

27 June 2025

India | Equity Research | Company Update

## Nazara Technologies

Internet

### Acquisition led re-rating mostly over; strong execution key to further appreciation

Nazara stock price is up ~55% over the past one year, with the company making a number of acquisitions recently. We thus think it is an opportune time to delve into the larger acquisitions and devise a framework to value the company. We think Moonshine Technologies (Pokerbaazi) is now the most important asset in Nazara's portfolio, followed by Nodwin Gaming. We use DCFs to value these two companies and employ EV/EBITDA multiples for the rest of the companies. Our revised target price for Nazara now stands at **INR 1,500** (SoTP-based). We think, at its current market price, the upside is limited. We, therefore, **downgrade** the stock to **ADD**. In our view, in a bull case scenario where the regulatory challenges for Moonshine are resolved, the stock could re-rate to **INR 1,650**. However, in case the tax demands are upheld by the courts, the stock could de-rate to **INR 1,100**. This implies a reward: risk skew of 1.6:1.

### Moonshine uncertainties keep valuations muted

We value Moonshine at USD 780mn, ~3.7x of what Nazara was valued in Sep'24. This is due to strong execution in FY25, after emerging from an existential crisis. Some uncertainties remain: 1) Contingent risk arising out of tax demands. While the likelihood of an adverse outcome is low, we have considered ~250bps of higher equity risk premium, resulting in a WACC of 13.5% for Moonshine. If this is resolved in favour of the company, WACC should ease to 12%. This would imply an EV of ~USD 1bn. 2) Lack of clarity on steady state EBITDA margin: While RMG companies were at >20% EBITDA margin pre-GST clarity, there is little visibility on when those margin thresholds can be reached again. In our model, we have built 20% EBITDA margin in FY33E. If any sooner, there is an upside risk to earnings.

### Freaks4U integration and margin improvement key for Nodwin

Nodwin was expected to improve its operating margins in FY25 post de-consolidation of the devices business. However, Freaks4U's integration resulted in losses widening in FY25. Also, outstanding loans given to devices business (~INR 250mn) have been identified as potential defaults. Therefore, we think a turnaround in Freaks4U from cost rationalisation and overall profitability improvement in the India eSports vertical is key to watch.

### Valuation

We downgrade Nazara to **ADD** with an SoTP-based target price of INR 1,500.

**Key risks:** 1) Increased competition/slowdown in US markets; and 2) inability to identify and integrate acquisitions.

### Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	11,383	16,239	23,521	28,309
EBITDA	1,279	1,535	3,160	3,737
EBITDA Margin (%)	11.2	9.4	13.4	13.2
Net Profit	713	869	2,065	2,490
EPS (INR)	10.3	10.9	25.8	31.1
EPS % Chg YoY	0.6	0.1	1.4	0.2
P/E (x)	128.4	121.5	51.2	42.4
EV/EBITDA (x)	60.4	65.5	31.2	25.5
RoCE (%)	7.1	5.3	7.7	8.5
RoE (%)	4.6	3.6	7.0	7.8

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#### Market Data

Market Cap (INR)	116bn
Market Cap (USD)	1,349mn
Bloomberg Code	NAZARA IN
Reuters Code	NAZA.BO
52-week Range (INR)	1,355 /805
Free Float (%)	53.0
ADTV-3M (mn) (USD)	13.3

Price Performance (%)	3m	6m	12m
Absolute	38.8	30.3	57.9
Relative to Sensex	30.4	23.6	51.5

ESG Score	2023	2024	Change
ESG score	67.9	65.6	(2.3)
Environment	41.4	44.7	3.3
Social	70.3	66.5	(3.8)
Governance	78.3	77.2	(1.1)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY25E	FY26E
Revenue	26.7	26.4
EBITDA	45.4	28.6
EPS	40.2	33.0

#### Previous Reports

17-02-2025: [Q3FY25 results review](#)

19-11-2024: [Q2FY25 results review](#)

