

May 31, 2024

To,  
**Listing Compliance Department  
BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai - 400 001.  
**Scrip Code: 543280**

**Listing Compliance Department  
National Stock Exchange of India Limited**  
Exchange Plaza, Plot No. C/1. G Block,  
Bandra -Kurla Complex, Bandra (East),  
Mumbai- 400051.  
**Scrip Symbol: NAZARA**

**Subject: Transcript of the Investor/Analyst Earnings Call held on May 27, 2024**

Dear Sir/Madam,

In furtherance to our letter dated May 27, 2024 regarding the audio recording of the investors earnings call for the quarter and financial year ended March 31, 2024, please find enclosed herewith the transcript of the said call. The Transcript is also available on the Company's website i.e. [www.nazara.com](http://www.nazara.com).

We request you to take the same on record.

Thanking You,

Yours faithfully,

For **Nazara Technologies Limited**

**Varsha Vyas**  
**Company Secretary and Compliance officer**

Encl: A/a



## “Nazara Technologies Limited Q4 FY24 Earnings Conference Call”

**May 27, 2024**



**MANAGEMENT:** **MR. NITISH MITTERSAIN – CEO & JOINT MANAGING  
DIRECTOR, NAZARA TECHNOLOGIES LIMITED  
MR. SUDHIR KAMATH – CHIEF OPERATING OFFICER,  
NAZARA TECHNOLOGIES LIMITED  
MR. RAKESH SHAH – GROUP CHIEF FINANCIAL  
OFFICER, NAZARA TECHNOLOGIES LIMITED  
MS. ANUPRIYA SINHA DAS – HEAD OF CORPORATE  
DEVELOPMENT, NAZARA TECHNOLOGIES LIMITED**

**MODERATOR:** **MR. ABHISHEK KUMAR – JM FINANCIALS**

**Moderator:** Ladies and gentlemen, good day and welcome to Nazara Technologies Limited Q4 and FY24 Earnings Conference Call hosted by JM Financials.

As a reminder, all participants line will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Abhishek Kumar. Thank you and over to you, sir.

**Abhishek Kumar:** Thank you. Good morning, everyone. Welcome to this call to discuss 4h Quarter and FY24 Results for Nazara Technologies.

We have with us the Management Team of Nazara represented by Mr. Nitish Mittersain - CEO and Joint Managing Director; Mr. Sudhir Kamath - Chief Operating Officer; Mr. Rakesh Shah - Group Chief Financial Officer and Ms. Anupriya Sinha Das - Head of Corporate Development.

With that introduction, let me now hand over the call over to Nitish for his opening remarks.

**Nitish Mittersain:** Hi, good morning everyone. Let me start with a summary of our “Performance” for the Financial Year ending 2024. FY24:

Our revenue from operations increased by 4.3% year-on-year to INR 1,138 crores. We saw EBITDA growth of 16.5% to INR 128 crores with our EBITDA margins improving by 110 basis points to 11.2%. Our PAT from continued operations grew by 41% to INR 89.5 crores and most notably, and what is important for us, our operating cash flows increased to INR 131.4 crores in reflecting the company's strong underlying fundamentals.

This year, we have arisen successfully between the parent entity and our subsidiaries INR 950 crores of equity capital marking our largest fundraise to date and resulting in a net cash balance of approximately INR 1,450 crores. We took many key initiatives this year. It includes our new publishing platform, new game launches, IP partnerships and a strong M&A pipeline. And many of these are expected to yield results in FY25 and beyond. Our subsidiaries have been successfully executing our M&A strategy, notably Absolute Sports, which runs Sportskeeda acquired Pro Football Network in March 23 and has doubled the business of this company and turned it profitable.

Next, we have recently acquired UTP, a casual card game, and NODWIN Gaming has acquired Comic Con India, which is a very popular youth IP. In 2024, we have taken significant steps to lay a foundation for accelerated growth in coming years, with the target of achieving an EBITDA of at least INR 300 crores in FY27. We are optimistic about FY25 anticipating faster growth in both revenue and EBITDA and the impact of many of our initiatives should be visible from Q2

onwards. With substantial cash reserves and a strong M&A pipeline, we are well positioned to seize further growth opportunities and enhance our trajectory through strategic M&A over the next 12 months. With that, I now hand over the call to Anupriya, our Head of Corporate Development for further business highlights. Thank you and over to you, Anupriya.

**Anupriya Sinha Das:**

Thank you, Nitish. Good morning, everyone. I hope I am loud and clear.

Nazara operates across three business segments:

- Gaming.
- Esports.
- Ad Tech.

We are well diversified across demographics, geography and business models.

