Nazara Technologies Limited

Nazara™

May 16, 2023

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers Dalal Street,
Mumbai - 400 001.

Scrip Code: 543280

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

Dear Sir/Madam,

Sub: Transcript of the Investor/Analyst Earnings Call held on Wednesday, May 10, 2023

In furtherance to our letter dated May 10, 2023 regarding the audio recording of the investors earnings call for the quarter and financial year ended March 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**

PRAVESH PALOD
Digitally signed by PRAVESH PALOD
Date: 2023.05.16 13:30:24 +05'30'

Pravesh Palod
Company Secretary & Compliance Officer
M. No. A57964

Encl: a/a

Regd.Office: 51-54, Maker Chamber III, Nariman Point Mumbai - 400021. Tel. : +91-22-40330800 / 22810303 / 22813030
Fax:+91-22-22810606 E-mail:info@nazara.com Website:www.nazara.com CIN:L72900MH1999PLC122970

"Nazara Technologies Limited

Q4 FY23 Earnings Conference Call"

May 10, 2023

MANAGEMENT: **MR. NITISH MITTERSAIN – JT. MANAGING DIRECTOR AND 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. ABHISHEK KUMAR – JM FINANCIAL**

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 10th May 2023 will prevail

Moderator: Ladies and gentlemen, good day, and welcome to Q4 and FY23 Earnings Conference Call of Nazara Technologies Limited, hosted by JM Financial. As a reminder, all participant lines will be in the 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 star, then zero on your touchtone phone. Please note that this conference is being recorded.

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

Abhishek Kumar: Thank you, Yashashri. Good morning, everyone. Welcome to this call of Nazara Technologies to discuss fourth quarter and full year FY23 results. We have with us the management team of Nazara, represented by Mr. Nitish Mittersain, CEO and Managing Director, Mr. Sudhir Kamath, Chief Operating Officer, Mr. Rakesh Shah, Group Chief Financial Officer, and Ms. Anupriya Sinha Das, Head of Corporate Development.

With that, let me now hand over the call over to Mr. Nitish Mittersain for his opening remarks. Thank you, and over to you, Nitish.

Nitish Mittersain: Good morning, and a very warm welcome to all of you to Nazara Technologies Limited Q4 and FY23 Earnings Call. We have uploaded our results presentation on the exchanges, and I hope you have had opportunity to go through it.

We are delighted to report another milestone here for Nazara. We have delivered a strong performance in FY23 with revenues surpassing the INR1,000 crores mark for the first time at INR1,091 crores and our EBITDA coming in at INR109.7 crores. Revenue growth was at 75.5% year-on-year with an overall EBITDA of 10.1% and year-on-year 21% PAT growth, a healthy year-on-year revenue growth across all business verticals, including gaming, eSports and Adtech demonstrates our commitment to drive sports aggressively alongside profitability, while prioritizing growth so that we can achieve scale and market leadership in the spaces, which we operate in.

In terms of our performance for the quarter gone by, revenue grew by 65% year-on-year to INR289.3 crores. EBITDA grew by 86% to INR27.7 crores and the PAT increased by 92% year-on-year to INR9.4 crores. The company is currently operating in three key segments, which are gaming, eSports and Adtech. Our Gaming segment comprises of sub-segments namely gamified early learning, freemium, RMG and telco distribution, generated a total of INR406.3 crores, which was up 28% year-on-year and delivered an EBITDA margin of 17.5%. Our eSports business generated INR531.5 crores in revenue, up 74.9% to a 7.8% margin and our Adtech business generated INR153.2 crores revenue with 8.8% margin.

Through our acquire and scale model, we continue to address pre-identified white spaces in our existing business segments via strategic acquisitions while being focused on profitable and sustainable organic growth of our existing businesses. Our existing businesses are generating cash, which is being redeployed first to drive organic growth. And thereafter, for acquisitions, as can be seen in the recent Sportskeeda and Pro Football Network deal. This operating model enables us to create a flywheel that keeps gaining momentum across table, growing and diversified cash flow generating businesses in the spaces we operate.

