QoQ gr.	FY26E	FY25	YoY gr.
Net sales	4,988	2,501	99.4%	4,872	2.4%	5,202	-4.1%	18,546	16,239	14.2%
Content, event & web server	1,342	850	57.9%	1,243	8.0%	1,645	-18.4%	5,009	5,485	-8.7%
<i>As a % of sales</i>	<i>26.9%</i>	<i>34.0%</i>		<i>25.5%</i>		<i>31.6%</i>		<i>27.0%</i>	<i>33.8%</i>	
Advertisement Expenses	1,248	409	205.2%	1,559	-20.0%	1,510	-17.4%	4,915	3,768	30.4%
<i>As a % of sales</i>	<i>25.0%</i>	<i>16.3%</i>		<i>32.0%</i>		<i>29.0%</i>		<i>26.5%</i>	<i>23.2%</i>	
Commission	398	163	143.9%	244	63.3%	615	-35.3%	1,302	1,110	17.2%
<i>As a % of sales</i>	<i>8.0%</i>	<i>6.5%</i>		<i>5.0%</i>		<i>11.8%</i>		<i>7.0%</i>	<i>6.8%</i>	
Employee Cost	943	513	84.0%	901	4.7%	799	18.1%	2,967	2,874	3.2%
<i>As a % of sales</i>	<i>18.9%</i>	<i>20.5%</i>		<i>18.5%</i>		<i>15.4%</i>		<i>16.0%</i>	<i>17.7%</i>	
Other Expenses	583	317	83.8%	438	32.9%	123	375.8%	1,669	1,467	13.8%
<i>As a % of sales</i>	<i>11.7%</i>	<i>12.7%</i>		<i>9.0%</i>		<i>2.4%</i>		<i>9.0%</i>	<i>9.0%</i>	
EBITDA	474	249	90.4%	487	-2.5%	510	-7.0%	2,684	1,535	74.9%
<i>EBITDA margin</i>	<i>9.5%</i>	<i>10.0%</i>		<i>10.0%</i>		<i>9.8%</i>		<i>14.5%</i>	<i>9.4%</i>	
Depreciation	645	152	324.5%	356	81.4%	373	73.0%	1,345	1,177	14.3%
EBIT	(171)	97	NM	131	NM	137	NM	1,339	358	274.6%
<i>EBIT margin</i>	<i>NM</i>	<i>3.9%</i>		<i>2.7%</i>		<i>2.6%</i>		<i>7.2%</i>	<i>2.2%</i>	
Interest cost	52	6	803.5%	24	111.4%	48	7.3%	179	99	80.3%
Other income	771	256	201.5%	219	251.7%	187	312.1%	1,495	915	63.3%
Impairment	-	0	NM	-	NM	165	NM	-	318	NM
Share of P/L of investments accounted using equity method	(243)	(7)	NM	(20)	NM	(55)	NM	(500)	(77)	NM
Exceptional items	-	-	NM	-	NM	-	NM	-	-	NM
PBT	306	340	-10.0%	306	0.1%	57	433.4%	2,155	779	176.7%
Tax expenses	(58)	104	NM	76	NM	(80)	NM	539	153	251.2%
<i>Tax rate</i>	<i>NM</i>	<i>30.6%</i>		<i>25.0%</i>		<i>NM</i>		<i>25.0%</i>	<i>19.7%</i>	
PAT	364	236	54.2%	229	58.7%	138	164.3%	1,616	625	158.4%
PAT margin	7.3%	9.4%		4.7%		2.6%		8.7%	3.9%	
Minority Interest	(170)	10	NM	3	NM	(21)	NM	30	(244)	NM
PAT after MI	535	226	136.2%	226	136.5%	159	237.1%	1,586	869	82.5%
EPS (Rs)	6.0	3.0	104.1%	2.4	147.5%	0.9	549.5%	17.1	10.9	57.7%
Adjusted PAT after MI	(125)	227	NM	226	NM	323	NM	926	1,187	-22.0%

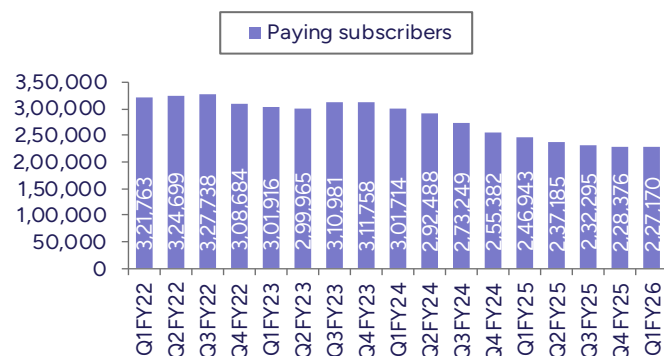
Source: Company, PL

Exhibit 2: Segmental revenue & EBITDA breakdown (Rs mn)