## Complete list of Nazara's acquisition

### Exhibit 1: Post-Listing Acquisitions by Nazara Technologies (March 30, 2021 – Present)

No.	Target Company / Asset	Stake Acquired	Year	Date of Announcement	INR mn	Description
<b>New acquisitions</b>						
1	Datawrkz	55%	FY22	Jan-22	1,240	Ad-tech firm providing user acquisition and monetization support
2	WildWorks	100%	FY23	Sep-22	800	WildWorks, a US-based studio, develops family-friendly games like Animal Jam. This acquisition strengthened Nazara's global mobile gaming portfolio, targeting younger audiences
3	Fusebox Games	100%	FY25	Aug-24	2,280	Fusebox Games, a UK-based studio, develops Love Island-themed mobile games. This acquisition strengthened Nazara's global mobile gaming portfolio, focusing on interactive storytelling
4	Stan (Esports Firm)	15.86%	FY25	Sep-24	184	Stan is an esports community platform. Nazara's minority stake acquisition supports its esports ecosystem expansion, leveraging Stan's community-driven model.
5	Moonshine Technology (PokerBaazi)	46%	FY25	Sep-24	9,360	Moonshine Technology operates PokerBaazi, India's leading online poker platform. Nazara's acquisition strengthens its real-money gaming segment.
6	ZeptoLab Game IPs	Game IPs	FY25	Jan-25	655	Acquired 'King of Thieves' and 'CATS' games
7	Funky Monkeys	60%	FY25	Feb-25	437	Funky Monkeys is an indoor play center for children, offering physical gaming experiences. This acquisition diversified Nazara's portfolio into experiential entertainment
8	Smaaash Entertainment	100.00%	FY26	May-25	1,260	Smaaash Entertainment offers interactive gaming and entertainment experiences through physical and digital platforms, enhancing Nazara's experiential gaming footprint.
9	Curve Digital Entertainment Ltd (Curve Games)	100%	FY26	May-25	2,470	Curve Games, a UK-based PC and console game publisher, reported CY24 revenues of GBP 24.4mn and EBITDA of GBP 10.6mn. This acquisition enhances Nazara's global publishing capabilities and developer
<b>Increase in stake in existing subsidiaries</b>						
1	Kiddopia (Paper Boat Apps)	100%	FY25	Aug-24	3,000	Nazara has acquired an additional 48.42% stake in Paper Boat Apps (developer of Kiddopia), making it a fully-owned subsidiary, for an aggregate consideration of INR 3bn
2	Absolute Sports (Sportskeeda)	91% (ESOP being the remaining 9%)	FY25	Mar-25	1,450	Nazara has acquired an additional 19.35% stake in Absolute Sports, the parent company of Sportskeeda, for INR 1.45bn
<b>Acquisition by Nazara subsidiary - Nodwin and Sportskeeda</b>						
1	Freaks 4U Gaming	100%	FY25	Jun-24	2,710	Freaks 4U Gaming, a Berlin-based full-service gaming and esports agency, specializes in event management, influencer marketing, and content production. Nodwin initially acquired a 13.51% stake in January 2024 for EUR 8mn (~INR 710mn) and increased it to 100% through a share swap deal. This acquisition, executed by Nodwin Gaming International Pte (Singapore), enhances Nodwin's global esports footprint, particularly in Europe, and strengthens its service offerings.
2	Comic Con India	100%	FY24	Jan-24	550	Comic Con India organizes pop culture and gaming conventions across major Indian cities. Nodwin's acquisition expanded its experiential entertainment portfolio, aligning with its esports and gaming events strategy
3	AFK Gaming	93% (additional stake to reach 100%)	FY25	Dec-24	76	AFK Gaming is an esports media company offering content and agency services. Nodwin's acquisition of the remaining stake made AFK a wholly-owned subsidiary, enhancing its esports media and content creation capabilities.
4	Trinity Gaming	100%	FY25	Nov-24	240	Trinity Gaming is a gaming agency focused on content creation and influencer marketing in India. This acquisition bolstered Nodwin's community engagement through influencer-driven campaigns.
5	StarLadder	100%	FY25	Jan-25	460	StarLadder, Ukraine-based esports broadcasting and tournament organizer, was acquired to strengthen Nodwin's global esports portfolio, particularly in tournament organization and broadcasting.
6	Soap Central	100%	FY25	Jun-24	100	Sportskeeda acquired SoapCentral.com, a digital platform focused on soap opera content. This acquisition expanded Nazara's digital media portfolio beyond sports and esports.
6	Ninja Global FZCO	100% (agency business)	FY26	Apr-25	10	Ninja Global FZCO, a West Asia and Turkey-focused gaming and esports marketing agency, was acquired to enhance Nodwin's marketing and event management presence in the Middle East and Turkey.
7	Sportskeeda Inc. (IP Acquisition: ITR Wrestling and TJR Wrestling)	N/A (Intellectual Property acquisition)	FY26	May-25	105	Sportskeeda Inc., a Nazara subsidiary, acquired the IP rights for ITR Wrestling and TJR Wrestling, enhancing its wrestling media content
8	Deltia's Gaming	Game IPs	FY25	Aug-24	75	Sportskeeda has agreed in August 2024 to acquire Deltia's Gaming, which produces quality content for a specific set of games
<b>Acquisition by Nazara subsidiary - Datawrkz</b>						
1	Space and time	100%	FY25	Nov-25	523	Space & Time is a prominent independent UK-based growth marketing agency that has been operating for over two decades through multiple media channels i.e. traditional media, social media (including biddable media, content marketing, programmatic), technology (including data visualization, analytics, search engine optimization, etc) as well as training