In FY24, Gaming contributed to 36% of our revenues and 53% of EBITDA, while Esports contributed 55% of revenues and 41% of EBITDA. Ad Tech accounted for the remaining share. Gaming which includes Gamified Early Learning, Skill Based Real Money Gaming, Freemium and Telco Supplements. This segments revenue remained stable compared to FY24, while EBITDA grew by 13% with margin expanding to 19.9%.

Within Gaming, Kiddopia, the FY24 revenue was stable, while EBITDA grew by 57% year-on-year. Q4 revenue declined by around 12% to INR 60.9 crores, while EBITDA increased to Rs. 11.7 crores. The flat revenue but higher EBITDA reflects strong core profitability as we maintain tight control on user acquisition spending. We are exploring growth opportunities like IP licensing to expand the game beyond current user acquisition efforts. Lower user acquisition spending led to a higher rate of subscriber base decline in this quarter, while ARPU increased by around 1% quarter-on-quarter in Q4 FY24.

Moving to Animal Jam:

FY24 revenue was INR 95 crores with EBITDA of around Rs. 19 crores. Q4 revenue increased by around 7% to INR 24 crores with EBITDA going to INR 2.9 crores. Q4 revenue was bolstered by the success and monetization of Wishing Coins. Wishing Wells was introduced in the Animal Jam to enhance player engagement. WildWorks is exploring integrating popular IPs into Animal Jam to drive user acquisition and is also working on a major new game set to beta-launched in FY25.

Moving to World Cricket Championship:

FY24 revenue was around INR 22 crores with EBITDA of around INR 4 crores. Next, we have plans to launch new game within Q1 to expand beyond its current scale. OpenPlay FY24 revenue

and EBITDA stood at INR 37.4 crores and INR 2.1 crores respectively. The new GST regime since October 23 has impacted the entire real money gaming industry profitability. Our focus has been on improving operating efficiencies through new product launches and cost optimization. We are exploring consolidation in the R&D space following regulatory clarity. Our Esports segment grew by 19% year-on-year in FY24 and 6% year-on-year in Q4 FY24, while EBITDA grew much faster by 51% year-on-year in FY24 and 71% year-on-year in Q4 FY24.

Moving to NODWIN:

The Q4 revenues decreased by 9% to INR 99.1 crores, while FY24 increased by 10% year-on-year to INR 427 crores. During FY24, NODWIN raised INR 190 crores from strategic investors and made several acquisitions including Comic Con India, Publish.Me, Ninja, Freaks4U, which is an investment branded and the IP related to Playground. These investments are part of its broader strategy to dominate the Esports and Youth Media space. The financial impact from these acquisitions will reflect in FY25 and beyond.

Sportskeeda reported a robust year-on-year revenue growth of 60% to INR 196 crores in FY24 and 71% year-on-year growth in Q 4 FY24 to INR 49 crores. EBITDA grew by 67% year-on-year to INR 65 crores in FY24 and by 67% to INR 13 crores in Q4 FY24. Sportskeeda's subsidiary Pro Football Network, acquired in April 2023, reported stellar revenue growth of 112% year-on-year in Q4 and has been profitable each month since September 2023. Ad Tech FY24 was a reset for data works as we shifted focus from lower-margin clients to higher-margin clients and product business. This strategy pivot resulted in the revenue drop from INR 153 crores in FY23, INR 104 crores in FY24. Gross margins improved from 19% in FY23 to 27% in FY24. We continued to invest in product development and increased marketing efforts, especially in the US market, expecting these investments to show results in FY25. This led to a decrease in EBITDA margin from 8.8% in FY23 to 8% in FY24.

With this, I conclude my remarks and we will now open the call for Q&A. I invite Nitish, Sudhir and Rakesh to join me for this session.

**Nitish Mittersain:**

Anupriya, we will have Sudhir, Anupriya, Rakesh and myself answer all the questions you may have. So, let us please start.

**Moderator:**

Thank you very much. We will now begin the question and answer session. The first question is from the line of Deep Shah from B&K Securities. Please go ahead.

**Deep Shah:**

The first question is around Esports, so this quarter we really didn't have any game ban impact and neither did we and also we had a favorable base because I understand BGMI was banned in the base quarter, now, could you help us understand the organic NODWIN, the Esports piece, because if we remove brand scale deconsolidation, what is the net impact and ideally we were

thinking that this is a business which could grow much faster, right, maybe 20%-30%. So, if we could help us understand what is happening there?