On the M&A side, we will continue to expand our presence in Gaming, eSports and Adtech. The current market environment provides us with several attractive opportunities, and we are continuing to work actively towards the same. Lastly, on the skill-based Real Money Gaming space, by emerging regulatory clarity is a huge positive product industry. The Ministry of IT has recently issued a framework for operating skill based RMG and clarity on online gaming TDS that was provided in the budget and thereafter has also been helpful. While clarity on GST is yet to emerge, we are hopeful that this will be resolved in the coming months. Since currently, skill-based RMG is only 5% of our total revenues, it provides a significant scale-up opportunity for us going forward.

And with the regulatory clarity emerging, we are working on a three-pronged approach towards the same through growth in our existing games, launching and publishing new RMG games we had acquiring existing RMG companies to drive scale for ourselves in this sector.

I would now like to hand over the call to Anupriya to give some highlights on our specific business segments, over to you, Anupriya.

Anupriya Das: Thank you, Nitish. Good morning, everyone. As you are aware, Nazara operates across three segments, Gaming, eSports and Adtech. Gaming includes Gamified Early Learning, Real Money Gaming, Freemium and Telco Distribution sub-segments. This segment grew by 28%, contributed to 37% in revenues and 56% in EBITDA in FY 2023.

Our playbook here is to invest in user acquisition backed by unit economics, while focusing on product and content updates to drive retention metrics. All our key IPs continue to see growth. If you look at Kiddopia which is our flagship IP within Gamified Early Learning segment, we continued to see subscriber growth in Q4 FY23, despite negative impact of seasonality. As you know, Q3 is the festive season in the US and Q4 typically sees a pullback, but in spite of that, we have seen a growth in the subscribers for Kiddopia.

The subscriber number increased to 311,758 in March 2023. Kiddopia continues to be the number two Grossing app for kids under five years in the US. EBITDA margin for the business improved to 18.4% in Q4 FY23 versus 11.6% in Q3 FY23, driven by cost per trial reduction to $35.9 in Q4 from $37.3 in Q3.

Moving on to Animal Jam, which is another IP in our Gamified Early Learning segment. We are setting the platform for growth and retention. The team has worked on improving the analytics back-end to get actionable products and User Acquisition Insights. On the product side, we have improved the cadence of content updates to drive growth. We are leveraging group capabilities for user acquisition via Datawrkz. The emphasis on optimization on a non-core cost has led an improvement in EBITDA margins from 3% in Q3 to 11.6% in Q4 FY23, and we continue to -- we expect this app upward trajectory to continue.

Moving to WCC, World Cricket Championship, we have significantly improved monetization of users, leading to 38% growth in ad revenue, 26% growth in overall revenue and improvement in EBITDA margin from 19.1% in FY22 to 26.2% in FY23. We have also announced that we are acquiring an additional 19.5% stake in NextWave Multimedia, the holding company for WCC. And this transaction is expected to be completed in the next few days.

Openplay, which is Nazara's initial step into RMG space, we have seen a revenue growth of 33% year-on-year in FY23, and EBITDA growth of 79% year-on-year due to better cost optimization. We weeded out players that were not generating revenue but consuming bonus. We are further improving the acquisition funnel, branding and player journey. Tamil Nadu banned online games with chance of money, including rummy and poker in April 2023. Tamil Nadu contributed to 20% of revenue and active player base in FY23, and hence the ban will have a short-term negative impact on the business. However, we are trying to actively mitigate this downcycle.

As Nitish mentioned with new regulatory clarity emerging for the RMG segment, we are working on a larger blueprint for Nazara in the RMG space, using organic and inorganic levers.