Source: I-Sec research, Company data

## Deep dive into Nazara's major acquisition in FY25/FY26 and our valuation methodology

### A) Moonshine Technologies

Nazara acquired 47.7% stake in Moonshine Technologies for INR 8.3bn and has invested INR 1.5bn in convertible preference shares of Moonshine, which would convert into equity at a later stage. It is currently classified as an associate company for Nazara.

Moonshine operates a suite of online platforms across poker (PokerBaazi), fantasy sports (SportsBaazi), and rummy (Classic Rummy). Its poker platform has 60%+ market share in India's online poker segment, positioning it as the clear category leader. The company is also investing in a comprehensive poker ecosystem with dedicated platforms for learning (Poker School app), watching (Poker TV), gameplay (desktop + mobile apps), and analytics (Poker Shorts tool). This approach is designed to drive lifetime engagement and brand stickiness, especially important in a taxed environment where retention is key.

In FY25, Moonshine's revenue was up 39% YoY to INR 5.9bn supported by campaigns with IPL and Shark Tank, both gross gaming revenue and deposits surged, indicating strong user monetisation and platform stickiness. While EBITDA remained negative at INR 575mn, largely driven by aggressive marketing spends, it is expected to normalise in FY26. Operating metrics in Q4FY25 indicate that consistent momentum deposits rose 35% YoY, gross traded value grew 38% YoY and gross transaction value gained 50%, signalling a strong growth trajectory heading into FY26.

### Valuation

We value Moonshine using a discounted cash flow (DCF) approach given the early-stage nature of its business, high reinvestment needs, and lack of comparable listed peers in the Indian RMG space. We assume a terminal growth rate of 5%, and use a WACC of 13.5%, reflecting the early-stage risk profile, ongoing regulatory overhang, and cash flow volatility.

We estimate Moonshine to deliver a 34% revenue CAGR over FY25–27E, moderating to 24% in FY28–33E and tapering thereafter; this will likely be led by its expanding user funnel and improving monetisation in mid- and high-stakes cohorts. We expect EBITDA to turn positive by FY27E, reaching ~2% margin, driven by optimised marketing intensity and scaling up to ~11% by FY30E and 20% by FY33E.

On this basis, we arrive at a DCF-implied equity valuation of at INR 67.1bn/USD 780mn, ~3.7x of what Nazara was valued at in Sep'24.

### Risks

**Regulatory clarity awaited on GST applicability to RMG:** The real-money gaming (RMG) sector, including PokerBaazi, is currently subject to a 28% GST on player deposits under the revised regime introduced in Oct'23. While Moonshine has optimised its monetisation model to partially absorb the impact without major volume loss, the Supreme Court of India is reviewing the retrospective applicability of this tax, with final hearings concluded in May'25 and a judgment expected soon. A favourable ruling could enhance margin visibility and remove a major regulatory overhang. However, until the outcome is known, uncertainty around long-term tax treatment and potential past liabilities remain key risks to EBITDA normalisation.

**Limited visibility on steady-state EBITDA margins:** While RMG companies were at >20% EBITDA margin pre-GST clarity, there is little visibility on when those margin thresholds can be reached again. We have built in FY33E. If any sooner, there is an upside risk to earnings.

**Single-category exposure:** Unlike peers with rummy or fantasy portfolios, Moonshine remains poker-centric. Expansion into adjacent RMG categories could de-risk revenue and enhance monetisation, but no concrete plans have been shared yet.

## B) Curve Games (Curve)

Nazara acquired 100% equity of Curve Digital Entertainment for an equity value of INR 2.5bn (GBP 21.7mn) in all-cash deal.

### Business model

Curve is a London-based video game publisher focused on the independent PC and console market, operating through a hybrid model that includes self-publishing, third-party publishing (funded and unfunded), and IP ownership via its in-house studios.

The company provides comprehensive publishing services, including financial support, creative and technical input, global marketing, distribution, and post-launch operations across PC, console, and mobile devices.

### **Curve's monetisation strategy spans three key publishing models**

#### **1. Self-publishing (first-party titles)**

Curve also develops and publishes its own IP through its two wholly-owned studios:

- IronOak Games (*For the King*)
- Runner Duck (*The Crew* franchise)

In this model, Curve fully owns the IP and retains 100% of the net revenue after platform fees, allowing for higher margins.

