

# Nazara Technologies | HOLD

## Real Money Gaming likely to wind down

With '[Online Gaming Bill, 2025](#)' passed in Lok Sabha today, there seems to be a strong likelihood of the entire real money gaming industry in India shutting down permanently. The bill has introduced a formal definition of online money gaming and banned all formats involving monetary stakes, while expressly exempting esports and other non-monetary categories. However, the bill remains a draft until cleared by Rajya Sabha and approved by the President, leaving scope for amendments and changes in the enforcement design. While the bill is facing pushback from the industry and other stakeholders, Nazara remains largely insulated with the only impact being a complete writedown of its investment in Pokerbaazi. If passed, this could impact our Nazara valuation by c.20% (attributable to its stake in Pokerbaazi). In the interim, we maintain 'HOLD' on Nazara with Jun'26 TP of INR 1,370.

- **'Online Gaming Bill' passed in Lok Sabha:** Approved by the Union Cabinet earlier, the '[Promotion and Regulation of Online Gaming Bill, 2025](#)' was formally introduced in Lok Sabha on 20<sup>th</sup> August and subsequently passed. The government has framed the legislation as a decisive step to curb online gaming addiction, protect consumers from financial harm, and prevent money laundering as well as potential misuse for terror financing. More significantly, the bill provides a clear definition of 'online money game' as 'an online game, irrespective of whether such game is based on skill, chance, or both, played by a user by paying fees, depositing money or other stakes in expectation of winning which entails monetary and other enrichment in return for money or other stakes'. Esports and other non-monetary formats are specifically excluded, with the stated intent of encouraging competitive and educational gaming.
- **Regulatory authority and penalties:** The legislation sets up a new authority on 'Online Gaming', mandated to oversee licensing, classification, and enforcement. The powers of this body will include granting approvals, maintaining compliance checks, and ensuring grievance redressal mechanisms. Penalties under the law are significant: operators found offering money-games could face up to 3 years imprisonment or fines of up to INR 10mn, while advertisers face up to 2 years or INR 5mn. Repeat offenders will face even stricter measures. The bill also extends liability to intermediaries and financial institutions that enable payments for prohibited games, thereby broadening accountability across the ecosystem.
- **Nazara management expects no adverse impact on financials:** As per Nazara's [exchange filing](#), it has no operating exposure to RMG. The company stated that RMG contributed nil to both revenue and EBITDA in 1QFY26. Its only indirect exposure to RMG is through 46.07% minority stake in Moonshine Technologies Private Limited, the operator of PokerBaazi. Since the company does not hold majority stake/exercise control over Moonshine nor consolidate it, the impact on its financials remains minimal. Nazara has invested a total of INR 8,050mn in equity and INR 2,550mn in compulsory convertible shares. The management reiterated that it does not expect any material adverse impact on its financial performance from the proposed bill.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	11,416	16,239	23,014	26,515	29,810
Sales Growth (%)	4.6	42.2	41.7	15.2	12.4
EBITDA	1,312	1,535	2,990	3,525	4,425
EBITDA Margin (%)	11.5	9.4	13.0	13.3	14.8
Adjusted Net Profit	1,312	1,505	1,515	1,503	2,541
Diluted EPS (INR)	17.7	17.2	16.4	16.2	27.4
Diluted EPS Growth (%)	89.2	-3.0	-4.8	-0.8	69.0
ROIC (%)	7.3	2.5	5.7	7.5	11.5
ROE (%)	8.5	6.2	5.2	4.9	7.7
P/E (x)	79.1	81.5	85.6	86.3	51.0
P/B (x)	5.2	4.3	4.3	4.1	3.8
EV/EBITDA (x)	90.9	83.0	42.7	35.8	27.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 20/Aug/2025



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### Recommendation and Price Target

Current Reco.	HOLD
Previous Reco.	HOLD
Current Price Target (12M)	1,370
Upside/(Downside)	12.4%
Previous Price Target	1,370
Change	0.0%