Moving to our eSports segment, which contributes 49% of our total revenue. This segment grew by 75% in FY23, specifically at Nodwin the revenue grew by 84% in FY23, driven by growth in multiple IPs. The IPs which have seen a strong growth are playground, PUBG in South Asia and Digtl, as well as a strong growth in Wings, our gaming accessories business.

Operating leverage will kick in with scale, a non-linear growth in EBITDA to come from own IPs and media rights, accessories business to become margin accretive once brands get more strongly established. Nodwin has acquired 51% in Branded Pte Ltd. for a cash consideration of $1.3 million. Singapore based Branded Pte has built marquee IPs, including All That Matters, It's a Girl Thing and CreatorWorls. This acquisition will also drive sponsorship revenue for all of Nodwin IPs in India and internationally.

Sportskeeda revenues grew by 55% in FY23 and US revenues grew by 89%, 104% growth in revenue from eSports in FY23 for Sportskeeda. Direct brand sales now contribute to INR26.7 crores in FY23, which is more than double of the corresponding number in FY22. Sportskeeda acquired 73% stake in Pro Football Network, a premium source of coverage and analysis of NFL in the US in March '23 for $1.82 million. With more than 5 million MAUs, PFN is ranked 3rd amongst the top NFL focused media website in the US as per SimilarWeb rankings in January '23.

Adtech our newest growth engine also performed well and grew by 53% year-on-year in FY23. This segment contributed to 14% of revenues and 11% of EBITDA in FY22. Datawrkz added 42 new clients in FY23 contributing the 34% of total revenues in the same period. The company lost one significant client, however, there will be a minimal EBITDA impact due to growth in new clients. Datawrkz continues to build all three of its businesses, ITD which is the services for advertisers, Mediawrkz which is a services for publishers and Vizibl, a self-serve demand side platform. The company is ramping-up sales capabilities globally and is also actively evaluating M&A.

All our business segments continue to be cash generative. We closed the year with INR628.3 crores of cash in our balance sheet. Our strong cash position not only provides financial strength for organic growth but also allows us to deploy capital for strategic M&A.

I'll close by remarks here and we'd like to open the call for Q&A. I would request Nitish, Sudhir and Rakesh Shah to join me for the Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Jinesh Joshi from Prabhudas Lilladher. Please go ahead.

Jinesh Joshi: Thanks for the opportunity. So at the Adtech business, you have reported a loss in this quarter. So the question is, has it got to do with the loss of client, which you just highlighted. If yes, what was the reason behind that loss? And when do we expect the business to stabilize as such?

Nitish Mittersain: Can you repeat the second question also?

Jinesh Joshi: The EBITDA figure for Adtech and telco business, which we have not given in the PPT this time around, if you can share those numbers?

Nitish Mittersain: Sure. Okay. So just to clarify the Datawrkz, the Adtech business has not posted the loss. It is revenue of INR39 crores in Q4, with INR4.7 crores of EBITDA. So it's profitable 6.9% EBITDA in Q4. And total EBITDA of INR13.5 crores for the year on revenues of INR153.3 crores , the EBITDA margin being 8.8%. The business continues to be profitable. We mentioned the client that was contributing revenues for the low-margin client. So we don't expect any large impact on our EBITDA, and we expect that we will continue to do well in the coming FY24.

We've been adding a lot of new clients. We've also appointed some sales team in the US. So we are actually on a pretty aggressive growth path forward and feeling very confident about our business. On the telco business, we had around INR52.8 crores of revenue with INR13.9 crores of EBITDA, which was a 26.3% margin.

Jinesh Joshi: Sure, sir. I was looking at the EBIT number, which was negative and hence the confusion, thanks for the clarification. Sir, my second question is on Nodwin. So if I look at the content views that we have shared in the PPT that have gone up in FY23, even the distribution adds are up when I compare it with the last financial year, yet the contribution of media rights revenue has come down from about 39%-odd to about 21% in this financial year. So does it mean that pricing has taken hit towards here? If not, can you explain the reason behind it?

