

BUY

NAZARA: Portfolio Reset Drives IP-Led Growth; Core Gaming Leads

December 30, 2025 | CMP: INR 253 | Target Price: INR 390

Expected Share Price Return: 54.1% | Dividend Yield: 0.0% | Expected Total Return: 54.1%

Company Info

BB Code	NAZARA IN EQUITY
Face Value (INR)	2.0
52 W High/Low (INR)	362/219
Mkt Cap (Bn)	INR 93.7/ \$1.0
Shares o/s (Mn)	370.4
3M Avg. Daily Volume	16,84,570

Key Financials

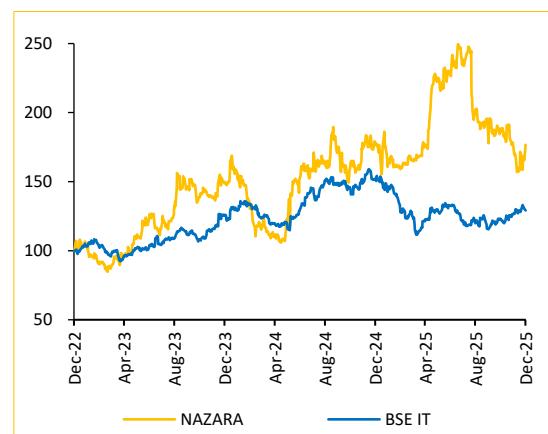
INR Bn	FY24	FY25	FY26E	FY27E	FY28E
Revenue	11.4	16.2	21.8	27.1	33.9
YoY (%)	4.3	42.7	34.0	24.6	25.2
EBITDA	1.3	1.5	2.5	3.6	5.0
EBITDAM %	11.2	9.4	11.4	13.2	14.8
Adj PAT	0.7	0.9	0.7	1.6	2.7
EPS (INR)	1.9	2.3	1.9	4.2	7.2
ROE %	3.6	3.0	2.4	5.1	7.9
ROCE %	1.2	0.1	2.0	4.0	5.8
PE(x)	131.6	108.0	135.8	59.7	35.3

Shareholding Pattern (%)

	Sep-25	Jun-25	Mar-25
Promoters	35.45	8.30	8.78
FII	12.63	12.98	13.04
DII	7.18	9.80	12.44
Public	44.73	68.90	65.74

Relative Performance (%)

	3Y	2Y	1Y
BSE IT	29.3	3.1	(14.9)
NAZARA	76.6	18.1	(1.5)



Kunal Bajaj

Email: kunal.bajaj@choiceindia.com
Ph: +91 22 6707 9901

Rushil Katiyar

Email: rushil.katiyar@choiceindia.com
Ph: +91 22 6707 9535

Recent Report:

[Q2FY26 Result Update](#)

Based on management's public media interactions, Key takeaways include: (1) The **portfolio reset (Nodwin de-subsidiarisation; PokerBaazi and Freaks4U impairments)** was undertaken to improve earnings quality and visibility, (2) **Core gaming is expected to anchor growth** with structurally **higher EBITDA margins of 20–25%**, (3) The refreshed Enter Magic brand reinforces a **push toward AI-enabled, immersive experiences**, with **ownership of scalable global IPs** viewed as the key long-term moat, (4) Management is evaluating larger, IP-led global acquisitions funded via a mix of accruals, debt and equity, (5) **Centres of Excellence support scalable execution** without integration risk, and (6) With >90% of revenues generated overseas, execution is centered on compounding growth via LiveOps intensity, AI-driven efficiency and new IP roll-outs.

