

February 13, 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 February 07, 2024

Dear Sir/Madam,

In furtherance to our letter dated February 07, 2024 regarding the audio recording of the investors earnings call for the quarter ended December 31, 2023, 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.

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 Q3 and 9MFY24 Earnings Conference Call

07-Feb-24



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

MODERATOR: **MR. JINESH JOSHI – PRABHUDAS LILLADHER PRIVATE LIMITED**

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 7th February 2024 will prevail.

- **Moderator:**
 - Ladies and gentlemen, good day and welcome to Nazara Technologies Limited Q3 and 9MFY24 Earnings Conference Call hosted by Prabhudas Lilladher Private Limited. As a reminder, all participant lines 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. Jinesh Joshi from Prabhudas Lilladher. Thank you and over to you, Sir.
- **Mr. Jinesh Joshi - Prabhudas Lilladher:**
 - Yeah. Good morning, everyone. On behalf of Prabhudas Lilladher, I welcome you all to the 3Q and FY24 Earnings Call of Nazara Technologies. We have with the management represented by Mr. Nitish Mittersain - CEO & JMD and Mr. Rakesh Shah who's the Group CFO, Mr. Sudhir Kamath - COO and Anupriya Das who is the Head of Corporate Development. Majority of the questions today will be taken by Mr. Nitish, Sudhir and Anupriya.
 - I would now like to hand over the call to the management for opening remarks. Over to you, Nitish Sir.
- **Mr. Nitish Mittersain:**

Hi everyone. Good morning and a very warm welcome to all of you to Nazara Technologies Q3 and 9MFY24 Earnings Call. On this call, I'm joined by – Sudhir Kamath, our Chief Operating Officer; Rakesh Shah, Group CFO; Anupriya Sinha Das, our Head of Corporate Development and SGR, our IR Firm. We have uploaded our results presentation on the Exchanges. I hope all of you have had an opportunity to go through the same.

 - For this quarter, our Revenue stood at INR 320.4 crores and EBITA grew by 24% year-on-year to INR 37.7 crores. We saw healthy growth in 'Animal Jam' and 'Sportskeeda' resulting in our EBITDA increase by 24% year-on-year despite softer revenue growth on an overall basis due to some declines we have seen in our Ad Tech business as well as our Real Money Gaming business.
 - Our EBITDA marginally increased from 9.7% in Q3 FY23 to 11.8% in Q3 FY24 as we continue to push for higher margins in our business.
 - Our Esports segment witnessed a remarkable 79% EBITDA growth year-on-year. For 9MFY24 we've reported 9% year-on-year increase in revenues to INR 872.1 crores and

EBITDA for the same period increased by 20% to reach INR 98.7 crores. Our overall EBITDA margins for the first nine months have increased by 110 bps to 11.3% and our PAT has climbed 44% to INR 74.6 crores.

- Our approach of acquiring Global Gaming IPs and leveraging focused user acquisition along with data driven product innovation is starting to pay off for us as demonstrated by Animal Jam's performance in Q3. When we acquired the WildWorks business, we thought that we could make a good impact on it and with all the hard work that has been put in by our team in the last few quarters we're actually starting to see the results of the same. Now we are more confident that this playbook can be expanded and scaled up significantly and we will continue to try and replicate this in the coming quarters as well, potentially new game studio acquisitions.
- We have also completed our FY24 fundraising goal. We had set up as a target of INR 750 crores, we managed to secure INR 760 crores through a preferential placement to marquee investors like Mr. Nikil Kamath, SBI Mutual Fund and ICICI Prudential Mutual Fund. With significant cash reserves today, we are in an excellent position to pursue the exciting acquisition opportunities our team has identified. They have been working diligently for the last year on putting together many opportunities and we hope to take some of these to their natural conclusion in the coming quarters.
- Our Nazara Publishing division has hit the ground running with its inaugural set of games going LIVE soon. I think as a leading Indian company and also we are very focused on Make-in-India and for India we are supporting a lot of Indian developers with this new initiative and we hope to build a large user network through our Nazara Publishing platform.
- Finally, this March we're proud to lead the Indian Delegation at GDC San Francisco. This is the world's largest gaming conference and we are cohosting the first ever "India pavillion" marking a significant milestone for us and the Indian Gaming Community, which we believe is the time for them to shine.
- I would now like to hand over the call to Anupriya who will give highlights of performance in this quarter. Thereafter, we will be happy to answer all your questions. Thank you very much.