#### **2. Third-party publishing – funded model**

For selected high-potential independent titles, Curve provides development funding along with full publishing support. Under this structure:

- Curve recoups its investment from games' revenue, as per the agreement with the developer, either through an upfront repayment or in a staggered manner over time.
- Revenue is shared between Curve and the developer, typically under a 60:40 split in Curve's favour (adjustable based on negotiation).
- Curve retains partial or full IP rights depending on the agreement.

#### **3. Third-party publishing – unfunded model**

In cases where the developer self-funds the game (e.g., *Human: Fall Flat*), Curve acts as a pure publishing partner. Despite not funding development, it provides distribution, marketing, and platform relationships. In this model:

- Majority of the of revenue (typically 60%) goes to the developer.
- Curve retains ~40% of net revenue for its publishing services.
- IP ownership remains with the developer.

### **Revenue model**

Curve primarily generates revenue from the sale of premium games across digital and physical platforms. It also benefits from subscription and licensing revenues via partnerships with major platform holders.

#### **1. Digital game sales**

Curve earns revenue from the sale of games on digital storefronts such as Steam, PlayStation Store, Xbox Store, and Nintendo eShop. These are typically premium (one-time purchase) titles, with Curve retaining ~70% of gross revenue, after platform fees.

#### **2. Physical game sales**

Select titles are also distributed as boxed physical editions, with revenue earned through retail distribution partners. This helps extend reach, particularly for console users and collectors.

#### **3. Subscription revenue (e.g., Xbox Game Pass)**

Some Curve-published games are available on Game Pass, providing:

- Upfront licensing fees or guaranteed minimum payments from Microsoft
- Potential recurring payouts based on downloads, playtime, or engagement

### **Valuation**

We value Curve games on an EV/EBITDA basis, assigning a multiple of 15x; this yields an enterprise valuation of INR 15.6bn.

However, we note that visibility into Curve's future publishing investments and title pipeline remains limited, which could impact revenue predictability beyond the current portfolio. As such, our valuation assumes maintenance of current monetisation levels and does not factor in upside from new IP until there is greater clarity. Also, with limited incremental development costs and a high contribution from back-catalogue sales, we expect the business to operate at a steady-state EBITDA margin of ~40%

### **Key risks**

#### **Title concentration and portfolio fatigue**

A significant portion of the revenue is driven by existing franchises; without new hit titles, the back catalogue could see a gradual decline in monetisation.

#### **Lack of publishing visibility**

Limited information on upcoming releases and publishing partnerships reduces long-term forecasting confidence.

#### **Hit-driven nature of premium gaming**

The business remains exposed to the inherent volatility of title performance in a crowded market. Failure to refresh the IP pipeline could result in multiple compression or earnings erosion.

## C) Fusebox

Nazara has also acquired 100% stake in Fusebox games for INR 2.3bn. The acquisition of Fusebox provides a scalable platform to partner with local popular television serials/shows and launch narrative-based games across different geographies.

### Business model

Fusebox is a UK-based mobile games publisher known for narrative-driven, choice-based games built around popular TV IPs. The flagship title is 'Love Island: The Game', which was developed under license from ITV. The company focuses on episodic storytelling, where players influence character outcomes through choices—similar to visual novels or interactive fiction.

**IP-driven portfolio:** Fusebox leverages well-known TV franchises (e.g., *Big Brother*, *Love Island*, now *Bigg Boss* for India) to drive discovery and fan engagement.

### Revenue model

Fusebox operates a freemium monetisation model, primarily monetising through:

- **In-app purchases (IAPs) (main revenue source)**

Players buy 'gems or other premium currencies to unlock exclusive choices, outfits, or storylines. These enhance immersion and character relationships.

- **In-game ads (minor)**

Rewarded video ads or interstitial ads, although this is a smaller revenue driver due to the narrative format not being ad-heavy.

### Cost structure

#### **Game development and user acquisition (UA)**

Game development involves significant upfront investment in design, animation, coding and content creation with additional cost for periodic updates. UA is another major cost driver, especially pre-launch and during seasonal content updates. UA is managed through performance marketing (Meta, Google Ads, TikTok, etc.).

#### **Royalty/licensing fees and Platform fees**

Fusebox pays 15–20% royalties to IP holders calculated on Revenue net of UA cost, Platform fees and Contribution costs. Google Play and Apple App Store typically take 15–30% of IAP revenues.