Q2FY26: Broad-Based Growth; Seasonal Tailwinds Ahead

NAZARA delivered a strong Q2FY26, with revenue up 65% YoY (+6% QoQ) to INR 5.3Bn, driven by broad-based growth across core gaming, PC/console and ad-tech despite partial Nodwin contribution. EBITDA rose 146% YoY (+31% QoQ) to INR 620Mn, with margins expanding 230bps QoQ to 11.8% on improving UA efficiency and operating leverage. **We expect Q3FY26 to benefit from seasonal strength in Kiddopia and Animal Jam, supported by sustained LiveOps and IP monetisation.**

Portfolio Reset via Nodwin De-consolidation & PokerBaazi Impairment

NAZARA is entering a cleaner, more predictable growth phase following a decisive portfolio reset that removes structurally volatile assets and sharpens focus on scalable, IP-led core gaming. The de-subsidiarisation of Nodwin and upfront impairments in PokerBaazi and Freaks4U represent a deliberate reset to improve earnings quality, cash conversion and visibility. With one-offs largely behind, **management is refocusing capital allocation toward high-quality global gaming IPs**, supported by improving user acquisition efficiency, operating leverage and AI-led productivity.

Core Gaming Focus Drives Structural Margin Upside

The business mix has materially simplified, with growth now anchored in core gaming, where management targets 20–25% revenue growth alongside a structurally **higher 20–25% EBITDAM profile over the medium term**. This is supported by deeper LiveOps, stronger IP monetisation and a rising contribution from international markets. Over 90% of gaming revenues are now overseas, with incremental investments skewed toward the US, UK and high-growth emerging markets, enhancing scale, monetisation depth and resilience.

IP-Led Growth Strategy Enhanced by Cross-Portfolio Synergies

NAZARA plans to scale through selective, larger acquisitions of high-quality global IPs, funded via a mix of internal accruals, debt and equity, while retaining its decentralised "Friends of Nazara" operating model. Newly established Centres of Excellence across user acquisition, analytics, AI and monetisation act as a shared capability layer, enabling acquired studios to scale faster without diluting creative autonomy. The rollout of a unified Nazara ID is expected to further enhance cross-promotion, LTV and monetisation efficiency across the portfolio.

Strong Improvement in Earnings Visibility from FY27E

With portfolio clean-up largely complete and execution improving across mobile, PC/console, ad-tech and offline gaming, NAZARA appears positioned for a more durable growth cycle with improving return metrics and earnings predictability. **We forecast revenue to grow at 27.9% CAGR over FY25–FY28E, while EBITDA is expected to compound faster at 48.4% CAGR over the same period, driven by mix improvement, operating leverage and AI-led productivity gains.**

Key risks: Execution challenges in IP-led M&A, Gaming IP volatility and regulatory or platform-policy changes impacting monetisation & capital efficiency.

SOTP Valuation

Segment	Valuation Method	Target Multiple	Enterprise Value (INR Mn)	Nazara's Share	Value ascribed to Nazara (INR Mn)	Per share value	Contribution to TP
Nodwin	EV/Sales	11.8	91,377	47.7%	43,550	125	32.0%
Sportskeeda	EV/Sales	6.0	9,849	100.0%	9,849	28	7.2%
Gamified Learning (Kiddopia+ Animal Jam)	EV/Sales	11	40,979	100.0%	40,979	117	30.1%
Freemium (Fusebox + Zepto+ Nextwave)	EV/Sales	5.0	46,216	100.0%	46,216	132	33.9%
RMG (Moonshine)	EV/Sales	0	0	47.7%	500	1	0.4%
Curve games	EV/EBITDA	10.0	14,243	100.0%	14,243	41	10.5%
Offline Gaming (Funky Monkey+ Smaash)	EV/Sales	3.0	971	60% & 100%	5,331	15	3.9%
Datawrkz & S&T	EV/EBITDA	26.0	11,234	55.0%	6,179	18	4.5%
Total			2,14,869		1,66,847	478	
Less: Holdco Discount (at 20%)					33369		
Add: Cash and Cash Equivalent (FY25)					2989		
Less: Minority Interest (FY25)					244		
Equity Value					1,36,222		
Shares O/S (Mn)					349.4		
12-M forward TP (INR)					390		