Y/e March	Q1FY26	Q1FY25	YoY gr.	Q4FY25	QoQ gr.
Gamified Early Learning	718	726	-1.1%	731	-1.8%
<i>As a % of sales</i>	<i>14.4%</i>	<i>29.0%</i>		<i>14.1%</i>	
EBITDA	144	142	1.4%	142	1.4%
<i>EBITDA margin</i>	<i>20.1%</i>	<i>19.6%</i>		<i>19.4%</i>	
E-Sports	1,541	1,319	16.9%	2,171	-29.0%
<i>As a % of sales</i>	<i>30.9%</i>	<i>52.7%</i>		<i>41.7%</i>	
EBITDA	(56)	183	NM	148	NM
<i>EBITDA margin</i>	<i>NM</i>	<i>13.9%</i>		<i>6.8%</i>	
Ad Tech - Datawrkz	1,061	257	313.2%	1,479	-28.3%
<i>As a % of sales</i>	<i>21.3%</i>	<i>10.3%</i>		<i>28.4%</i>	
EBITDA	26	7	271.4%	101	-74.3%
<i>EBITDA margin</i>	<i>2.5%</i>	<i>2.7%</i>		<i>6.8%</i>	
Freemium	917	65	1310.8%	845	8.5%
<i>As a % of sales</i>	<i>18.4%</i>	<i>2.6%</i>		<i>16.2%</i>	
EBITDA	160	(3)	NM	157	1.9%
<i>EBITDA margin</i>	<i>17.4%</i>	<i>NM</i>		<i>18.6%</i>	

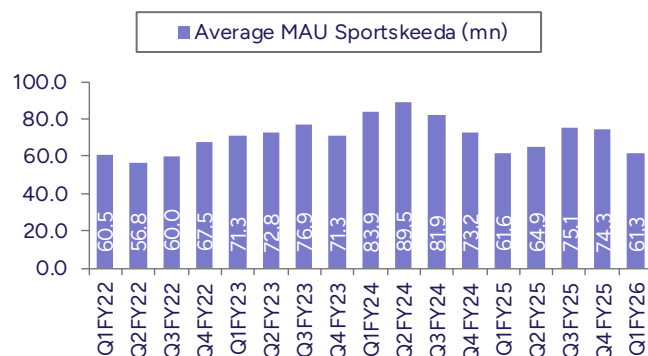
Source: Company, PL

Exhibit 3: Kiddopia's subs stood at 227,170 for 1QFY26



Source: Company, PL

Exhibit 4: SportsKeeda MAUs stood at 61.3mn in 1QFY26



Source: Company, PL

Exhibit 5: CPT of Kiddopia stood at US\$34.1 in 1QFY26

Key Metrics	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
CPT (\$)	\$38.6	\$40.9	\$43.6	\$35.0	\$34.1
Marketing Spend (Mn)	\$2.4	\$2.3	\$2.3	\$2.1	\$2.2
Avg. Activation Rate	67%	67%	66%	64%	50%
Avg. ARPU	\$6.92	\$6.95	\$6.97	\$7.13	\$7.17
Avg. Churn	6.6%	6.5%	5.7%	6.9%	5.2%
Subscribers	2,46,943	2,37,185	2,32,295	2,28,376	2,27,170
Subs. Growth (QoQ)	-3.3%	-4.0%	-2.1%	-1.7%	-0.5%

Source: Company, PL

Exhibit 6: SOTP valuation table

Particulars (Rs mn)	Sales (FY25)	Sales (FY27E)	EV/Sales multiple	EV	Nazara's current stake	Minority Interest	EV attributable to Nazara
Kiddopia	1,918	2,095	3.5	7,331	100.0%	0.0%	7,331
Nodwin	5,238	7,541	7.5	56,555	47.0%	53.0%	26,581
SportsKeeda	2,396	2,281	5.5	12,545	100.0%	0.0%	12,545
Telco subscription	221	271	2.0	542	100.0%	0.0%	542
Freemium (WCC + FuseBox)	1,839	3,308	3.5	11,580	100.0%	0.0%	11,580
AdTech (DataWrkz + Space & Time)	3,456	6,248	1.0	6,248	55.0%	45.0%	3,436
WildWorks	1,049	1,285	1.5	1,928	100.0%	0.0%	1,928
PokerBaazi	5,883	12,796	6.5	83,171	47.7%	52.3%	39,673
PC/Console Gaming	2,635	2,310	2.5	5,775	100.0%	0.0%	5,775
Offline Gaming (Smaaash and Funky Monkey)	NA	1,540	2.5	3,850	100.0%	0.0%	3,850
Target EV							1,13,241
Less: Debt (FY27)							1,413
Add: Cash (FY27)							12,787
No of shares							92.6
Market cap							1,24,615
Target (Rs)							1,345