- **Ms. Anupriya Sinha Das:**

- Thank you, Nitish. Good morning, everyone. As you're all aware, Nazara operates across three business segments - Gaming, Esports and Ad Tech. We continue to be well diversified across demographic geography and business models. Gaming contributed to 36% revenues and 56% EBITDA in the 9M ending December'24. During the same period esports contributed to 55% in revenues and 38% in EBITDA while Ad Tech contributed the rest.
- Gaming includes Gamified Early Learning, Skill-Based Real Money Gaming, Premium and Telco sub segments. This segment grew by 7% in 9MFY24. EBITDA grew by 27% year-on-year in 9MFY24 and was down by 3% in Q3FY24 compared to Q3FY23. The EBITDA margins for this business is at 20.6% in 9MFY24 versus 17.3% in 9MFY23 and stood at 16.4% in Q3FY24.
- Within gaming, in Kiddopia the revenues for 9M stood at 168.6 crores compared to 162.9 crores in 9MFY23. For the quarter gone by, the revenue stood at INR 54.7 crores versus INR 57.1 crores in Q3 FY23. EBITDA for 9M grew by 77% to INR 44.4 crores from 25.2 crores in 9MFY23. EBITDA margin increased substantially to 26.3% from 15.4% in 9MFY23. For Q3FY24, the EBITDA margin increased to 28.2% compared to 11.7% in Q3FY23. Due to an increase in user acquisition costs and lower marketing spends, we experienced a higher rate of subscribers decline in this quarter. However, due to control on the CPT, we delivered higher EBITDA margin of 28.2% in Q3FY24. We made a hard switch between our preferred user acquisition channels in December'23 to improve performance in the coming quarters. ARPU saw an increase of around 3% quarter-on-quarter in Q3FY24. We are working on alternate growth opportunities, for example IP licensing, which can breakthrough the current user acquisition logjam
- Moving to Animal Jam. Animal Jam delivered its highest quarterly revenue and EBITDA numbers since Nazara acquired it. Revenue and EBITDA for the quarters increased to INR 26.8 crores and INR 6 crores, respectively. EBITDA margin for the quarter stood at 22.2%. The growth was driven by a very successful set of in-app events across the quarter culminating in a 'Wishing well' event that was very enthusiastically received by our community of young gamers. In addition to ongoing performance marketing, Animal Jam also started experimenting with other user acquisition methods including a campaign on Tik Tok with many influencers coinciding with the holiday season. More broadly, Animal Jam growth over the year was driven by product developed and a better UA driven by deeper analytics. The success of Animal Jam gives confidence to us for deploying a similar playbook with other popular Global Gaming IPs.
- Moving to World Cricket Championship, revenue for the WCC franchises stood at INR 18 crores with EBITDA of INR 4.3 crores in 9MFY24. The EBITDA margin for the business stood at 23.7%. As we shared in Q2, Nextwave is reinventing the WCC franchise to position it for growth and help it break out of its current scale. The initial set

of actions have been taken over Q2 and Q3 including a revamp of Nextwave's Ad monetization, live ops, brand sales and user acquisition operations. Product related changes will continue through Q4. This includes changes to the existing games, WCC2 and WCC3 as well as a new game to be launched in Q1FY25.

- Moving to OpenPlay, this segment's revenue and EBITDA stood at INR 32.9 crores and INR 0.8 crores effectively 9MFY24 compared to 43.6 crores and INR 8.5 crores in 9MFY23 respectively. In July'2023, a 28% tax on entry fees for Skill-Based Real Money Gaming was implemented effective from 1st October'23. The impact of increased GST cost has largely been absorbed by all industry players including Classic Rummy. While player deposits are inclusive of 28% GST paid to the government, the player still gets the full amount via a loyalty promotion bonus which can be used in the game. Post GST implementation, Classic Rummy recorded an EBITDA loss in Q3FY24 while Gross Revenue before netting loyalty promotion bonus is steady i.e. player activity has not reduced. However, Net Revenue is lower due to higher loyalty promotion expense. The added GST cost led to an EBITDA loss in Q3FY24. With clear GST policy guidelines Nazara will actively seek consolidation opportunities in the sector.
- Our esports segment grew by 24% year-on-year in 9MFY24 and 27% year-on-year in Q3FY24. While EBITDA grew by much faster by 44% in 9MFY24 and 79% in Q3FY24.
- Moving to Nodwin, the revenue for the quarter increased by 20% to INR 133.9 and grew by 17% year-on-year in 9MFY24 to INR 327.9. EBITDA was at INR -5.8 crores in 9MFY24 and INR -2.2 crores in Q3FY4. These numbers include Publishme which was acquired by Nodwin in October'23. The EBITDA loss during Q3FY24 is attributed to the gaming accessory business Brandscale Innovations which houses the brand Wings. To support upcoming product launches and expand into new markets including laptops, Brandscale requires a substantial injection of fresh capital for marketing and branding efforts. Nodwin has chosen to forego further investment and relinquish control enabling Brandscale to seek growth capital from new investors. Nodwin's shareholding remains unchanged but Brandscale will be treated as an associate in the consolidated financial reporting from February 3rd, 2024. Large media rights have been pushed out going to consolidation in the Media, TV and OTT industry. However, Nodwin has been able to secure independent media rights for individual property. Each of these independent media rights are higher than previous years. Revenue per partner has increased from INR 1.63 crores per revenue partner in 9MFY23 to 2.71 crores per revenue partner in 9MFY24. I would also like to highlight that these three acquisitions made by Nodwin, which are propelling the expansion of product offering and market presence.
- In October'23, Nodwin acquired 100% stake in Gaming Marketing Agency Publishme for a sum of \$2 million from its existing shareholder Nazara and Ozgur Ozalp. This acquisition will provide the essential tailwinds for Nodwin Gaming to drive its mission of leading the emerging markets market sports media landscape. In December'23, Nodwin invested INR 33 crores in Freaks 4U Gaming, a marketing services company for Gaming