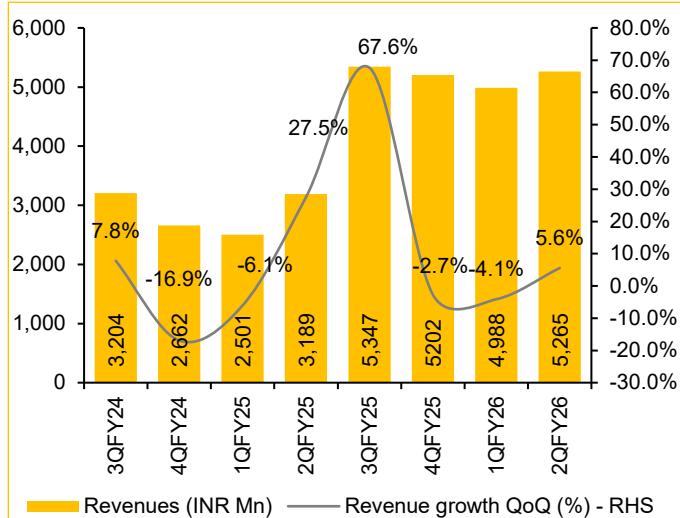
Note: Given the company's acquisitive nature and multi-vertical structure, we believe a Sum-of-the-Parts approach is most appropriate. We have provided detailed justification for our segment-specific valuation multiples in our Initiation report, drawing on both public comparables and recent private transactions. Find Report here: [Link](#)

View and Valuation

Portfolio Reset Enhances Earnings Visibility and Upside Potential

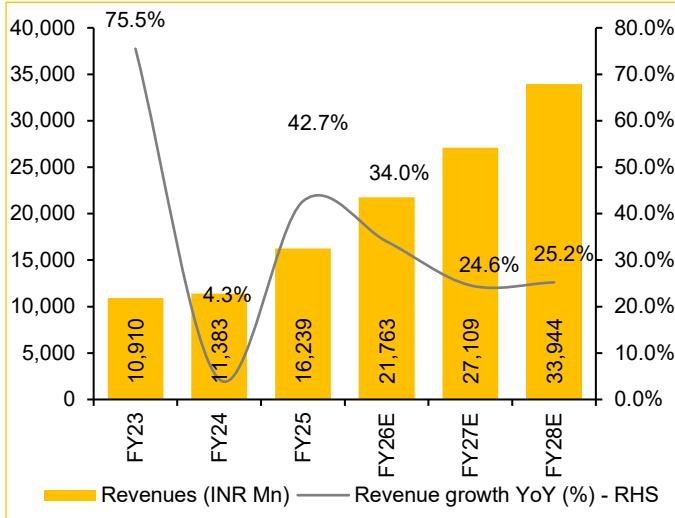
We remain constructive on Nazara as the core growth engine strengthens and the portfolio resets to a cleaner base following the de-subsidiarisation of Nodwin and the one-off impairments on Freaks4U and PokerBaazi. The company's renewed brand identity, anchored in deeper interactive entertainment and IP-led experiences, aligns well with its expanding global footprint and enhances long-term franchise positioning. **With improving UA efficiencies, stronger IP monetisation and widening reach across mobile and console ecosystems, the earnings profile is becoming progressively cleaner and more predictable. We reiterate our BUY rating on NAZARA, with a SOTP-based target price of INR 390.**

Revenue Beats Estimates & Grew by 5.6% QoQ



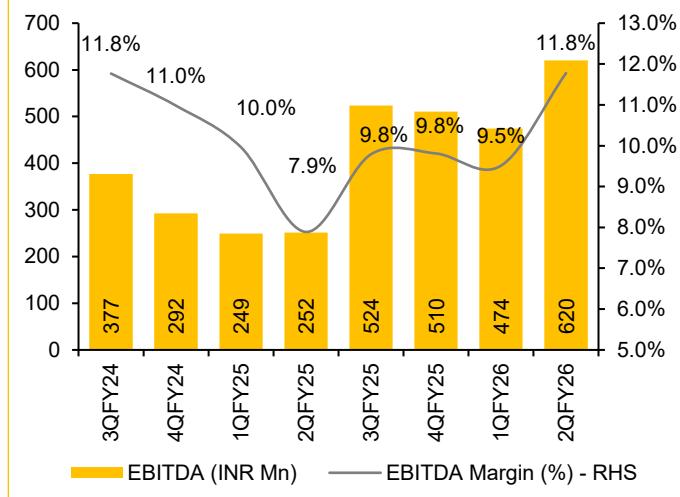
Source: NAZARA, Choice Institutional Equities