Source: PL

Note:- After fund raise in Nodwin, Nazara's stake will get diluted to ~46-47%. We have taken revised stake into account while valuing Nodwin

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	11,383	16,239	18,546	19,338
YoY gr. (%)	4.3	42.7	14.2	4.3
Cost of Goods Sold	803	401	187	21
Gross Profit	10,580	15,838	18,359	19,317
Margin (%)	92.9	97.5	99.0	99.9
Employee Cost	1,860	2,874	2,967	2,997
Other Expenses	1,079	1,467	1,669	1,644
EBITDA	1,279	1,535	2,684	3,171
YoY gr. (%)	16.5	20.0	74.9	18.2
Margin (%)	11.2	9.4	14.5	16.4
Depreciation and Amortization	670	1,177	1,345	1,347
EBIT	326	40	1,339	1,824
Margin (%)	2.9	0.2	7.2	9.4
Net Interest	68	99	179	188
Other Income	796	915	1,495	909
Profit Before Tax	907	856	2,655	2,545
Margin (%)	8.0	5.3	14.3	13.2
Total Tax	140	153	539	549
Effective tax rate (%)	15.4	17.9	20.3	21.6
Profit after tax	768	702	2,116	1,996
Minority interest	182	(244)	30	63
Share Profit from Associate	(20)	(77)	(500)	(350)
Adjusted PAT	996	1,187	926	1,583
YoY gr. (%)	140.6	19.2	(22.0)	70.9
Margin (%)	8.7	7.3	5.0	8.2
Extra Ord. Income / (Exp)	(147)	-	-	-
Reported PAT	566	869	1,586	1,583
YoY gr. (%)	43.6	53.7	82.5	(0.2)
Margin (%)	5.0	5.4	8.6	8.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	566	869	1,586	1,583
Equity Shares O/s (m)	77	88	93	93
EPS (Rs)	13.0	13.5	10.0	17.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	4,458	11,031	12,224	13,471
Tangibles	534	1,705	2,148	2,545
Intangibles	3,924	9,326	10,076	10,926
Acc: Dep / Amortization	2,319	3,496	4,840	6,188
Tangibles	303	476	673	871
Intangibles	2,016	3,020	4,167	5,316
Net fixed assets	2,139	7,536	7,384	7,283
Tangibles	231	1,230	1,475	1,674
Intangibles	1,908	6,306	5,909	5,610
Capital Work In Progress	-	139	139	139
Goodwill	3,942	9,774	9,774	9,774
Non-Current Investments	2,416	11,367	11,453	11,426
Net Deferred tax assets	(187)	(852)	(408)	(329)
Other Non-Current Assets	58	250	278	290
Current Assets				
Investments	2,242	1,944	1,944	1,944
Inventories	21	25	25	25
Trade receivables	2,749	5,760	4,217	4,344
Cash & Bank Balance	12,097	4,582	9,590	10,843
Other Current Assets	839	1,315	1,113	1,064
Total Assets	27,617	44,240	47,510	48,754
Equity				
Equity Share Capital	306	351	371	371
Other Equity	19,680	28,280	34,796	36,380
Total Network	19,986	28,631	35,167	36,750
Non-Current Liabilities				
Long Term borrowings	-	919	919	919
Provisions	53	71	74	77
Other non current liabilities	127	570	599	629
Current Liabilities				
ST Debt / Current of LT Debt	93	493	493	493
Trade payables	2,401	5,472	3,811	3,709
Other current liabilities	1,328	3,293	2,126	1,929
Total Equity & Liabilities	27,617	44,240	47,511	48,754