and esports, delivering its services across the world, especially in the PC games in developed markets. In January'24, Nodwin Gaming has announced acquisition of 100% stake in Comic Con India through a cash and stock deal valued at INR 55 crores. Nodwin not only looks to diversify its youth portfolio but to also expand presence in global entertainment space. Nodwin remains committed to its vision of becoming one of the top three esports companies globally. The growth trajectory will be sustained through both organic expansion and strategic M & A aimed at enhancing capabilities in emerging and developed markets.

- Sportskeeda continues to have a stellar performance. We have reported a robust year-on-year revenue growth of 57% to INR 147.0 crores in 9MFY24 and 68% in Q3FY24 to INR 59.8 crores. EBITDA for the business improved to INR 51.8 crores in 9MFY23 (9MFY24), a growth of 67% year-on-year, whereas for Q3FY24 increased to 26.7 crores, which is a growth of 97% year-on-year. EBITDA margin for the business improve to 35.2% in 9MFY24 from 33% in 9MFY23. Though Sportskeeda continues to grow its revenue and EBITDA, in Q3FY24 its subsidiary Pro Football Network, a business we acquired in March'23, also reported a healthy margin bolstered by the ongoing NFL season. Both Sportskeeda and PFN continue to grow in the U.S. Sports Media market where Sportskeeda is ranked Number 6 in the sports domain in the U.S. and PFN is ranked Number 3 in the American Football Domain in the U.S. in December'23 as per similar web.
- Moving to Ad-Tech, our third segment. Over the past few years we have shifted focus from low margin work to securing high margin business clients. This strategic pivot resulted in a year-on-year revenue drop to INR 76.3 crores in 9MFY24 from INR 114.2 in 9MFY23. Despite this, our Gross Margin percentage saw a significant increase from 19% to 27% indicating an effectiveness of our strategy. Although our Gross Margins have improved, Datawrkz EBITDA fell to INR 6.6 crores in 9MFY24 from INR 10.8 in 9MFY23. This decrease reflects our heightened investment in sales and marketing including team overheads and commercial events. These investments, particularly during Q3FY24, has significantly enhanced our sales pipeline leading to improved conversion rate and establishment of crucial partnership.
- With this, I will close my remarks here and I'd like to open the call for Q&A. I request Nitish, Sudhir and Rakesh Shah to join me for the Q&A.
- **Mr. Nitish Mittersain:**
 - Thank you, Anupriya, for that. I'm going to actually ask our Chief Operating Officer, Sudhir Kamath, and Anupriya to step up to answer the questions today and I also would jump in where required. So, let's get started.
- **Moderator:**

- Thank you very much. We will now begin the Question & Answer session. Anyone who wishes to ask a question may press * and 1 on their Touchtone telephone. If you wish to remove yourself from question queue, you may press * and 2. Participants are requested to use handset while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.
- The first question is from the line of Nitin Jain from Fairview Investment Private Limited. Please, go ahead.
- **Mr. Nitin Jain - Fairview Investment Private Limited:**
- Yeah. Thank you for the opportunity and congratulations on the good execution in Esports and Animal Jam. So, I wanted to dwell a bit on the Kiddopia business. So, despite all your efforts the subscriber growth it's not picking up as expected, so what do you think would be the reason behind that? Like is it the product or is it the cohort that we are addressing in terms of their propensity to spend? Or let me put it this way, like are there any learnings from Animal Jam that we could replicate here?
- **Mr. Nitish Mittersain:**
- Sudhir, let me take this one. So, I think for Kiddopia, right, the challenge is not at all on the product or the consumer behavior or the penetration of the market. I think it's a very simple challenge of being able to acquire users effectively at the cost that we are willing to pay. So, I think, that is where the challenge we have faced. In this year, we have tried a lot with the main Ad network but with these Q3 numbers also we're not able to achieve success.
- So, two things we are doing. We are moving or we've actually moved as of December into some other ad networks which we are hopefully will be more effective for us and the team is working on that. But I think we also need to move beyond linear user acquisition into other ways of acquiring users. One thing we are quite excited about is, licensing Popular IP. So, today if you see Kiddopia or Animal Jam, both these games are 100% original IP games but we have seen that many companies in this space and the kids space globally are doing much better when they are licensing Popular IP of well-known characters from companies like Hasbro or a Mattel or a Disney and a lot of these companies we have spoken to and they're very keen to work with us because our quality of product is well proven. So, we are hoping to execute some of the opportunities in the coming one or two quarters. That will allow us to boost user acquisition through organic needs and not just through paid UI. So, I think, that could be a potential game changer for us, which we are very actively working on.
- Yeah, I hope that answers your question.
- **Mr. Nitin Jain - Fairview Investment Private Limited:**

- Yeah, that's good. And just to continue on the Kiddopia bit, so there was a plan to roll it out to other geographies. So, what would be the status of that project?