And also, if you can share, I mean, what kind of EBITDA margins can we make on mature IP truly from media rights license, because apparently, it appears to be a high-margin business for us. So, just wanted your thoughts on that.

Nitish Mittersain: Sure. So, on the media rights revenue, right, I think for FY23, while our percentage contribution has dropped in absolute terms, the revenues are have been broadly flat for us. And one of the large contributors for that is because of a lot of the popular games were banned, some of the media deals we had in place kind of dropped out, we should have generated significant growth in media revenue. So, I think despite the games being banned, us being able to also maintain the media rights where they were for the good performance, and we expect in the coming year that to normalize. So, that's one aspect.

I think for our established IP with media rights, we should be able to get to -- in the short near-term, about 20%, 25% kind of EBITDA margins once there is stability on the games -- popular eSports titles. I hope that answers your question.

Jinesh Joshi: Yes, sir. One last question from my side. The PFN business that we acquired recently, apparently seems to be marginally loss-making at the operating level in CY22. So, I just wanted to know what can be the steady state EBITDA margin in this business? And by when do you expect to achieve that?

Nitish Mittersain: Sorry Jinesh, which business?

Jinesh Joshi: The Pro Football Network business that Sportskeeda, the PFN business.

Nitish Mittersain: No, I think that's a fantastic plug-in for Sportskeeda. Its a top 3 destination in the US and it deepens Sportskeeda's presence in that vertical. And team there is fantastic. And even its early days, we are already seeing some very strong growth in KPIs. So, we are very confident of delivering good profits and good EBITDA on that business in the current year. We think the synergies between Sportskeeda and PFN will play out very well, and we should start seeing that from as early as this year next quarter.

Jinesh Joshi: Would you like to share an indicative steady state EBITDA margin number over here?

Nitish Mittersain: It's very early Jinesh, so would like not to do that.

Jinesh Joshi: Sure, sir. Thank you so much and all the best.

Moderator: Thank you. We have a next question from the line of Abhisek Banerjee from ICICI Securities. Please go ahead.

Abhishek Banerjee: Yes. First of all, a great set of numbers, sir. Just a couple of questions. First on Kiddopia, the CPT declined of close to $1.4, if you would give us some clarity on how that happened? And what is your outlook going forward? So could we see another $1 kind of decline in that CPT, which would have a very big impact on your margins going forward, or is it likely to stabilize at this level?

Nitish Mittersain: Yes. I think, the team has been working hard on getting the right optimal mix of cost per trial and the volumes that we are able to spend in acquired users. And I think Q4, because Q3 usually is October to December Christmas season in the US and it's a peak season. Q4 usually is a bit slower and I think we're focused on optimizing our CPT in this period, you can see the results in front of you. I think there have been a lot of things we have done in the Kiddopia business in the last few months, which includes the price increases, includes you know, trying to start scaling up the volumes, again.

We've kind of overcome that IDFA issue. We've gone back to spending a lot on Google, which we had earlier stopped. So I think this quarter has been for us to stabilize the business, just check out on our key metrics, healthy and stable, which we are finding they are. And I think the way to look at it is the CPT range will still remain between the $35 to $37.

Now our focus going forward is to be how can we also parallelly start scaling up some of the spend volumes to start increasing the subscriber base. If you see in Q4, our EBITDA margins improved quite significantly, 18.4% versus successive quarter of 11.6%. So I think we're on the right track with Kiddopia stabilizing the business and making it back on growth trend.

Abhishek Banerjee: Got it. So but -- and on one hand, you're saying that you have stabilized Kiddopia business and CPTs came down and even in a lean season, you managed to grow subscribers. So is there some tailwind, which is happening in the sector? I mean, are people coming into the segment?

Nitish Mittersain: No. I think Kiddopia business itself is – the Kiddopia app right is quite a lot -- that continues to be very popular and the team continues to work very hard on the product side. As you might have seen, even Tim Cook, CEO of Apple recently came to India and met Kiddopia team and also tweeted about how Kiddopia is impacting positively to kids all over the world. That's a big validation of the product. And I think that's what's helping us, I would say, outperform competition.