Revenue Expected to Expand at 27.9% CAGR over FY25–28E



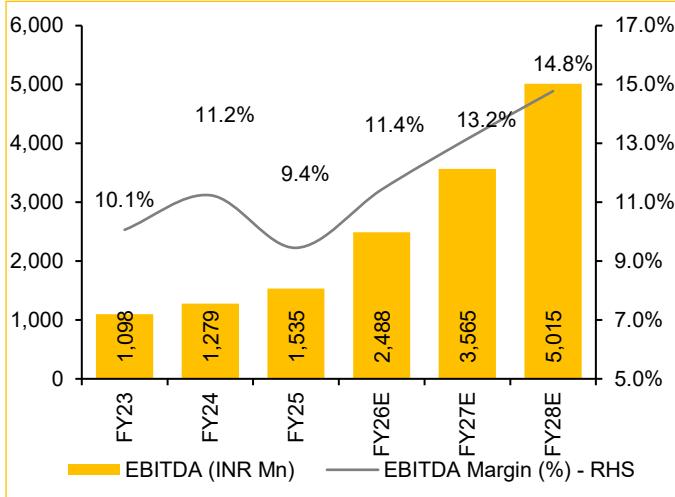
Source: NAZARA, Choice Institutional Equities

EBITDA M grew to 11.8% QoQ due to NODWIN De-subsidisation



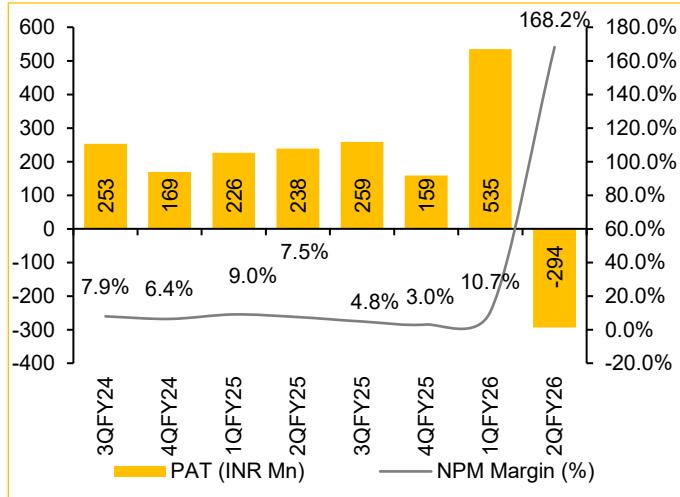
Source: NAZARA, Choice Institutional Equities

EBITDA Anticipated to Expand at 48.4% CAGR over FY25–28E



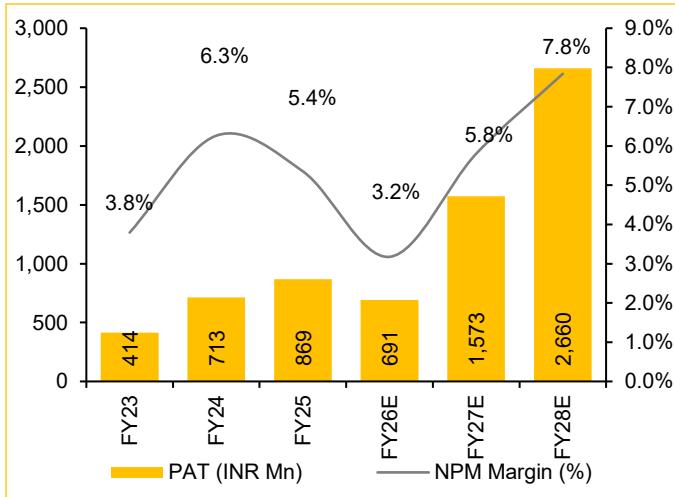
Source: NAZARA, Choice Institutional Equities