**Nitish Mittersain:**

Let me answer that. So, basically, I think what we have found is that with games getting unbanned, many of the properties are coming back; however, there is a lag effect, so we expect much of the upside or the reflection of these games coming back to be seen in FY25 versus FY24. I think the other side, especially on Media Rights, FY24 second-half has not been a great time because everything that is happening in that world. The OTT players, given the start up funding crunch have struggled to raise capital and therefore have kind of slowed down media spends and also everything that is going on with the TV channels and the large media companies that kind of slowed down that process. But that said, we personally expect FY25 to come back very strongly on Esports and are very bullish. We have seen also some good signs, for example, our playground IP is really taking strong footing. We have seen, I would say, season 3 doing very well. We have also seen international demand for that IP. So, I think on the whole, we are feeling very optimistic that FY25 will be a much stronger year for Esports given everything we have done in FY24.

**Deep Shah:**

So, just a follow up there, so we had some plans of having international tournaments, so any update on that and the second follow up is the fact that you alluded for the stagnation or sluggish media revenues, they are likely to remain for foreseeable future, right. So, if we have the viewership and we have the kind of players, then we should be able to get away despite these problems. So, I was just trying to understand that with BGMI is the kind of traction we see on the ground, it seems very difficult to say that no OTT player or rather the kind of viewership we can generate that we are not able to win media deals, so one on the international front and second is this changing? What is that catalyst which will lead to this change?

**Nitish Mittersain:**

Yes, I think on the international front, we are definitely making large moves. If you would have seen in the last quarter or I think this was December quarter, NODWIN made an investment in Freaks4U, which is the largest Esports player tournament organizer in Europe. And along with that team, there are a lot of international activities going on, which you will keep hearing in the coming quarters and especially, see a lot of expansion in international activity in FY25 on the Esports side. I think you are right in terms of the ground level activity like I have referred, we have seen Playground do very well for us. We are hopeful that the other tournaments in FY25 will scale in terms of user base, in terms of audience and we will breakthrough this glass ceiling of where the media rights are at this point of time. That said, our FY25 growth numbers are not entirely subject to media rights, we are seeing many other monetization opportunities and therefore feel that we will grow a lot more than what we have grown in FY24 on the NODWIN side.

**Deep Shah:**

The second question is on the Ad Tech business. So, I fully understand the challenges in US and it is actually terrible what we have done in terms of focusing on better customers. But where do we see this process stopping and then we are reverting back to growth because at every stage

you have customers who are lower margin vis-a-vis your branded margin, right. So, even today you will have some customers who will be lower than your reported gross margins. So, when do we see this revenue declines, margin optimization process stop and then growth returning with stability margins?

**Nitish Mittersain:** We are backing that Q2 onwards of this year. We should be able to achieve our growth status on the Ad Tech. I think again we have done a lot of groundwork there and FY25 should bounce back on go to growth both in terms of revenue and EBITDA.

**Deep Shah:** On the Kiddopia front, we have seen elevated levels of churn, about 7% monthly churn, which practically means that since we took the tariff hike to \$8, about 60% of our customers would have churned out and then because we net lost 16,000 customers, about 120,000 would have come in as fresh, but we haven't really seen ARPU trends improving. So, if you could help us understand what is happening there?

**Sudhir Kamath:** So, I think actually the net churn, not the churn from the previous month only, so it is not actually correct to say, only old users or not. It also happens that you have trials which have come in and people who can after a month or two may discontinue. So, the churn is the net effect and the older customers do still continue on the older price point, so partly is that. Partly it is also there will be periodic small discounts etc., because of which ARPU doesn't translate fully. So, I think that is the basic reason. But overall if you see the last few quarters you would see there is an upward trend on ARPUs, and we expect that to very much continue.

**Moderator:** Thank you. The next question is from the line of Abhishek B from ICICI Securities. Please go ahead.

**Abhishek B:** First, is there any clarity now on the acquisition pipeline? I think Anupriya made a comment about awaiting regulatory clarity on RMG, does that mean only when the government comes? In terms of clarity, they have already provided, right, are you trying to wait for a reversion of the GST rates? What is the thought process there and in terms of segment other than RMG in the gaming space, are you looking at any acquisition there and what would be the timeline if any?