#### **India strategy: Bigg Boss launch**

Fusebox is localising its hit IP-driven model to Indian audiences via the Bigg Boss franchise. India's large mobile user base and familiarity with Bigg Boss present a high ARPU (average revenue per user) opportunity, if its monetisation is well-structured.

### **Valuation**

We value Fusebox on an EV/EBITDA basis, assigning a 20x multiple to reflect its high-margin, digital-only model and strong IP monetisation potential across international markets. This yields an enterprise valuation of INR 14.4bn.

A key near-term catalyst is the development of the Bigg Boss India mobile game, which adapts the reality television IP into an interactive simulation. This localised product has the potential to expand Fusebox's user base materially in India and unlock new monetisation streams beyond its western-dominated franchises. The Bigg Boss format offers strong recall and seasonal engagement potential, which could structurally enhance user retention and ARPU.

### Key risks

- **Execution on Indian IP adaptation:** While Bigg Boss is a high-awareness brand, translating it into engaging gameplay with monetisation depth is unproven in India. Failure to scale or retain users could dilute returns on development.
- **Dependence on content pipeline:** Fusebox's business remains hit-driven. Any delays or underperformance in new storylines or licensed titles could result in revenue volatility.
- **User acquisition costs:** As the company scales into new markets, especially India, user acquisition costs could rise, impacting the margin trajectory, unless offset by in-app monetisation.



## Numbers at a glance

We estimate Nazara's consolidated revenue CAGR at 32.0% over FY25–27E, with an EBITDA CAGR of 55.9%, driven by a combination of organic growth and recent acquisitions.

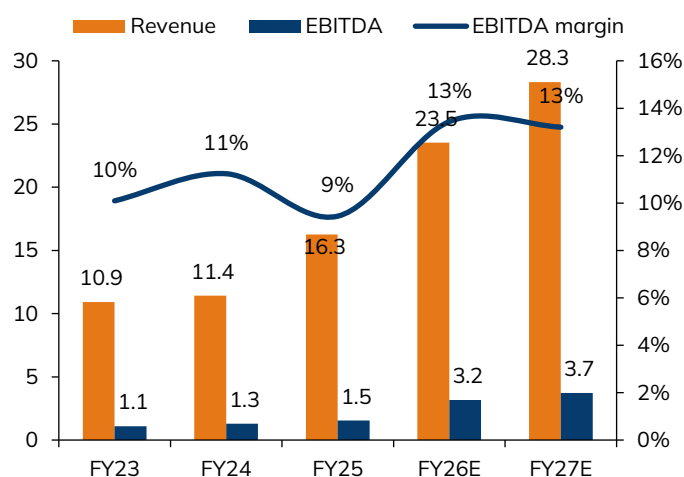
The gaming segment is expected to grow from INR 5.2bn in FY25 to INR 10.3bn in FY27E (41.2% CAGR), with EBITDA improving from INR 1.0bn to INR 2.7bn, supported by the recent acquisitions of Curve Games and Fusebox, alongside stable performance from existing IPs such as Kiddopia.

We expect esports segment to grow from INR 7.6bn to INR 13.6 bn (33% CAGR), with Nodwin Gaming growing at 42% CAGR and achieving EBITDA breakeven with a 2% margin (~INR 106mn EBITDA by FY27E) and Sportskeeda assumed to grow at steady 12% CAGR, with stable EBITDA margin at 32%. Nodwin was expected to improve its operating margins in FY25 post de-consolidation of the devices business. However, Freaks4U's integration resulted in losses widening in FY25. Also, outstanding loans given to the devices business (~INR 250mn) have been identified as potential defaults. Therefore, we think a turnaround in Freaks4U from cost rationalisation and overall profitability improvement in the India eSports vertical is key to watch.

We expect ad tech segment to grow at a 12.5% CAGR over FY25-27, supported by organic growth in Datawrkz coupled with acquisition of Space & Time driving growth in the segment with EBITDA margin at 5%

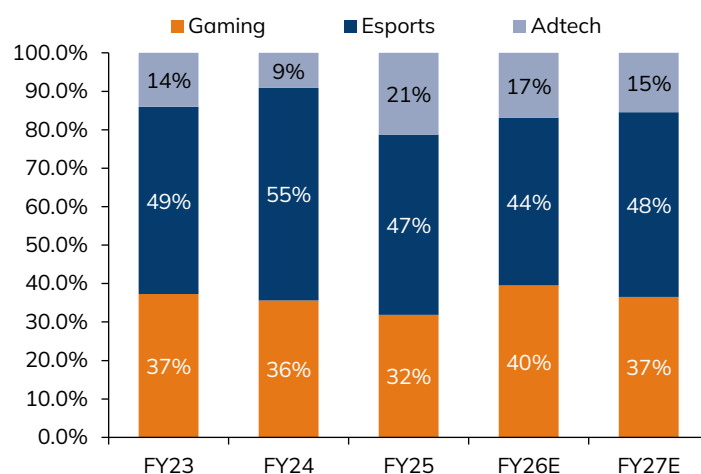
Moonshine is expected to deliver a 34% revenue CAGR over FY25–27E, and EBITDA to turn positive by FY27E, reaching ~2% margin driven by optimised marketing. However, we note the ongoing regulatory overhang in the real-money gaming segment.