Net Profit Declined due to One-off Impairment Adjustments



Source: NAZARA, Choice Institutional Equities

PAT Projected at 45.2% CAGR over FY25–28E



Source: NAZARA, Choice Institutional Equities

Income Statement (Consolidated in INR Mn)

Particular	FY24	FY25	FY26E	FY27E	FY28E
Revenue	11,383	16,239	21,763	27,109	33,944
Gross profit	4,820	7,880	11,718	14,603	18,669
EBITDA	1,279	1,535	2,488	3,565	5,015
Depreciation	953	1,495	1,736	1,627	2,037
EBIT	326	40	752	1,938	2,978
Other income	796	915	12,078	845	1,165
Interest expense	68	99	215	219	219
PAT	713	869	9,838	1,573	2,660
EPS	1.9	2.3	1.9	4.2	7.2

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenues (INR Mn)	4.3	42.7	34.0	24.6	25.2
EBITDA	16.5	20.0	62.1	43.3	40.7
EBIT	-25.9	-87.8	1789.4	157.8	53.6
Margin Ratios (%)					
EBITDA Margin	11.2	9.4	11.4	13.2	14.8
EBIT Margin	2.9	0.2	3.5	7.2	8.8
Profitability (%)					
ROE	3.6	3.0	2.4	5.1	7.9
ROIC	3.2	0.2	2.3	4.6	6.6
ROCE	1.2	0.1	2.0	4.0	5.8
Valuation					
OCF / Net profit (%)	73.7%	69.2%	85.9%	82.7%	123.6%
EV/ EBITDA (x)	10.7	18.9	21.5	18.7	18.2

Source: NAZARA, Choice Institutional Equities

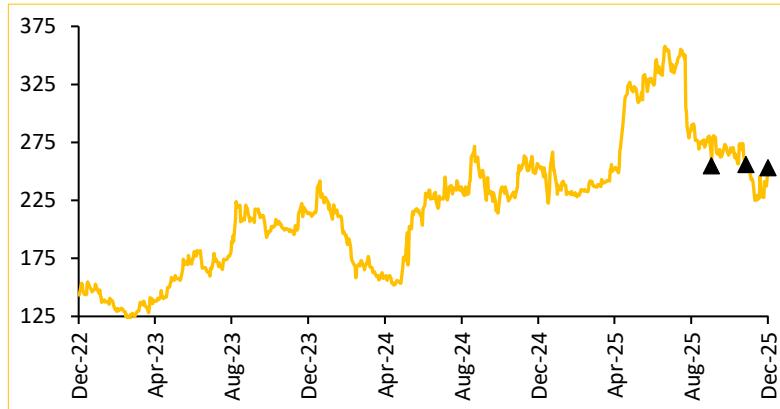
Balance Sheet (Consolidated in INR Mn)

Particular	FY24	FY25	FY26E	FY27E	FY28E
Tangible Fixed Assets	231	1,230	1,492	1,805	2,070
Goodwill & Intangible assets	5,850	16,219	16,742	17,574	18,111
Investments	2,147	11,174	11,733	12,906	14,196
Cash & Cash equivalents	12,097	4,582	2,569	669	489
Other Non-current Assets	410	615	615	615	615
Other current Assets	6,883	10,535	11,776	13,463	15,556
Total Assets	27,618	44,355	44,928	47,032	51,038
Shareholder's funds	19,986	28,631	29,321	30,894	33,554
Minority Interest	3,360	3,743	3,743	3,743	3,743
Borrowings	93	1,413	1,413	1,413	1,413
Other non-current liabilities	450	1,688	1,688	1,688	1,688
Other current liabilities	8,540	8,822	9,122	9,622	10,640
Total Equity & Liabilities	27,618	44,355	44,928	47,032	51,038

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows From Operations	908	655	2,679	1,621	3,289
Cash Flows From Investing	-6,030	-11,340	-4,476	-3,302	-3,251
Cash Flows From Financing	9,463	8,049	-215	-219	-219

DuPont Analysis	FY24	FY25	FY26E	FY27E	FY28E
Net Profit Margin	6.3%	5.4%	3.2%	5.8%	7.8%
Asset Turnover	0.4	0.4	0.5	0.6	0.7
Equity Multiplier	1.4	1.5	1.5	1.5	1.5
ROE	3.6%	3.0%	2.4%	5.1%	7.9%

Historical Price Chart: Nazara Technologies Ltd.