Abhishek Banerjee: Understood. Also, in terms of the acquisition pipeline going forward, so, you have been very active in this space, right? But at some time, management bandwidth becomes a constraint to support such a wide portfolio. So would you give us some clarity on what kind of acquisitions you will try to do in the next year?

Nitish Mittersain: Yes. I think the flywheel we have, right, is the distributor flywheel. So what I mean is that let's take Sportskeeda, for example. You know Nazara went and acquired Sportskeeda 3.5 years back and grew it from, let's say, a INR15 crores revenue to this year as we done INR122 crores revenue, right with INR38 crores -- INR39 crores EBITDA this year. 3.5 years back when we acquired the business, we had a zero EBITDA.

So this company has accumulated cash over the last two years, generating profits. And we built a strong management team there. We have a CEO in place. We have a chief strategy officer in place who is very focused on M&A. And through our experience, we've kind of guided these teams. And the Pro Football Network is an acquisition done by Sportskeeda and being completely managed by the Sportskeeda team under our guidance.

So what this structure allows us is to continue doing this M&A activity without it sucking up a lot of our operational bandwidth at Nazara level. So while Nazara may be selective in doing acquisitions, you may see bolt-on acquisitions happen at a more rapid pace as the company is below because they are getting cash, accumulating cash, it's a great deployment of their cash to further their businesses. That's when we kind of bring in our experience and expertise in doing these transactions, but the actual operations of these M&As are done by the teams of the subsidiaries. I think that's working very well for us. At the Nazara level, I think our thought process going forward is that we will be taking fewer and larger bets on M&A whereas bolt-on acquisitions will largely happen at the subsidiary level.

Abhishek Banerjee: Understood. And if you're talking about larger acquisitions, does that mean taking on some debts?

Nitish Mittersain: Sorry, can you repeat that?

Abhishek Banerjee: So if you're talking about larger acquisitions, does that mean taking on some debt?

Nitish Mittersain: At this point of time, we've not looked at it. But I would say that from zero debt to moving to a low debt could be an option, but largely any debt, if you were to take it, it would be purely against the cash flows of the target company and not back stopped by Nazara.

Abhishek Banerjee: Understood. That is very clear. Thank you so much sir.

Moderator: Thank you. We have a next question from the line of Abhishek Bandari from Nomura. Please go ahead.

Abhishek Bandari: Thank you for the opportunity, Nitish. I had one question. If I go to your slide number 32. I'm just trying to reconcile the slowdown of EBITDA into operating cash flow while we generated INR100-plus crores of EBITDA in FY23, the net cash flow from operations is just ~8, part of it is explain because of working capital. But if you could elaborate how are you thinking to bridge the gap between the two or is it a nature of the business that this kind of gap will always exist?

Nitish Mittersain: No. I think this year we've seen a slight increase in working capital in many of our businesses. And I think also, there's some -- for example, in the case of Kiddopia because we had an SVB issue, we kind of advanced significant amounts of money to places like Google where we advertise to kind of secure those funds. So I think it also got skewed because of that. I think we should continue generating good cash in FY24, we expect to generate good cash. I think the other place our working capital got stuck or something is the gaming accessories business in Wings, which is working capital intensive business. So we are working closely with the team on how can we create better cash flow management so that working capital doesn't get sucked in there continuously.

Abhishek Bandari: Got it. So is it fair to say that the steady state EBITDA to operating cash flow conversion would settle at a higher rate -- like would it be like 40%, 50%?

Nitish Mittersain: Yes, absolutely.

Abhishek Bandari: Got it. Thanks, Nitish and all the best.

Nitish Mittersain: Yes.

Moderator: Thank you. We have a next question from the line of Deep Shah from B&K Securities. Please go ahead.