**Exhibit 2: Revenue and EBITDA margin trend (INR bn)**



Source: I-Sec research, Company data

**Exhibit 3: Segment wise revenue contribution**



Source: I-Sec research, Company data



## Valuation

We value Nazara Technologies using a sum-of-the-parts (SOTP) approach to reflect the diverse nature of its portfolio, which includes both high-growth consumer-facing platforms and steady-state IP-driven gaming and media assets.

For high-growth segments like Pokerbaazi (Moonshine Technologies) and Nodwin Gaming, we use a DCF-based approach given their long runway for growth and cash flow potential. Other segments such as Fusebox, Sportskeeda, and Animal Jam are valued using a target EV/EBITDA multiple on FY27E earnings, reflecting more mature monetization profiles. The resulting valuations are adjusted for Nazara's ownership stake in each asset. Based on our analysis, we arrive at an overall target price of INR 1,500, with Moonshine and Nodwin contributing ~46.4% of the total value.

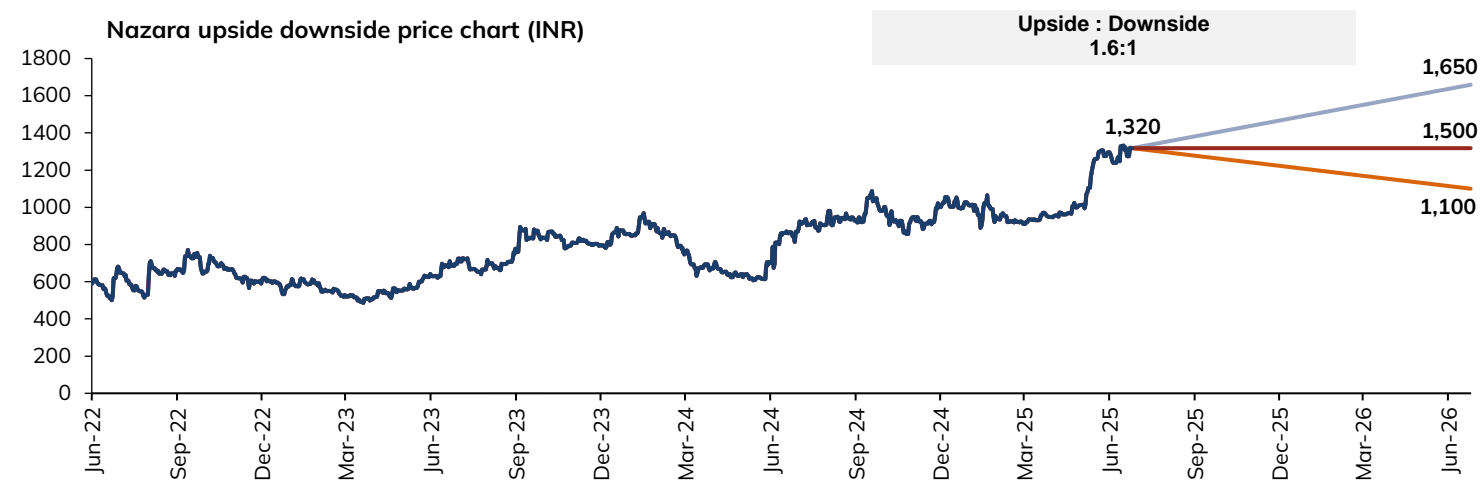
### Exhibit 4: SOTP

Segments valued using DCF (High growth businesses)	Valuation in USD mn	Implied EV/Sales (FY27E)	Nazara ownership	Nazara's stake value (INR mn)	Contribution to TP	INR per share
Pokerbaazi (Moonshine Technologies)	780	6.3	47.7%	32,003	26.7%	400
Nodwin gaming	500	4.1	55.0%	23,662	19.7%	296
Segments valued using EV/EBITDA multiple	Valuation in USD mn	Target EV/EBITDA (FY27E)	Nazara ownership	Nazara's stake value (INR mn)	Contribution to TP	INR per share
Curve games	181	15	100%	15,600	13.0%	195
Fusebox	167	20	100%	14,375	12.0%	180
Sportskeeda	185	18	91%	14,444	12.0%	180
Kiddopia	84	15	100%	7,182	6.0%	90
Animal Jam	70	20	100%	6,044	5.0%	76
Datawrkz	34	20	55%	1,587	1.3%	20
Others	16		100%	1,418	1.2%	18
Cash	43		100%	3,700	3.1%	46
<b>Overall</b>				<b>1,20,016</b>	<b>100.0%</b>	<b>1,500</b>