**Nitish Mittersain:** So, I will answer that. So, I think clearly M&A is the top priority for us. We have a very strong team that we put together especially in FY24. We have done a lot of activities to build a strong M&A pipeline which includes for the first time really going out very aggressively globally, participating in a strong manner in, for example, game developer conference in the US, which is the largest gaming conference in the world and making our name out there and it has been taken with a lot of great response, I would say. People are looking at Nazara as a really potential consolidator of their businesses, not only in India but also in markets like the US which throws up very good opportunities to us. In the last few months, we have been in advanced conversations with many companies. At this point of time, we at least have 4-5 ongoing diligences with various

companies and we hope to get at least a couple of them across the finished line by Q2 of FY25. In terms of focus areas, one key focus is core gaming IPs, very similar to what we did with WildWorks and Animal Jam, which is playing out pretty well for us and we think we can double down over there. Especially with new technologies like AI, we think there is a lot more that these studios can produce, and we can take advantage of that. So, we have kind of started working a lot on AI to create a playbook that can really scale up these studios once we acquire them. So, I think that is one area of strong focus for us. On the RMG side, we are not waiting for any regulatory clarity, like you have right away mentioned, GST is already quite clear going forward and we are active plea in conversations with a couple of large players in that space to do something.

**Abhishek B:** Any idea what is the timeline on that?

**Nitish Mittersain:** On the RMG, I don't have a definitive timeline at this point of time, but on the gaming studio acquisitions, I would definitely expect that we are able to pull something over the finish line by Q2.

**Abhishek B:** Sir, just in terms of the gaming studio part, in the past also we have seen acquisitions such as WildWorks doing very well, however, sports reaching a kind of scale, especially in developed markets, the revenue growth then becomes a challenge as we are now seeing for Kiddopia, so are the new acquisition that you are looking for going to be more India centric or will it be US centric for that matter?

**Nitish Mittersain:** Gaming studio or acquisition studio are more western market focused; I would say while they can definitely be also launched in India, but from a monetization perspective, they will be US focused. We expect whether it is Kiddopia, whether it is Animal Jam, we are trying out many new ideas to break through the portal through scale. I think the reason for inability to scale has been more around the user acquisition and we have a few ideas, including ongoing conversations with IP partnerships to kind of breakthrough that. So, we are very confident that that business can scale and on the other hand, I think there are a lot of margin expansion opportunities after acquiring these studios. One is there is an India arbitrage opportunity, lot of the work these studios do while core product would still continue to run in the US for example, a lot of the backend work can be moved to India's expanding margins. We also think that there is an opportunity over a period of time to save on some of the margins that we pay the platform providers and the third, which I was talking about AI right, I think that is a game changer and I think Nazara is really doubling down on how we are going to use AI to one, optimize these studios as well as enhance their ability to engage with players, to analyze data etc., and I think that could potentially be a game changer for us. So, these are the 2-3 areas that we are very focused on deploying.

**Abhishek B:** So, my second question is on the NODWIN gaming part and if I look at the media revenues number for the quarter, there seems to be an uptick just for Q4, if I see about Rs. 20 crores you



have done in Q4 vis-a-vis about Rs. 13 crores you have done last year and the content views also seem to be kind of catching up in Q4, so is that reading right or do you still see material weakness in media revenues as of now?

**Nitish Mittersain:**

So, Q4, you are seeing an uptick one is, of course with our Playground IP like I was mentioning we are in season 3 and Playground has done very well for us. It has wide acceptance and the media channels are willing to pay for it. Sponsors are, you have great sponsors coming in. So, I think that has been a breakthrough for us and I think that this is just a starting point because with season three you have an IP that is now getting really established and we expect that season 4, season 5 should start seeing more non-linear growth. I think the other thing we are excited about there is this is the first time, I would say, a potentially global IP has been created in India on something that is really innovative on Gaming and Esports. And we are seeing demand now from many different countries, different players to kind of either license this IP or coproduce with us, and that actually throws up the whole world open. So, we think that this particular IP is very exciting for us. You have seen some reflection of that in Q4 and I think you will continue to see that in the years to come.

**Moderator:**

Thank you, sir. The next question is from the line of Samarth Patel from Equirus Securities. Please go ahead.

**Samarth Patel:**

Just to expand on the Kiddopia point, the subscriber growth has been sluggish for several quarters now. So, while we have attributed this to our limiting marketing spend, how confident are we that the root cause is not in product or technology?

**Sudhir Kamath:**

See, our internal aspect is very clear that it is essentially around how much we are able to spend on the UA and there is a direct correlation between that and the number of subscribers. So, product wise, we think it is working just fine. From a retention point of view of customers, how many convert, what is the activation rate, all of those metrics are holding just as long as they go.

**Samarth Patel:**

Additionally, can you please elaborate on the strategy for generating merchandising income through Kiddopia and what plans are in place for this merchandising revenue stream specifically for Kiddopia?

**Sudhir Kamath:**

So, at this point, it has been a small revenue stream for us, but Captain Kit, which is a character in Kiddopia is one that we want to expand further, especially in the US market around all kinds of merchandise. It is still very small. So, we are not breaking that number out at this point, but we will share more details in coming quarters. I think the broader strategy though is to expand the IP base, which is used in the games that we have both for Kiddopia and for Animal Jam and there it could actually expand both the core revenue as well as the ancillary revenues for the games.