- **Mr. Nitish Mittersain:**

- So, we have at this point of time continue to focus a lot on getting the core business stable. Look, I think, North American market has capacity for a user base to double. So, we need to get that right before we focus elsewhere. We do have experiments running in markets like Japan, we have seen some success but we really haven't doubled down because we want to solve the core problem.

- **Mr. Nitin Jain - Fairview Investment Private Limited:**

- Okay, thank you and all the best.

- **Moderator:**

- Thank you. A reminder to all participants, you may press * and 1 to ask question.
- Next question is from the line of Manan Palodia from MKP Securities. Please, go ahead.

- **Mr. Manan Palodia - MKP Securities:**

- Hello. Hi, good morning. Am I audible?

- **Mr. Nitish Mittersain:**

- Yes, Manan.

- **Mr. Manan Palodia - MKP Securities:**

- Yes. First of all, congratulations on posting a stellar set. Firstly, my question is also on the Kiddopia bit. I just wanted to understand, this bleak that we're seeing in terms of subscriber degrowth, etcetera and I understand you've made a hardship from an acquiring platform, can you give me some color on why the churn has happened? I understand the new user acquisition being an issue but the churn rate I'm not really sure. So, what's the situation there?

- **Mr. Nitish Mittersain:**

- Sudhir.

- **Mr. Sudhir Kamath:**

- You want to take this?

- **Mr. Nitish Mittersain:**

- Yeah, I'll take it. I'll take it. So, you know, what happens is that when our spends are running well, we acquire new users but the existing users who have elapsed also get reactivated. So, when you see a churn number, you see a net churn number which includes activation and reactivation because our overall spends in this quarter have gone down significantly. The reactivations have dropped, which is why you are seeing a little higher net churn.

- **Mr. Manan Palodia - MKP Securities:**

- Correct, I understand that. My second question is on the Wings acquisition that we made a while back and last quarter also I'd spoken to you and I asked you about the purchase of stock and trade line item and we had purchased some, I think, 64-65 crores worth of equipment for the Wings platform and we were supposed to sell it in the festive season, etcetera. Can you give us an update about the performance of how that went?

- **Mr. Nitish Mittersain:**

- Okay. So, I'll just repeat my answer. So, Diwali was reasonable for us and our inventory levels have come down but (inaudible 22.16-22.22). One is, there are seeing a lot of opportunity and initial success in areas such as laptop (inaudible 22.30-22.31) and we just felt that this was going a bit more away from where the core business is. (inaudible 22.41)...

- **Moderator:**

- Nitish Sir, we're still not able to hear you.

- **Mr. Sudhir Kamath:**

- Nitish, I think let me just step in on this one. Manan, so I just want to put that again. I'm not sure if you could hear Nitish clearly. Wings, there are two things. I think one is, your question was around inventory. Inventory levels have come down over the festive season. Overall, it went very well for them and especially laptops as a category, which they had launched, went very well.

- However, for us the bigger question with Wings has been so directionally, I mean, the growth for them is in segments which are away from the core Esports (inaudible 23.17) which we had entered. So, laptops, for example, is not really connected to the esports

business and that's more of a generalist use case. So, that's probably what you also see in an announcement which was put out 2-3 days back where Nodwin has decided not to take up its option to take majority control of that business.

- Does that answer the question?
- **Mr. Manan Palodia - MKP Securities:**

- Yeah-yeah, I think it does. Thank you for answering that question. My last question is with regards to the Sportskeeda and Nodwin numbers. From what I understand that this was a seasonally strong quarter, especially for Nodwin as well as Sportskeeda, due to the PFN thing. I just wanted to understand how should we look at numbers going forward? Like is this something that would seasonally be weak or strong? Or from here do we see bluer skies going forward?

- **Mr. Sudhir Kamath:**
- No, I think, in general if you look at the last few quarters as well, Sportskeeda has consistently done well in all the quarters and we expect this to very much continue. That said, there is seasonality in the business. So, Q4 might be lower than Q3 but Q4 will definitely be much better than Q4 of the previous year. So, growth is definitely there.
- For Nodwin as well, I think, the long term trend is clearly high and continues to upward looking and good.

- **Mr. Manan Palodia - MKP Securities:**
- Right. Understood. Thank you. Thank you so much, guys, for answering my questions.