Source: I-Sec research, Company data

## Bull, base and bear – scenario analysis

Exhibit 5: Nazara upside downside price chart (INR)



Source: I-Sec research, Company data

**Bull case:** We expect Esports segment to grow at a 35% CAGR over FY25-27E with Nodwin Gaming growing at 45% CAGR, reaching EBITDA margin of 5% in FY27E. Moonshine Technologies sees regulatory clarity, enabling scale-up of its poker and rummy platforms with full-year monetization. We estimate Moonshine to deliver a 36% revenue CAGR over FY25-27E, and EBITDA to turn positive by FY26E, reaching ~5% margin in FY27E. We expect gaming portfolio (Animal Jam, Kiddopia) to outperform expectations. In this case we value the company with a TP of INR1,650.

**Base case:** We estimate Nazara's consolidated revenue to grow at a CAGR of 32% over FY25-27E, with an EBITDA CAGR of 56%, driven by a combination of organic growth and recent acquisitions. The gaming segment is expected to grow at a CAGR of 41% CAGR over FY25-27E, with EBITDA growing 64% supported by recent acquisitions of Curve Games and Fusebox, alongside stable performance from existing IPs such as Animal Jam and Kiddopia. In esports segment, we assume 33% revenue CAGR, led by Nodwin Gaming's 42% revenue CAGR, with EBITDA margin improvement to 2% by FY27E. We estimate Moonshine to deliver a 34% revenue CAGR over FY25-27E, and EBITDA to turn positive by FY27E, reaching ~2% margin driven by optimised marketing, while noting regulatory overhang in real-money gaming. In this case we value the company with a TP of INR 1,500.

**Bear case:** Nodwin Gaming fails to achieve profitability and continues to operate at negative EBITDA (-2%) due to elevated content costs and sponsorship delays. Esports segment to grow at a 27.5% CAGR over FY25-27E. Moonshine Technologies faces adverse regulatory action, which stalls monetization and results in minimal contribution. We expect gaming portfolio (Animal Jam, Kiddopia) to perform below expectations. In this case we value the company with a TP of INR 1,100.

Exhibit 6: Shareholding pattern

%	Jan'25	Mar'25	Jun'25
Promoters	8.8	8.8	8.3
Institutional investors	23.3	24.6	23.3
MFs and other	10.6	9.6	8.9
FIs/ Banks	1.1	2.0	0.9
FII's	11.6	13.0	13.5
Others	67.9	66.6	68.4

Source: Bloomberg, I-Sec research

Exhibit 7: Price chart



Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	11,383	16,239	23,521	28,309
<b>Operating Expenses</b>	<b>10,104</b>	<b>14,705</b>	<b>20,362</b>	<b>24,572</b>
EBITDA	1,279	1,535	3,160	3,737
<b>EBITDA Margin (%)</b>	<b>11.2</b>	<b>9.4</b>	<b>13.4</b>	<b>13.2</b>
Depreciation & Amortization	670	1,177	1,047	1,148
EBIT	326	358	2,113	2,589
Interest expenditure	68	99	101	101
Other Non-operating Income	796	915	417	506
Recurring PBT	1,055	856	2,429	2,995
<b>Profit / (Loss) from Associates</b>	<b>(20)</b>	<b>(77)</b>	-	-
<b>Less: Taxes</b>	<b>140</b>	<b>153</b>	<b>607</b>	<b>749</b>
PAT	915	702	1,821	2,246
Less: Minority Interest	182	(244)	(244)	(244)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	935	779	1,821	2,246
<b>Net Income (Adjusted)</b>	<b>713</b>	<b>869</b>	<b>2,065</b>	<b>2,490</b>