**Samarth Patel:** Now just coming to Sportskeeda, can we expect the strong margin performance to continue into FY25 or should we anticipate some level of moderation in the margins going forward?

**Sudhir Kamath:** We do expect actually that it will continue for a while longer still. The market in the US is much larger than what we currently tap, even in terms of number of sports. Right now, we are still present in a couple of the smaller sports in a dominant way and we have a small position now in Pro Football, which is the largest sport there and we still have, I would say, limited presence or smaller presence in the other main sports which are popular in the US. So, we think there is a lot of room for growth and we do expect the momentum to continue.

**Moderator:** Thank you. The next question is from the line of Rahul from Dolat Capital. Please go ahead.

**Rahul:** So, couple of questions here. Firstly, on the Animal Jam side, can you bit share about the new game launch that we are talking about and is this nudging things which you have shared around the Wishing Wells and stuff? Is it something what the earlier management was not doing and this is enhancing their revenue potential for the business. Any color on these things would help?

**Sudhir Kamath:** So, I think with Animal Jam, there are two kinds of product developments which happen. One is there is a content level update which goes out every quarter, sometimes maybe a couple of times every quarter and that has kept happening and we just introduce more discipline, put more resources behind that and that has kind of continue to do well over the last few months and will continue in the next year as well. When we say new game, we mean something different, which is an entirely new game being developed by the team and that is something that we expect to take into alpha in about 3-4 months and beta by the end of the year. So, that would be a major development, not just an incremental thing within the existing game.

**Rahul:** And one question for Nitish, to your comment that you would like to consolidate some of the gaming entities at the parent level. Will that essentially reduce the cash flow requirement for future acquisition because then you would be generating lot of cash at the top and does it change your strategy towards acquiring gaming studios which you were mentioning, which has very high ROCE business, but not necessarily maybe growing business. So, any input on this overall thought process would be of great help?

**Nitish Mittersain:** So, I think what we are trying to really address is that if you are able to generate significant free cash flows at the parent level, it gives us a lot of flexibility to reinvest his capital as you can see in our current structure, most of our companies are generating good cash, but the cash gets stuck in the subsidiaries below which is not a very efficient structure. So, the way we are looking at approaching this is a hybrid approach where we start bringing in some of our core gaming IPs at the parent level. This would happen through either mergers of existing subsidiaries or direct IP purchase in new M&A that we do and this will not be, from deal to deal basis may be different, but wherever possible we will try and do this to bring the business directly to the parent level that will give us a lot more flexibility. At the same time, many of our adjacent businesses of

today whether it is the Esports business, Sportskeeda business, Data Work, etc., will continue to operate as satellite businesses and we may also make new investments and new acquisitions in that way. So, I think only the core gaming IP business is what we will try and bring to the parent level. And we think that will be a very efficient way to move forward. In terms of buying high ROCE businesses which don't have growth or much growth, I think it finally depends on the value we pay for it, but I think we would prefer to see businesses, one that have clear cut sustainability of the business they are doing and then we have some ideas in our own mind on how we can grow these businesses once we acquire them, even if in the last year or two years they have had muted growth. I earlier mentioned a few points where we are creating a playbook and we believe we have a playbook that can very positively impact these businesses both on margin expansion and growth. So, that is the whole idea we are pursuing.

**Rahul:** Just follow up on that part to your EBITDA outlook, which you have shared, of course this is very encouraging, but if you could try to explain it a bit more in terms of what are the easy avenues for you to begin with in terms of EBITDA expansion, is it some kind of integration? Is it more about scaling up margin on the existing business or any way you would like to explain that?

**Nitish Mittersain:** Of course. So, I think for our existing businesses, we are going to continue to push for higher growth as well as higher margins. We believe that core gaming businesses should generate 25%-30% kind of margins and there is enough room for us to increase our margins. So, I think there is a lot of focus on that and over the next year or two years, we are very confident of uplifting the margins. I also think some of our businesses like Esports, NODWIN, which are large revenue businesses but not contributing a lot of EBITDA at this point of time, will actually start contributing better EBITDA and a few percentage point movement over there will make a significant impact on overall EBITDA in terms of absolute numbers. And lastly, of course, we believe that most of the acquisitions we will do will also be good EBITDA contributors to our business.

**Moderator:** Thank you. The next question is from the line of Abhishek Kumar from JM Financial. Please go ahead.

**Abhishek Kumar:** My first question was on the M&A strategy. We have in the past acquisitions used our own equity as a currency as it kind of brings the founders skin in the game as well. Has that changed given so much cash on the book? Are we looking at all cash deals or would it still be a combination share swaps and cash?