### Key Data – NAZARA IN

Current Market Price	INR1,219
Market cap (bn)	INR112.9/US\$1.3
Free Float	92%
Shares in issue (mn)	92.6
Diluted share (mn)	92.6
3-mon avg daily val (mn)	INR1,342.0/US\$15.4
52-week range	1,453/835
Sensex/Nifty	81,858/25,051
INR/US\$	87.1

### Price Performance

%	1M	6M	12M
Absolute	-14.8	31.7	30.3
Relative*	-14.4	21.2	28.8

\* To the BSE Sensex

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- **Though likely to be finalised roughly in its current format, bill is still a 'draft':** While the bill has been cleared by Lok Sabha, it remains a draft law until it is passed by Rajya Sabha and receives presidential approval. This stage introduces its own set of uncertainties. The upper house could recommend amendments, including refinements in definitions, implementation timelines, or oversight provisions. Additionally, once enacted, much of the operational clarity, such as the structure and powers of the new authority, etc. will be notified through executive rules. Hence, while the direction of policy is clear, the finer outlines of regulation, enforcement, and compliance timelines remain subject to further deliberation and change.
- **Government's rationale and carve-outs:** The government's rationale for the legislation is based on public health and economic safeguards. The Centre has cited rising instances of financial distress and addiction linked to money-games, alongside risks of criminal misuse of gaming platforms. By explicitly carving out esports, educational, and social gaming as positive categories, the government aims to ensure that the country's digital entertainment ecosystem continues to evolve, while real-money gaming (RMG) formats are phased out. Esports bodies have welcomed this recognition, calling it a step towards formalising India's presence in the global competitive gaming landscape.
- **Industry scale and potential fallout:** [As per a media article](#), India's online RMG sector is valued at ~USD 25bn, generating INR 310bn+ in annual revenue and contributing close to INR 200bn in taxes. The industry supports 200,000 jobs across 400+ companies, while attracting nearly INR 250bn in foreign direct investment. Industry associations such as AIGF, EGF, and FIFS have warned that the bill could severely disrupt this ecosystem, trigger mass unemployment, wear down investor confidence, and push players toward offshore operators outside India's regulatory net.
- **Industry pushback:** Industry bodies have urged the home ministry to reconsider, warning of INR 200bn in potential annual tax losses and highlighting risks of job cuts and user migration to unsafe offshore platforms. Karnataka's IT Minister Priyank Kharge criticised the rollout as hasty and lacking consultation, cautioning that it could undermine billions in investment and India's digital talent pool. At the national level, Congress MP Shashi Tharoor stressed that prohibition often drives industries underground, strengthening illicit networks, and instead advocated a 'regulate and tax' approach, that safeguards consumers while sustaining economic growth. Collectively, these reactions highlight that the bill, in its current form, risks derailing both fiscal and innovation objectives, and is likely to face further debate and lobbying before being enacted.
- **Maintain HOLD with Jun'26 TP of INR 1,370:** While we wait for further certainty before making changes to our estimates/valuation, if the blanket ban is implemented, PokerBaazi could face significant headwinds or even a complete shutdown. Our SoTP-based valuation results in Jun'26 TP of INR 1,370 with the largest contribution coming from PokerBaazi of ~20%. Ex-of PokerBaazi, our TP would likely reduce to INR 1,100.

**Exhibit 1. SoTP-based valuation results in Jun'26 TP of INR 1,370**

Segment	Valuation Method	Multiple	Segment Value (Rs mn)	Nazara's share	Value ascribed to Nazara (Rs mn)
PokerBaazi	EV/Sales	6.0x	64,240	46.1%	30,649
Curve Games	EV/EBITDA	25.0x	28,917	100.0%	28,917
Freemium	EV/Sales	5.0x	24,556	100.0%	24,556
Gamified Early Learning	EV/EBITDA	20.0x	19,250	100.0%	19,250
Nodwin	EV/Sales	4.0x	24,015	55.0%	13,209
Outdoor Entertainment	EV/Sales	5.0x	7,188	100.0%	7,188
Sportskeeda	EV/EBITDA	15.0x	6,980	91.0%	6,354
Datawrkz	EV/EBITDA	12.0x	3,760	55.0%	2,068
<b>Total</b>			<b>178,906</b>		<b>132,190</b>
Less: Holdco Discount (at 20%)					10,456
Add: Net Cash and Cash Equivalent (FY26)					6,268
Equity Value					128,002
Shares O/S (mn)					94
<b>Per share value (Rs)</b>					<b>1,370</b>