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	887	662	1,586	1,583
Add. Depreciation	670	1,177	1,345	1,347
Add. Interest	68	99	179	188
Less Financial Other Income	796	915	1,495	909
Add. Other	(273)	(278)	(1,537)	(216)
Op. profit before WC changes	1,353	1,660	1,574	2,903
Net Changes-WC	(39)	(477)	(119)	(229)
Direct tax	(406)	(528)	-	-
Net cash from Op. activities	908	655	1,455	2,673
Capital expenditures	(689)	(11,364)	(1,193)	(1,247)
Interest / Dividend Income	242	4	-	-
Others	(5,584)	21	(52)	(16)
Net Cash from Invt. activities	(6,030)	(11,340)	(1,245)	(1,263)
Issue of share cap. / premium	9,220	8,810	4,950	-
Debt changes	349	(407)	29	30
Dividend paid	-	-	-	-
Interest paid	(68)	(177)	(179)	(188)
Others	(38)	(177)	-	-
Net cash from Fin. activities	9,463	8,049	4,799	(158)
Net change in cash	4,340	(2,635)	5,009	1,253
Free Cash Flow	639	(823)	262	1,427

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	13.0	13.5	10.0	17.1
CEPS	21.8	27.0	24.5	31.6
BVPS	261.1	326.7	379.7	396.8
FCF	8.4	(9.4)	2.8	15.4
DPS	-	-	-	-
Return Ratio(%)				
RoCE	2.1	0.2	4.0	4.9
ROIC	20.0	0.2	4.9	5.8
RoE	6.4	4.9	2.9	4.4
Balance Sheet				
Net Debt : Equity (x)	(0.7)	(0.2)	(0.3)	(0.3)
Net Working Capital (Days)	12	7	8	12
Valuation(x)				
PER	108.6	104.3	141.3	82.6
P/B	5.4	4.3	3.7	3.6
P/CEPS	64.9	52.4	57.6	44.7
EV/EBITDA	73.4	77.3	45.0	37.7
EV/Sales	8.3	7.3	6.5	6.2
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	3,189	5,347	5,202	4,988
YoY gr. (%)	7.3	66.9	95.4	99.4
Raw Material Expenses	4	4	391	108
Gross Profit	3,186	5,343	4,811	4,880
Margin (%)	99.9	99.9	92.5	97.8
EBITDA	252	523	510	474
YoY gr. (%)	(9.8)	38.9	74.6	90.4
Margin (%)	7.9	9.8	9.8	9.5
Depreciation / Depletion	257	367	373	645
EBIT	(6)	3	(27)	(171)
Margin (%)	(0.2)	0.1	(0.5)	(3.4)
Net Interest	18	28	48	52
Other Income	253	219	187	771
Profit before Tax	230	195	112	549
Margin (%)	7.2	3.6	2.2	11.0
Total Tax	37	103	(80)	(58)
Effective tax rate (%)	15.9	52.8	(71.8)	(10.6)
Profit after Tax	193	92	192	607
Minority interest	(57)	(174)	(21)	(170)
Share Profit from Associates	(12)	(4)	(55)	(243)
Adjusted PAT	238	415	323	(125)
YoY gr. (%)	23.2	55.7	(5.0)	(155.4)
Margin (%)	7.5	7.8	6.2	(2.5)
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	238	262	159	535
YoY gr. (%)	31.4	3.3	85.5	136.2
Margin (%)	7.5	4.9	3.0	10.7
Other Comprehensive Income	3	4	4	4
Total Comprehensive Income	241	266	163	539
Avg. Shares O/s (m)	77	86	88	93
EPS (Rs)	3.1	4.9	3.7	(1.4)

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jul-25	Hold	1,241	1,357
2	27-May-25	Hold	1,241	1,274
3	09-Apr-25	BUY	1,127	973
4	17-Feb-25	BUY	1,117	921
5	09-Jan-25	BUY	1,201	985
6	18-Nov-24	BUY	1,182	98
7	08-Oct-24	BUY	1,185	953
8	30-Sep-24	BUY	1,185	982
9	14-Aug-24	Hold	923	922

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	1,071	882
2	Delhivery	Accumulate	466	430
3	DOMS Industries	BUY	3,087	2,503
4	Imagicaaworld Entertainment	BUY	77	61
5	Indian Railway Catering and Tourism Corporation	BUY	864	785
6	InterGlobe Aviation	BUY	6,517	5,740
7	Lemon Tree Hotels	BUY	170	142
8	Mahindra Logistics	Hold	383	408
9	Navneet Education	Hold	136	140
10	Nazara Technologies	Hold	1,241	1,357
11	PVR Inox	Hold	1,052	1,036
12	S Chand and Company	BUY	286	192
13	Safari Industries (India)	BUY	2,434	2,101
14	Samhi Hotels	BUY	308	221
15	TCI Express	Hold	778	744
16	V.I.P. Industries	Hold	455	450
17	Zee Entertainment Enterprises	BUY	177	134

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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