**Nitish Mittersain:** So, I think there will be predominantly all cash deals at this point of time. We want to reduce the amount of equity we issue unless it is really needed. Of course, if it is for incentivizing founders, we may consider some of it, or we may find alternate ways to incentivize including cash bonuses to link the performance etc. So, we are evaluating all options, but in general I would say going forward, we are not keen to issue equity very easily.

- Abhishek Kumar:** I am not sure if that kind of exposes us to the risk of founders leaving, I am asking?
- Nitish Mittersain:** No, I understand. I don't think so, look for us to do an M&A deal in our model while we are not hands-on running every operation, having the founders and management incentivized is the primary goal and we will not do any deal which does not allow for that. But that can be addressed through multiple structures. I am not saying that we will not issue any equity. We would issue some equity, but those issues may change or we may find alternate or better structures, but ensuring that founders and management teams are highly incentivized is something that we are going to definitely prioritize in any M&A we do.
- Abhishek Kumar:** One related question is on our decision to acquire the remaining stake in World Cricket Championship, this property has not been doing very well, any particular reason why we have decided to do that?
- Nitish Mittersain:** So, we brought in a CEO in the previous year, and we believe that we have done a lot of good work that should start reflecting in numbers pretty soon. We have also in recent times scaled up our marketing and starting to see good traction. We see some global expansion opportunities. We see platform expansion opportunities on consoles, PCs and other platforms outside of mobile. And we are also launching a brand new game now in this quarter very shortly. So, I think while the IP has not performed as we would have liked to in the last few years, I also believe that this value it was up a good opportunity for us to get in, take control of the entire business and drive it to the direction we want to. And I also think that AI is going to play a role here to drive it in the next year or so.
- Abhishek Kumar:** So, my last question is on the game publishing business, obviously it is very exciting. I just wanted to understand as a publisher and when we onboard various studios, what our role typically is, are we going to advertise and do the user acquisition and if that is the case, I just wondering, given our focus is on the US market for these gaming studios, will the users that we acquire for these games as a publisher will also be based out of US or would that be a more global kind of a clientele?
- Sudhir Kamath:** Abhishek, I think here, the primary focus for the publishing team is actually the India market. So, we have essentially two kinds of studios that we work with or intend to work with on the publishing side, one are the smaller indie studios where maybe small indie developers locally from India, who may also target the US market. And that is actually going to be a smaller part of the overall population story. The bigger thing is working with larger studios, global ones who have already a big game which is big globally, maybe kind of underexplored in India, they already have some revenue from India, but we believe that we can help them to scale it up much further. In that particular case, we would be spending our money on scaling up both the user acquisition, but also marketing, branding kind of spends, working with influencers, working with media, etc., to help those games scale up and that will be yet in the primary focus in the coming 12 months is what you will see.

**Abhishek Kumar:** And we are confident of monetization, given even WCC, which is the most popular game in India, right, cricket, monetization is a challenge when it comes to Indian users. So, how confident are we that we can bring in the games, global popular games and we can still monetize them?

**Sudhir Kamath:** So, the games which are monetizing well in India right now better are either on the R&D side or on the IAP side. So, you do have large global games which have the majority of their revenues coming from IAP, some of which have actually struck a good chord with Indian users and are generating in the millions of dollars, not small numbers, but reasonably sized numbers, and which are growing. So, those are the kinds of games that we would want to target for this situation, not necessarily ad supported games only.

**Moderator:** Thank you. The next question is from the line of Manan Poladia from MKP Securities. Please go ahead.

**Manan Poladia:** My first question is with regards to what the first participant asked on the Kiddopia thing, the subscriber growth really seems to have plateaued, and you have spoken about how our user acquisition etc., has been a problem. Also, my understanding was when we had acquired the Ad Tech platform that is what we were going to use to solve our user acquisition problem. So, if you could just give me some color on what is going on there and are we realizing any synergies or what are we doing with the user acquisition piece over there?

**Nitish Mittersain:** Kiddopia, firstly, I think the linear approach of trying to solve user acquisition clearly is not hitting a kind of a dead end, right, which is very evident in the last few quarters. We have tried many things and it is not really improving. So, we expect that the business will plateau if we are not able to breakthrough through an alternate route. What we are very bullish about right now is that by bringing in popular IP of known characters, because these IP's and characters are very popular with kids, we should be able to drive a lot more organic traffic, which kind of provides us scale and provides us with a much better blended cost per trial. So, we are in advance conversations with many global popular IP holders. I don't want to name specific companies till we sign a deal. But I expect in the next quarter or so we will definitely do one or two such deals both for Kiddopia as well as for Animal Jam and I think that can really great so I have seen a few other kids businesses in the US which have been more IP driven who have done very well, despite the UA issue and that is what we are trying to solve it the same way. The advantage we have is that both Kiddopia and Animal Jam are very widely appreciated by these IP holders in western markets, so it is easy for us to license from them and we are not like an unknown player coming in and asking for these licenses. So, we are currently betting that is going to be one way for us to breakthrough. I think the overall business opportunity is still very large, but we need to do something different, and we are very much trying to do that currently.