Source: JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	11,416	16,239	23,014	26,515	29,810
Sales Growth	4.6%	42.2%	41.7%	15.2%	12.4%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>11,416</b>	<b>16,239</b>	<b>23,014</b>	<b>26,515</b>	<b>29,810</b>
Cost of Goods Sold/Op. Exp	0	0	0	0	0
Personnel Cost	0	0	0	0	0
Other Expenses	10,104	14,705	20,024	22,990	25,385
<b>EBITDA</b>	<b>1,312</b>	<b>1,535</b>	<b>2,990</b>	<b>3,525</b>	<b>4,425</b>
EBITDA Margin	11.5%	9.4%	13.0%	13.3%	14.8%
EBITDA Growth	19.6%	16.9%	94.8%	17.9%	25.5%
Depn. & Amort.	670	1,177	1,849	1,723	1,585
EBIT	642	358	1,141	1,802	2,840
Other Income	1,079	1,233	1,126	564	774
Finance Cost	68	99	193	174	188
PBT before Excep. & Forex	1,654	1,491	2,073	2,192	3,426
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	1,654	1,491	2,073	2,192	3,426
Taxes	140	153	287	527	890
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	162	-321	-519	-37	216
Reported Net Profit	1,312	1,505	1,515	1,503	2,541
<b>Adjusted Net Profit</b>	<b>1,312</b>	<b>1,505</b>	<b>1,515</b>	<b>1,503</b>	<b>2,541</b>
Net Margin	11.5%	9.3%	6.6%	5.7%	8.5%
Diluted Share Cap. (mn)	74.1	87.6	92.6	92.6	92.6
<b>Diluted EPS (INR)</b>	<b>17.7</b>	<b>17.2</b>	<b>16.4</b>	<b>16.2</b>	<b>27.4</b>
Diluted EPS Growth	89.2%	-3.0%	-4.8%	-0.8%	69.0%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	887	662	1,283	1,992	3,647
Depn. & Amort.	670	1,177	1,849	1,723	1,585
Net Interest Exp. / Inc. (-)	-331	-395	-933	-390	-586
Inc (-) / Dec in WCap.	-39	-477	54	112	211
Others	126	216	395	100	-110
Taxes Paid	-406	-528	-287	-527	-890
<b>Operating Cash Flow</b>	<b>908</b>	<b>655</b>	<b>2,362</b>	<b>3,010</b>	<b>3,856</b>
Capex	-268	-1,477	-448	-540	-540
Free Cash Flow	639	-822	1,914	2,470	3,316
Inc (-) / Dec in Investments	-4,920	-9,862	-2,500	-1,420	-1,020
Others	-842	0	0	0	0
<b>Investing Cash Flow</b>	<b>-6,030</b>	<b>-11,340</b>	<b>-2,948</b>	<b>-1,960</b>	<b>-1,560</b>
Inc / Dec (-) in Capital	9,182	8,633	-124	63	106
Dividend + Tax thereon	0	0	124	-63	-106
Inc / Dec (-) in Loans	-21	-157	-155	-148	-160
Others	302	-430	425	407	665
<b>Financing Cash Flow</b>	<b>9,463</b>	<b>8,047</b>	<b>271</b>	<b>259</b>	<b>506</b>
<b>Inc / Dec (-) in Cash</b>	<b>4,216</b>	<b>-2,638</b>	<b>-315</b>	<b>1,309</b>	<b>2,801</b>
Opening Cash Balance	1,421	5,670	2,989	2,673	3,983
Closing Cash Balance	5,670	2,989	2,673	3,983	6,784