- **Moderator:**
- Thank you. A reminder to all participants, you may press * and 1 to ask question.
- Next question is from the line of Raj Joshi from Ace Securities. Please, go ahead.

- **Mr. Raj Joshi - Ace Securities:**
- Thank you, Sir, for the opportunity. Sir, I have a couple of questions. Our Ad Tech business is still facing challenges, how do we look at growing this business?
- **Mr. Sudhir Kamath:**

Thanks for that question, Raj. I think, as we have said in the previous con call as well, we see this business as leading a more fundamental shift away from some of their low

margin businesses which were there earlier to a slightly higher margin businesses on the services side as well as on some of their product businesses. That switch takes time. It's the fundamental reset of the DNA of the company, the organization structure, etcetera. So, what you would have seen in the last quarter as well as in this quarter is there's overall revenue degrowth but most of that degrowth is on the lower margin businesses which we are moving away from. So, at the gross contribution level the percentages have improved quite dramatically on a quarter-on-quarter basis. Gross margin on product from 20% to 31%. Post Gross Margin, we then look at the investments that we make into the marketing team and marketing event and that has resulted in the that is what we expect to actually drive the growth of this business in the coming quarter as well and we think that we are on track with that part and the team will execute it as per the plan.

- **Mr. Raj Joshi – Ace Securities:**
 - And my other question is, how do you look at the organic growth for FY25?
- **Mr. Sudhir Kamath:**
 - For Adtech business or Nazara Group?
- **Mr. Raj Joshi – Ace Securities:**
 - For both.
- **Mr. Sudhir Kamath:**
 - From the Adtech business side as well, I think a lot of investment has gone in this year into the marketing team and events there has started delivering in terms of new clients. And that too was a great contest time for significant and became a more fruitful Adtech as you saw but next year growth to come from that business. On the product business, that has started delivering good results. It's still early days for that business but initial set of clients, that have started increasing and there's high stickiness of those clients. All that has been quite positive, we see that very positively for the coming years. Overall, at Nazara, I think organic growth will be strong across the board is what we feel. As Nitish said in his opening remarks, we are sitting on a lot of capital which will be deployed towards M&A. So, we do expect both organic and organic growth in the coming years.
- **Mr. Raj Joshi – Ace Securities:**
 - Thank you Sir, that's it from my end.
- **Moderator:**

- Thank you. Next question is from the line of Rahul Jain from Dolat Capital. Please go ahead.
- **Mr. Rahul Jain – Dolat Capital:**
- Hi! Hope I am audible.
- **Mr. Sudhir Kamath:**
- Yes Rahul
- **Mr. Rahul Jain – Dolat Capital:**
- I have a few questions. Firstly, on Animal Jam I have seen, we have seen improving growth out here. What is the right benchmark given where you are at the stage in terms of monetizing it? Can we see a 15-20% kind of a growth potential here on or we still would have to monitor in a non-seasonal quarter to understand what kind of a growth it can?
- **Mr. Sudhir Kamath:**
- In Animal Jam, a lot of effort in the last year was around fixing the processes and structure of how they were doing analytics, how they were doing user acquisition, what puts monetization in play. A lot of those things are in place and in December, they delivered one of the best ever events in the game which they called “wishing well”. Now all of these basics are now in place and they are beginning to see good scale-up now in terms of user base as well as monetization. We do expect that therefore this, you said 10% to 15% growth, that kind of growth should be deliverable in all the quarters on a year-on-year basis. But we would like to wait for at least one more quarter to see how it performs in a non-seasonal quarter as well. Then we can give more confidence on that. But directionally I think we are there now.
- **Mr. Rahul Jain – Dolat Capital:**
- Got it. On the Nodwin business, you have mentioned that brand scale side where we basically would be safe to assume that we would see improvement in EBITDA margins starting Q4 since it could not be consolidated and what will be the stake for us over time as you have also highlighted that they may be raising more money in that or we will be retaining our stake or we may also see dilution over time?
- **Mr. Sudhir Kamath:**
- In terms of impact of EBITDA, I think it definitely will be possible, will be positive starting from 10 to 20, in that territory. We have not broken up like that numbers of

revenue and EBITDA at this point so we cannot share the details but it will be a positive impact on profitability for Nodwin. Can you please repeat the 2nd question?