Date	Rating	Target Price
September 02, 2025	BUY	350
November 13, 2025	BUY	390
December 30, 2025	BUY	390

Institutional Research Team

Utsav Verma, CFA	Head of Institutional Research	utsav.verma@choiceindia.com	+91 22 6707 9440
Prashanth Kumar Kota, CFA	Analyst – Basic Materials	prashanth.kota@choiceindia.com	+91 22 6707 9887
Dhanshree Jadhav	Analyst – Technology	dhanshree.jadhav@choiceindia.com	+91 22 6707 9535
Karan Kamdar	Analyst – Small and Midcaps	karan.kamdar@choiceindia.com	+91 22 6707 9451
Deepika Murarka	Analyst – Healthcare	deepika.murarka@choiceindia.com	+91 22 6707 9513
Putta Ravi Kumar	Analyst – Defence	ravi.putta@choiceindia.com	+91 22 6707 9908
Maitri Sheth	Analyst – Pharmaceuticals	maitri.sheth@choiceindia.com	+91 22 6707 9511
Ashutosh Murarka	Analyst – Cement & Infrastructure	ashutosh.murarka@choiceindia.com	+91 22 6707 9887
Dhaval Popat	Analyst – Energy	dhaval.popat@choiceindia.com	+91 22 6707 9949
Fenil Brahmbhatt	Analyst – Realty	fenil.brahmbhatt@choiceindia.com	+91 22 6707 9930
Ishank Gupta	Analyst – Banks and Financial Service	ishank.gupta@choiceindia.com	+91 22 6707 9867
Samarth Goel	Sr. Associate – Small and Midcaps	samarth.goel@choiceindia.com	+91 22 6707 9451
Aayush Saboo	Sr. Associate – Realty	aayush.saboo@choiceindia.com	+91 22 6707 9512
Bharat Kumar Kudikyala	Sr. Associate – Building Materials and Mining	bharat.kudikyala@choiceindia.com	+91 22 6707 9521
Avi Jhaveri	Sr. Associate – Technology	avi.jhaveri@choiceindia.com	+91 22 6707 9901
Kunal Bajaj	Sr. Associate – Technology	kunal.bajaj@choiceindia.com	+91 22 6707 9901
Abhinav Kapadia	Sr. Associate – Capital Goods	abhinav.kapadia@choiceindia.com	+91 22 6707 9707
Subhash Gate	Sr. Associate – Auto	subhash.gate@choiceindia.com	+91 22 6707 9233
Vikrant Shah, CFA (ICFAI)	Sr. Associate – Banks and Financial Service	vikrant.shah@choiceindia.com	+91 22 6707 9887
Vinay Rawal	Associate – Small and Midcaps	vinay.rawal@choiceindia.com	+91 22 6707 9433
Heer Gogri	Associate – Small and Midcaps	heer.gogri@choiceindia.com	+91 22 6707 9433
Heet Chheda	Associate – Auto	heet.chheda@choiceindia.com	+91 22 6707 9233
Rushil Katiyar	Associate – Technology	rushil.katiyar@choiceindia.com	+91 22 6707 9535
Stuti Bagadia	Associate – Pharmaceuticals	stuti.bagadia@choiceindia.com	+91 22 6707 9511

CHOICE RATING DISTRIBUTION & METHODOLOGY

Large Cap*

BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months

Mid & Small Cap*

BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months

Other Ratings

NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change

Sector View

POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000Cr Market Cap

*Mid & Small Cap: Less Than INR 20,000Cr Market Cap

General Disclaimer: This 'Report' is strictly meant for use by the recipient and is not for circulation. This Report does not take into account particular investment objectives, financial situations or specific needs of individual clients nor does it constitute a personal recommendation. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through CEBPL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein.