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	19,986	28,631	30,146	31,649	34,189
Share Capital	306	351	351	351	351
Reserves & Surplus	19,680	28,280	29,795	31,298	33,839
Preference Share Capital	0	0	0	0	0
Minority Interest	3,360	3,743	3,619	3,681	3,787
Total Loans	0	0	0	0	0
Def. Tax Liab. / Assets (-)	187	852	852	852	852
<b>Total - Equity &amp; Liab.</b>	<b>23,532</b>	<b>33,226</b>	<b>34,617</b>	<b>36,182</b>	<b>38,829</b>
Net Fixed Assets	6,081	17,449	18,547	18,784	18,759
Gross Fixed Assets	360	2,535	1,007	1,047	1,087
Intangible Assets	5,850	16,219	17,692	17,915	17,880
Less: Depn. & Amort.	129	1,306	152	178	208
Capital WIP	0	0	0	0	0
Investments	8,669	13,035	13,035	13,035	13,035
Current Assets	12,784	13,698	13,566	15,775	19,400
Inventories	0	0	0	0	0
Sundry Debtors	2,749	5,760	4,981	5,557	6,084
Cash & Bank Balances	5,670	2,989	2,673	3,983	6,784
Loans & Advances	316	319	319	319	319
Other Current Assets	4,049	4,631	5,592	5,916	6,212
Current Liab. & Prov.	4,001	10,957	10,532	11,412	12,366
Current Liabilities	2,528	6,179	5,920	6,675	7,468
Provisions & Others	1,474	4,777	4,612	4,737	4,898
Net Current Assets	8,783	2,742	3,034	4,363	7,034
<b>Total - Assets</b>	<b>23,532</b>	<b>33,226</b>	<b>34,617</b>	<b>36,182</b>	<b>38,829</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	11.5%	9.3%	6.6%	5.7%	8.5%
Asset Turnover (x)	0.6	0.6	0.7	0.7	0.8
Leverage Factor (x)	1.2	1.2	1.2	1.2	1.2
RoE	8.5%	6.2%	5.2%	4.9%	7.7%

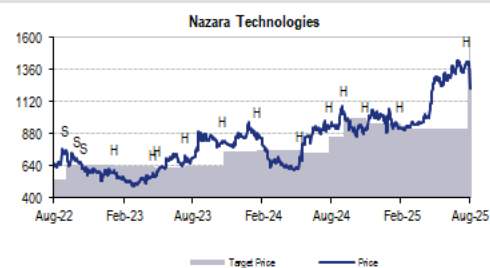
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	267.3	322.9	321.9	337.9	365.0
ROIC	7.3%	2.5%	5.7%	7.5%	11.5%
ROE	8.5%	6.2%	5.2%	4.9%	7.7%
Net Debt/Equity (x)	-0.7	-0.2	-0.2	-0.2	-0.3
P/E (x)	79.1	81.5	85.6	86.3	51.0
P/B (x)	5.2	4.3	4.3	4.1	3.8
EV/EBITDA (x)	90.9	83.0	42.7	35.8	27.9
EV/Sales (x)	10.4	7.8	5.5	4.8	4.1
Debtor days	88	129	79	77	75
Inventory days	0	0	0	0	0
Creditor days	87	136	92	88	88

Source: Company, JM Financial

## History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
22-Jun-22	Hold	535	
30-Jul-22	Hold	540	0.9
20-Sep-22	Sell	650	20.4
21-Oct-22	Sell	650	0.0
6-Nov-22	Sell	650	0.0
26-Jan-23	Hold	640	-1.5
10-May-23	Hold	630	-1.6
19-May-23	Hold	630	0.0
31-Jul-23	Hold	640	1.6
9-Nov-23	Hold	750	17.2
7-Feb-24	Hold	760	1.3
28-May-24	Hold	740	-2.6
15-Aug-24	Hold	860	16.2
23-Sep-24	Hold	1,000	16.3
18-Nov-24	Hold	960	-4.0
16-Feb-25	Hold	920	-4.2
13-Aug-25	Hold	1,370	48.9

## Recommendation History



## APPENDIX I

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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