- **Mr. Rahul Jain – Dolat Capital:**
 - 2nd part was that, we have mentioned that the reason we have done this is they have some different plans now or expanded plans and they may need more capital so which would mean that we may get diluted over time or we would also participate in subsequent round out there?
- **Mr. Sudhir Kamath:**
 - I think those calls we will take as and when. The call we have taken is that, we have not retaining the right to majority or the right to appoint the majority of the directors partly. That right we have given up. Nodwin is currently at about 40% of brand scale. It will become an associate for us. We can let it dilute as well but we could continue to invest as well. So, options are open and it depends on the Company on the decision the company takes, how much capital it needs, which other investors are.
- **Mr. Rahul Jain – Dolat Capital:**
 - Got it. On the real money gaming business, what is the right roadmap to look at in this business here on and also any inputs you could share on the potential risk from GST liabilities that we saw on media for at least some of our peers. So what are the forwarded status for us and potential output?
- **Mr. Nitish Mittersain:**
 - I will step in here. Is my voice clear?
- **Mr. Rahul Jain – Dolat Capital:**
 - Yes, I can hear you Nitish.
- **Mr. Nitish Mittersain:**
 - Ya, ok. 2 aspects on the RMG side. One is stabilizing our own business and we have seen some positive traction there but we need another quarter there to get that done. In terms of M&A, we are talking to a few people and seeing what opportunities for us to potentially consolidate in the market. And 3rd in terms of GST liability as you know, the industry, it's been a large industry issue where there have been notices sent for tens and thousands of crores to RMG companies. We have 2 RMG companies – Openplay and Halaplay. We did get summons for both of them and we had supplied relevant information. If there is any further development, we will share with the market at the

appropriate time but it is important to remember that the scale of our business in RMG is much smaller than many of the people who are sitting on very large claims. Overall we think that hopefully over a period of this year, we are quite hopeful that these retrospective (inaudible 33.27) will follow up, the courts will take the right view over it but that's the right status.

- **Mr. Rahul Jain – Dolat Capital:**
 - Got it. One question on the Telco business. We have seen some increase in losses here. Is it pertaining to some increase in corporate level expenses or is it more to do with the initiative towards Nazara Publishing?
- **Mr. Nitish Mittersain:**
 - Ya, it is not specifically to do with the telco business but some of the expenses have moved within that. I think it's more one-off expenses that you are seeing showing some losses there.
- **Mr. Rahul Jain – Dolat Capital:**
 - Got it. That's all from my side.
- **Mr. Nitish Mittersain – CEO & JMD, Nazara Technologies Limited:**
 - Thank you.
- **Moderator:**
 - Thank you. A reminder to all participants, you press star and 1 to ask question. The next question is from the line of Rohit Mehra from SK Securities. Please go ahead.
- **Mr. Rohit Mehra – S.K. Securities:**
 - Ya, thank you for the opportunity. The 1st question from my side is Q3 for Nazara is expected to be better in terms of quarter and number of events as well. What has led to the lower growth in media and revenue and content view?
- **Mr. Sudhir Kamath:**
 - I think the 1st point as everyone knows BGMI is now back and (inaudible 34.54-34.57) we have expected media (inaudible 34.59-35.02). However, there is a lot of churn as you know in the overall media sector as well with the Zee and Sony and Star etc. which are going. What it seems is there is a little bit of reluctance to look at very large scale across the board kind of media deal. The problem that we must focus on in this quarter is more

individuals, smaller deals property. Growths have been happening in better terms than the previous year. The bigger kind of media transaction is not yet happening. We do expect it in the next few quarters.

- **Mr. Rohit Mehra – S.K. Securities:**

- Got it, ok. And my next question is, we have good cash in hand. How do you look at deploying the same? Which areas are we focusing on?

- **Mr. Sudhir Kamath:**

- I think we have a very clear laid out strategy which is look at business having growth potential and where we see a very clear cash flow and growth both. We are looking businesses across all three of our segments. So, you already would have seen some announcements coming in from Nodwin over the last few days and on both gaming as well as Adtech, there are multiple opportunities we are looking at over the last few months. And Nitish said, we do hope to get them to the logical conclusion in the coming quarter, but the pipeline is very good this quarter as well.

- **Mr. Rohit Mehra – S.K. Securities:**

- Ok. And how should we look at the growth in WCC over the longer term because it has been a fairly narrow range. Obviously, the monetization has not been that positive as of now. Can you share some views?

- **Mr. Sudhir Kamath:**

- I think on the WCC as well, these are historic business around WCC 2 and WCC 3 (inaudible 36.56-36.58). And those have been value center range bound. I think the longer-term plan if you look at, there is a significant reset of those games as well as new games that gets launched by the studio and the last couple of quarters. And the last couple of quarters and this quarter as well, there are more product development changes. We do expect next year to be a significant growth year but but I think we should look at that in Q1 or Q2 of next year once we actually have results to talk about.

- **Mr. Rohit Mehra – S.K. Securities:**

- Ok, that answers my question. That's it from my side. Thank you and all the best.

- **Moderator:**

- Thank you. A reminder to all participants, you may press star and 1 to ask questions. the next question is from the line of Manan Puladia from MKP Securities. Please go ahead.

- **Mr. Manan Puladia – MKP Securities:**

- Hello, hi! Am I audible?

- **Management:**

- Yes.