**Manan Poladia:** So, my second question is on the NODWIN front. My understanding of channel expansion is that there is some slowdown with respect to spending like you yourself mentioned and my understanding is also that there is some competition coming up like specifically right now the

whole BGIS IP is going on, which in my opinion is a fairly big IP, right and I am given to understand Tesseract, one of the competitors is running that specific IP, so if you could just give some clarity on the competition situation since NODWIN is the market leader there?

**Nitish Mittersain:**

I think competition is always good to be there. It keeps us on our toes. We think NODWIN is way ahead of the game at this point of time in terms of market share, brand awareness and partnership that is advanced. So, I think competition to a certain extent will help expand the market. We are not worried about that. On the whole, we think the overall Esports market should see good expansion in FY25 and NODWIN should be the maximum beneficiary of that. NODWIN currently has 80% market share and I think that is a tough one to breakthrough given the kind of partnerships and investors NODWIN today has.

**Manan Poladia:**

So, just a short follow up, I understand that Krafton is an investor in NODWIN as well and I get that that would give us a decent chunk of that business. Also, the second on the playground bid, I see that we have seen much better impressions etc., I was just wondering if you are willing to give some breakdown of what sort of monetization we have gotten from that particular IP since, I think there is something we mentioned in one of the previous calls as well that we are focusing on monetizing our own IPs more than the white label IPs?

**Nitish Mittersain:**

Yes, I think the advantage of monetizing our own IP is obviously is that as the rights increase, right, the profitability and margin contribution of these IP's would be significant. Season 3 had 24 million viewers. So, I think we are starting to achieve a scale that is worth looking at. And a lot of sponsors as well as Amazon, Mini TV have come in again in season 3 to generate significant revenues. I don't immediately have exact revenue numbers contributed, but I think they were at least 50% higher than season 2. So, I think it is right in the right direction and we are only talking, remember, we are only talking about India right now. I think Playground is an IP that can actually go global and if you can take this IP into markets like the US, then really speaking sky is the limit. So, we are very excited about it.

**Moderator:**

Thank you. The next question is from the line of Kartik, who is an Individual Investor. Please go ahead.

**Kartik:**

This is related to the comments that you made saying that AI as a game changer, I wanted to understand, recently I think the text images and videos and audios with the large language model also with tally and with the opening, I sort of relieved that, right, so I wanted to understand a little bit more on what sort of, where are you sort of applying this AI and also whether you have in-house network models to expand the gaming in Nazara?

**Nitish Mittersain:**

So, I think AI can be leveraged in gaming in multiple ways. Low hanging fruits are, for example, creatives, right? Whether it is creatives for your games, whether it is design elements, whether it is creatives for user acquisition, etc., can be easily used. We are looking at automating product testing through AI stress testing, through AI, having AI characters compete with each other on

our games to really see how the games kind of evolve and how players will engage. So, I think there are unlimited use cases of AI that we can deploy in gaming both in terms of how the games are being produced faster, better, more effect as well as how we are using AI to do 2 more things, one is how do we throw all the data being generated by the players during their activity to the AI to make a lot more personalized offerings which will help increase engagement as well as better monetization through advertising and user acquisition. So, I think the analytics piece can be very powerful and overall engagement of the user can be done in a far more better way. Like I said, we are paranoid as well as excited about AI because we know it is moving very fast and we need to be in the forefront of this. We have AI task force internally that is focusing on many innovative ways of using AI, testing it out on a couple of our studios with intent to create a playbook that can be replicated across everything else we do.

**Moderator:** Thank you. The next question is from the line of Rajkumar Vaidyanathan, who is an Individual Investor. Please go ahead.

**Rajkumar Vaidyanathan:** Just couple of questions and one comment. The first question is on the inorganic growth that you have been mentioning in the call, I just want to know are we pursuing inorganic opportunities just because we have enough cash in the balance sheet or are we looking at, I just wonder what is the thought process behind the? Parsing and acquisition.

**Sudhir Kamath:** I think what you were asking was what is the rationale behind pursuing inorganic opportunities, is that correct?