Source Company data, I-Sec research

### Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	16,727	12,133	16,930	22,453
of which cash & cash eqv.	12,097	4,582	5,990	9,342
Total Current Liabilities & Provisions	3,594	8,497	9,891	11,915
<b>Net Current Assets</b>	<b>13,132</b>	<b>3,636</b>	<b>7,040</b>	<b>10,539</b>
Investments	4,657	13,311	13,330	13,352
Net Fixed Assets	64	495	458	403
ROU Assets	168	735	754	690
Capital Work-in-Progress	-	139	-	-
Total Intangible Assets	5,850	16,080	15,458	14,697
Other assets	269	192	211	232
Deferred Tax Assets	141	423	423	423
<b>Total Assets</b>	<b>24,023</b>	<b>35,743</b>	<b>37,462</b>	<b>40,102</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>93</b>	<b>1,413</b>	<b>919</b>	<b>919</b>
<b>Deferred Tax Liability</b>	<b>347</b>	<b>1,088</b>	<b>1,088</b>	<b>1,088</b>
provisions	53	71	78	86
other Liabilities	-	22	24	26
Equity Share Capital	306	351	351	351
Reserves & Surplus	19,680	28,280	30,345	32,835
<b>Total Net Worth</b>	<b>19,986</b>	<b>28,631</b>	<b>30,696</b>	<b>33,186</b>
Minority Interest	3,360	3,743	3,743	3,743
<b>Total Liabilities</b>	<b>24,023</b>	<b>35,743</b>	<b>37,462</b>	<b>40,102</b>

Source Company data, I-Sec research

### Exhibit 10: Quarterly trend

(INR mn, year ending March)

	Jun-24	Sep-24	Dec-24	Mar-25
Net Sales	2,501	3,189	5,347	5,202
% growth (YOY)	(1.7)	7.3	66.9	95.4
EBITDA	249	252	523	510
Margin %	10.0	7.9	9.8	9.8
Other Income	256	253	219	187
Net Profit	236	162	262	158

Source Company data, I-Sec research

### Exhibit 11: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Operating Cashflow</b>	<b>908</b>	<b>655</b>	<b>791</b>	<b>3,074</b>
Working Capital Changes	(39)	(477)	(2,005)	(158)
Capital Commitments	(268)	(1,477)	(100)	(100)
<b>Free Cashflow</b>	<b>639</b>	<b>(822)</b>	<b>691</b>	<b>2,974</b>
<b>Other investing cashflow</b>	<b>(5,762)</b>	<b>(9,862)</b>	<b>417</b>	<b>506</b>
Cashflow from Investing Activities	(6,030)	(11,340)	317	406
Issue of Share Capital	9,220	8,651	-	-
Interest Cost	(47)	(59)	(101)	(101)
Inc (Dec) in Borrowings	383	(369)	(493)	-
Dividend paid	(34)	-	-	-
Others	(38)	(18)	925	-
Cash flow from Financing Activities	9,463	8,049	301	(129)
<b>Chg. in Cash &amp; Bank balance</b>	<b>4,249</b>	<b>(2,682)</b>	<b>1,409</b>	<b>3,352</b>
Closing cash & balance	5,670	2,988	4,397	7,749

Source Company data, I-Sec research

### Exhibit 12: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Per Share Data (INR)</b>				
Reported EPS	10.3	10.9	25.8	31.1
Adjusted EPS (Diluted)	10.3	10.9	25.8	31.1
Cash EPS	9.2	(10.3)	8.6	37.2
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	288.2	357.7	383.5	414.6
Dividend Payout (%)	-	-	-	-
<b>Growth (%)</b>				
Net Sales	4.3	42.7	44.8	20.4
EBITDA	0.2	0.2	1.1	0.2
EPS (INR)	0.6	0.1	1.4	0.2
<b>Valuation Ratios (x)</b>				
P/E	128.4	121.5	51.2	42.4
P/CEPS	143.2	(128.4)	152.8	35.5
P/BV	4.6	3.7	3.4	3.2
EV / EBITDA	60.4	65.5	31.2	25.5
P / Sales	8.0	6.5	4.5	3.7
Dividend Yield (%)	-	-	-	-
<b>Operating Ratios</b>				
Gross Profit Margins (%)	-	-	-	-
EBITDA Margins (%)	11.2	9.4	13.4	13.2
Effective Tax Rate (%)	13.3	17.9	25.0	25.0
Net Profit Margins (%)	8.0	4.3	7.7	7.9
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	-	-	-	-
Net Debt / EBITDA (x)	-	-	-	-
<b>Profitability Ratios</b>				
RoCE (%)	7.1	5.3	7.7	8.5
RoE (%)	4.6	3.6	7.0	7.8
RoC (%)	5.9	2.4	9.0	11.1
Fixed Asset Turnover (x)	166.5	46.6	43.1	65.8
Inventory Turnover Days	88	129	128	127
Receivables Days	396	121	110	132
Payables Days	38	79	79	73

Source Company data, I-Sec research

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