- **Mr. Manan Puladia – MKP Securities:**

- So my 1st question is, on the Nodwin side, I am not sure if we are used to earlier but if I could please know the break-up for the content views quarter by quarter for this year?

- **Mr. Sudhir Kamath:**

- We don't have the numbers off hand but we will get it across to you after the call. We do have it broken out at each of our quarterly presentation. You could just look it up.

- **Mr. Manan Puladia – MKP Securities:**

- Ok, I will look that up afterwards. My 2nd question is with regards to, there is a statement that you put on slide no.26 where you said these large media brand deals have been postponed due to consolidation in TV and OTT. And the revenue is also some 50cr. vs. 68 for year-on-year. If you can say how we can see this in the next 6-9 months going forward with respect to the large deals that you have spoken about?

- **Management:**

- Yes. I think in the previous year there was a large deal for example with Star TV which was not specific to one event was but also pulled in (inaudible 39.14-39.18) put it together. So, those kind of deals are not yet started happening again. So far, we are still looking at more deals which are individual event and their media rights (inaudible 39.28-39.29). We expect to go back to the larger deals in the coming quarters but we cannot say about these deals will happen in this quarter or next quarter.

- **Mr. Manan Puladia – MKP Securities:**

- I understand that. As far as IPs go, we are pushing from what I understand, more IP this year than they did last year. Right?

- **Management:**

- Absolutely, yes.

- **Mr. Manan Puladia – MKP Securities:**
 - Ok, perfect, thank you.
- **Ms. Anupriya Sinha Das:**
 - If I can just add there, sequentially what we have seen is that revenue from a particular IP has been growing, if you see the revenue per partner which is an indicative for all media rights and brand sponsorship partner so the revenue per partner has steadily increased. So that is a good positive for us.
- **Mr. Manan Puladia – MKP Securities:**
 - There is a follow-up – I just wanted to understand what sort of traction are we seeing on the sponsor end and the media? Is there more excitement about esports per se or is there more interest in partnering with you guys to do IPs or either sponsor your IPs?
- **Ms. Anupriya Sinha Das:**
 - We continue to see increased interest. An indication from that as I mentioned about the revenue per partner is increasing. So while we don't share IP wise trajectory, we have seen a sequential increase.
- **Mr. Manan Puladia – MKP Securities:**
 - Just one last question – there has been many competitors that have come up for Nodwin like Skysports or somebody else or Villager esports etc. They have been taking some smaller IPs from the publisher that is invested in us, that is Krafton, right. They still have been getting some of the smaller IPs that are publisher backed. I am just curious what the industry structure should look like and how we should think about it? Are we going to get most of the bigger IPs and the smaller IPs will keep on going to these smaller players?
- **Ms. Anupriya Sinha Das:**
 - Sudhir, do you want to take it or should I take it?
- **Management:**
 - Go ahead.
- **Ms. Anupriya Sinha Das:**
 - Ok. At Nodwin, our effort is to create IPs across the levels. Right? Grass root, national international and give people that opportunity to create heroes and become larger

international part while creating those grass root level IPs and efforts will be on that trajectory and historically we have also done that. In terms of the mix of revenues, white labels and other IPs, white labels predominantly IPs provides us with good margin support but at the same time our efforts go on increasing our own IP in that sense which gives us nonlinearity in revenues and EBITDA to come. So the efforts will be on both sides – building the grass root level IP which proliferates esports in the country and at the same time grow international IPs as well.

- **Mr. Manan Puladia – MKP Securities:**

- Ok, I understand that. Thank you Anupriya. Thank you Sudhir. Bye.

- **Mr. Sudhir Kamath:**

- I will just add a little here. I know there's a question on a row, but I think there's a bunch of IPs like many of these are bigger IPs like College Rivals. Many of these are the bigger IPs in this space and we continue to focus on those as well as adding on new IPs. We also saw the announcement around Comic Con India which is again a very well known property and Nodwin coming in coming into the pop-culture space.

- **Ms. Anupriya Sinha Das:**

- And we continue to be the market leader by disproportionate basis in India and other markets.

- **Moderator:**

- Thank you. A reminder to all participants, you press star and 1 to ask question. The next question is from the line of Raj Joshi from Ace Securities. Please go ahead.

- **Mr. Raj Joshi – Ace Securities:**

- Thank you Sir again for the opportunity. Sir, I would like to understand what is the scaling opportunity of the recent acquisition done by Nodwin?

- **Management:**

- I think each of the properties that you must have seen in the recent past have a lot of potential. Nodwin has a focus there on taking well known IPs and then growing further. In the last, if I take a slightly broader view over the last year, it started with Singapore one which was branded which actually started showing growth already. Then there is PublishMe which covers of middle east. There is Comic Con which happened this year and Freaks 4U which is more western facing and also gets into PC gaming.