These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this "Report" should rely on information/data arising out of their own Study/Investigations. It is advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This 'Report' has been prepared on the basis of publicly available information, internally developed data and other sources believed by CEBPL to be reliable. CEBPL or its directors, employees, affiliates or representatives shall not be responsible for, or warrant for the accuracy, completeness, adequacy and reliability of such information / opinions / views. Though due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of CEBPL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this report.

The price and value of the investments referred to in this Report and the income from them may tend to go down as well as up, and investors may incur losses on any investments. Past performance shall not be a guide for future performance. CEBPL does not provide tax advice to its clients, and all investors are strongly advised to take advice of their tax advisers regarding taxation aspects of any potential investment. Opinions are based on the current scenario as of the date appearing on this 'Report' only. CEBPL does not undertake to advise you as to any change of our views expressed in this "Report" may differ on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold CEBPL, its employees and associates responsible for any losses, damages of any type whatsoever.

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject "CEBPL RE" to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by "CEBPL RE" in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this 'Report' shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. "CEBPL" requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to "CEBPL". Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in Mumbai (India).

Statements on ownership and material conflicts of interest, compensation - CEBPL and Associates reciprocates to the best of the knowledge and belief of CEBPL/ its Associates/ research Analyst who is preparing this report.

Disclosures of Interest (Additional):

1. "CEBPL", its research Analyst(s), or its associates or relatives of the Research Analyst does not have any financial interest in the company(ies) covered in this report.
2. "CEBPL" its research Analyst, or its associates or relatives of the research analyst affiliates collectively do not hold more than 1 of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. "CEBPL", its research analyst, his/her associate, his/her relative, do not have any other material conflict of interest at the time of publication of this research report.
4. "CEBPL", its research analyst, and its associates have not received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in this report, in the past twelve months.
5. "CEBPL", its research analyst, or its associates have not managed or co-managed in the previous twelve months, a private or public offering of securities for the company (ies) covered in this report.
7. "CEBPL, or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party, in connection with the research report.
8. CEBPL research analyst has not served as an Officer, Director, or employee of the company (ies) covered in the Research report.
9. "CEBPL", its research analyst has not been engaged in market making activity for the company(ies) covered in the Research report.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our

website i.e. <https://choiceindia.com/research-listing>

Sr. No.	Particulars	Yes / No
1.	Whether compensation has been received from the company(ies) covered in the Research report in the past 12 months for investment banking transaction by CEBPL	No
2.	Whether Research Analyst, CEBPL or its associates or relatives of the Research Analyst affiliates collectively hold more than 1 of the company(ies) covered in the Research report	No
3.	Whether compensation has been received by CEBPL or its associates from the company(ies) covered in the Research report	No
4.	CEBPL or its affiliates have managed or co-managed in the previous twelve months a private or public offering of securities for the company(ies) covered in the Research report	No
5.	CEBPL, its research analyst, his associate, or its associates have received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in the Research report, in the last twelve months	No

Copyright: The copyright in this research report belongs exclusively to CEBPL. All rights are reserved. Any unauthorized use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the CEBPL's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety.

This "Report" is for distribution only under such circumstances as may be permitted by applicable law. This "Report" has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This "Report" is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither CEBPL nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this "report" or lack of care in this report's preparation or publication, or any losses or damages which may arise from the use of this research report.

Information barriers may be relied upon by CEBPL, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of CEBPL.

Investing in any non-U.S. securities or related financial instruments (including ADINR) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by CEBPL with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior written consent of CEBPL and CEBPL accepts no liability whatsoever for the actions of third parties in this respect.

The details of CEBPL, its research analyst and its associates pertaining to the companies covered in the Research report are given above.