**Rajkumar Vaidyanathan:** That is correct, I just want to, when you are looking at the growth in the next 3-4 years, so you are looking at more of organic growth or inorganic growth to meet your objectives?

**Sudhir Kamath:** I think both will happen. Organic growth is definitely high on the agenda for its business specifically and we have broken that down in some of our discussions as to where we expect a lot of updates to happen in 25 and beyond. Inorganic will also happen, and I think to your question of why inorganic in the first place, I think clearly when we look at each of these businesses, scale does matter. And as we continue to add IP, for example, or add heft on the gaming side, then you are also able to get significant synergies across that. We are also able to get significant cross sell across games which then help us with the user acquisition site and so on. So, there are definite advantages to scale here is what we feel.

**Rajkumar Vaidyanathan:** And the second question is when you do when you pursue M&A opportunity, I just want to know, how do you keep the findings kind of motivated because I have seen in business that when you acquire the company that founder generally leave when the retention kind of gets paid out for a period of time. So, how do you think that you will keep the founders mitigated because they are different people? So, how do you think that they will accept the role of an employee from an entrepreneur?

**Sudhir Kamath:** So, let me take that. First of all, whenever you acquire the business founders take one significant stake in the business. Second, we never considered them as an employee of the business, right? They are founders running the business and in fact largely have autonomous way of running the business. We support them in whichever way we can, but he is the founder who runs the business and we very much respect that. In the past, I think we have seen good success of founders working with us, being able to accelerate the business significantly after joining hands with us and at every step we have tried to create liquidity for the founders at higher valuations. So, founder can see that by creating value, they are able to monetize it themselves and I think that playbook has worked quite well for us.

**Rajkumar Vaidyanathan:** And lastly one comment, I can see that there are a lot of questions on EBITDA improvement and so on and so forth. But I know the promoters are more focused on the long term. So, I just want to kind of reemphasize that point you please stay focused on creating value for the company over the longer term, despite the short-term P&L pressures?

**Sudhir Kamath:** We have appreciate that sentiment completely agree to it and I can assure you that we are taking absolutely no decision with the short term quarter-on-quarter pressure and only taking what we truly believe is the right decision for the company. Of course we may be wrong sometimes, but we will take measured risk and only take decisions which we believe are truly in the interest of the growth of the company.

**Moderator:** Thank you. The next question is from the line of Nikhil who is an Individual Investor. Please go ahead.

**Nikhil:** So, my question revolves around the promoter stake. So, I just read a news stating that the promoters have sold 6% of stake to the existing investor, what I understand is the current valuations of Nazara is at the lowest, which I believe. So, selling it at a lower valuation, which I thought the promoter should have been actively buying it for the long term. So, I just need your views on that?

**Nitish Mittersain:** Look, it is important to understand that as a promoter family, right, we have been running this company for the last 25 years. And the way the company developed, we never had large amounts of liquidity in the past. So, at some point of time, I think it was important to have for the promoter family to get some liquidity and it is impossible as to get the timing perfect for this. I think what is more important to understand are two points. One is the promoters will remain fully in control of the business, myself as CEO of the business, remain fully committed to running this business and taking it to its eventual scale. For me, it is not about capital, it is more about a legacy of 25 years, a dream that was about how India can become really big in gaming and we continue to very aggressively pursue that. I think the second point is Plutus has been an investor with us since the pre-IPO days. They initially put in a large amount of capital to purchase the stake and I think they also participated in the future, some of the placements that we did, including the



latest one and them now again coming back and buying this sizable stake, shows confidence in the company's growth prospects, in the promoters as well as the management.

**Nikhil:** Another follow-up. So, is it the case that since the Plutus, these investors have bought the stake at a higher valuation before, they are keen to buy at this valuation so that they can average down. Is it the case?

**Nitish Mittersain:** No, I don't think so. If you look at Plutus' cap table, right, the way they have entered it, I don't think this is about averaging down. I think it is about taking a larger bid that this business will grow very aggressively in the future, and they want to increase their stake to the extent possible.

**Nikhil:** So, the promoters will be around 10% to 12% if I am not wrong after this, right?

**Nitish Mittersain:** Correct.

**Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Nitish Mittersain for closing comments.

**Nitish Mittersain:** Thank you everyone for joining the call. Just to summarize, we have laid a robust platform for future growth, making us optimistic to deliver good results in the coming year and years, I should say and stay on course to build Nazara as a global gaming company out of India to reckon with. Thank you very much again. In case of further queries, we request you to get in touch with us or Valorum Advisors or higher firm. Have a good day.

**Moderator:** On behalf JM financials that concludes this conference. Thank you for joining us and you may now disconnect your lines.