- Now all of these are going to bring different growth levers for us. They all have strong legacy of many years. They all have strong customers and I think what Nodwin will be able to do is to grow and leverage in other markets or for example bringing in branding partners or customers who may be present in one geography and are looking for other geographies and they can actually leverage them with other properties in those geographies as well as capabilities. So, it is a So it is a fairly strong growth play that Nodwin is making here, and will continue to do so.

- **Mr. Raj Joshi – A Securities:**

- Thank you Sir.

- **Moderator:**

- Thank you. A reminder to all participants, you press star and 1 to ask question. The next question is from the line of Jinesh Joshi. Please go ahead.

- **Mr. Jinesh Joshi – Participant:**

- I have a question on our classic rummy business. I think we absorbed the GST impact in this quarter and hence our EBITDA was into the negative territory and now if I remember right, in the last earnings call we had mentioned that perhaps we may be able to achieve breakeven in 42. But my question is, despite absorbing the GST impact, we had seen the revenues fall by about more than 50%. If we are planning to achieve a breakeven in the next quarter, do we plan to pass off the GST impact and in that case, what will be the consequent impact on revenue. And also a related question is that, we are looking at consolidation opportunities in this sector although the policy guidelines are quite clear right now but given the impact on revenue and profitability which we are seeing, I mean what exactly are we looking out in terms of big opportunities in this space is what I want to understand?

- **Mr. Nitish Mittensain:**

- I am going to take that answer Sudhir, Nitish here. So two things - I think, one is very important to understand that the actual business of Classic Rummy hasn't fallen in this quarter as the revenues presented showed a significant drop and the reason for that is, consumers have continued because GST is completely absorbed by us, consumers continued to play in the way they were paying earlier and therefore we haven't seen any significant drop in consumer traction. The amount of money being played with is the same. The reason that revenues are lower is because we have issued bonus to the consumers to offset the GST cost and as per our accounting standards, we are now deducting the bonus from the revenues to display net revenues. So I think that's why you are seeing a larger fall in the revenues versus the actual business in itself. Hopefully that

will stabilize over a period of time. We can reduce this bonuses that we are issuing as the market also evolves. In this competitive thing, we need to see what our competitors are also doing etc. We expect that to start normalizing in the quarters to come.

- In terms of consolidation, we are actually actively at what are the opportunities. I think one thing we need to look at is about the retrospective liabilities that these companies are carrying and in any consolidation move, how do we ensure that they not get carried over to our companies. We are have lawyers looking at all these aspects and in the due course we will take some action if it is appropriate for us.

- Mr. Jinesh Joshi – Participant:

- Sure Sir. My 2nd question is on the media right business. I understand we stated that there was some deferment in deal but can you share which all OTT partners are we currently negotiating with and what kind of escalation can we see in the next year, atleast in terms of media rights?

- Mr. Nitish Mittersain:

- I will answer that again. I don't think we want to disclose specific partners at this point of time because it is competitive information and we cannot share in competition. But we do see a lot of interest. the team has been building a strong pipeline and especially on some of our exclusive IP led playground, you will see, for example Amazon did season 1 and season 2. They will be making an announcement for season 3 very soon where the rights are going to be again sold at a premium. So I think the trajectory is in the right direction.

- Mr. Jinesh Joshi – Participant:

- Sure Sir. One last clarification is required – I think we have mentioned that we will not invest more in brandscale but our shareholding will remain unchanged and we will remain as an associate and consolidation will not happen. So the question is, if the shareholding is unchanged, why is the accounting changing?

- Mr. Nitish Mittersain:

- So basically today we had an option at our discretion to increase the stake to majority. Right? And because we took a view that we do not want to invest more, we waived that options so that the company can raise money from external investors because we have waived the option to increase our holding in the company. We have lost the rights to consolidate the business as per the Indian accounting standards.

- Mr. Jinesh Joshi – Participant:

- Got that Sir. Pretty clear from my side. Thank you very much and all the best.

- **Moderator:**

- Thank you. A reminder to all participants, you may press star and 1 to ask question. As there are no further questions, I would like to now hand the conference over to Mr. Sudhir Kamath for closing comments.

- **Mr. Sudhir Kamath:**

- Thanks everyone for the questions and thanks especially to Jinesh and his team at Prabhudas Lilladher for hosting this. Just to summarize for the quarter, I think we have a very robust platform for future growth. We are quite optimistic that we will be able to deliver good results in the coming quarters and we are on course to continue with a profitable growth trajectory. We remain steadfast in our commitment to make Nazara play a very substantial part in India's quest to become a global gaming powerhouse. Thank you, everyone. Thanks for the time and look forward to having good interactions in the coming days and coming quarter. In case of any further queries, please do get in touch with us or with SGA, our investor relations advisor. Thanks and have a good day, everyone.

- **Moderator:**

- Thank you. On behalf of Prabhudas Liladher Pvt. Ltd., that concludes this conference. Thank you for joining us and you may now disconnect your lines.

- **END OF TRANSCRIPTION**