Deep Shah: Hey, good morning, sir. Thanks for the opportunity. Sir, the first question was around the -- some qualitative commentary on the VALORANT Challengers tour. The context is last year, we had a deal with Star Sports thanks to BGMI. And I hear you alluded that some media deals have lapsed because of games being banned. So, any rough metrics that you can call out as to what is the engagement level for VALORANT that can give us some guidance on when those medial deal come back? Because if I understand correctly, more than monetization it is the reach which would have been large, with Star Sports as a partner? That's my first question.

Nitish Mittersain: So shall I just answer that first. So the BGMI or Star Sports was the first program, we ran with Star Sports and that was extremely successful. We had great response and Star Sports was very excited about Season 2 of same. However, because of the BGMI ban, we could not continue with that. And that was also one of the reasons our media revenue kind of dropped. Our marketing didn't grow as we expected in the previous year, FY 2023.

VALORANT is early days the league has just launched and we will be building up. VALORANT versus BGMI, the difference is that VALORANT is a PC game, with a slightly smaller community compared to BGMI. It has more intense community, from a visibility point of view, viewership point of view, it's a bit smaller. So we are kind of building it out before we take it with a large channel.

The other media content that has done well for us is the Playground series. Season 1, got about 17 million viewers, Season 2 got about 40 million viewers. We have Season 3 launching in June and that is actually a change in the format of bit and going to run a year-long season. So I think that should also be very positive for us.

Deep Shah: Right,. Sir, second question. I hear in your opening remarks. Please correct me if I am wrong, but I hear that operating leverage has started to come down in the eSports market this year. But I would rather think that profitability would be reduced, given that we have a lot more new IPs, a lot more marketing required, given that, as you rightly said, rather than is it different game than BGMI. So how can we think about this profitability piece? Will it be reduced or will we see a lot of profitability from FY 2024? And as a parallel question, what is the plan for new IPs? Anything that you can help us with that?

Nitish Mittersain: So, I think just to summarize if I understood your question, you are asking about the eSports margins in FY 2024?

Deep Shah: Yes, so should we see a pickup right in FY24 or will it take some time? And second, on the new IPs or where do you see scaling up of existing IPs that we have? Any thoughts would be helpful.

Nitish Mittersain: So I think in terms of margins, we are still projecting specifically for NODWIN gaming, we are not in FY24 protecting large, very large enhancements in EBITDA. We will try and optimize where possible, and our focus is we want to continue drive strategic growth in that business. I think in terms of your second question of IPs, right, VALORANT is one that NODWIN has already launched. They launched a chess league which is also doing very well. There are two or three different leagues that NODWIN is currently in the midst of launching or has launched which we think will build a strong IP.

There is a Kingfisher India Premiership 2023 which has been announced. This is having games like Tekken 7 and Clash of Clans. There's a PUBG New State Pro series challenge.. I think there's a lot of high key work in progress, working with major gaming publishers who want to do a larger India play. So I think there's a lot of activity happening there, and you will see that buildup happen throughout FY24.

Deep Shah: Sure, sir, this is very helpful, thank you so much.

Moderator: Thank you. We have a next question from the line of Mukul Garg from Motilal Oswal. Please go ahead.

Mukul Garg: Hey, Nitish, good morning. So it is just a follow-up on the Nodwin point. If you look at the content view or the distribution between Q4 FY22 and Q4 FY23, it obviously has some of a bit. I just wanted to get your sense on how we should think about the opportunities playing out over the longer term. This quarter, we were trying to do that through VALORANT and ESL, but clearly the response has not been up to what BGMI or FIFA were kind of receiving from players. So how are you going to visualize the longer term opportunity capture which is out there in the space? Because you have been able to grow your revenues quite smartly but that is probably more because of broadening of offering rather than the -- you know viewership or distribution.

Nitish Mittersain: No absolutely, so I think you are bang on that in terms of you know the viewership is obviously got impacted due to the games that were banned. See we need very popular mobile gaming titles in a country like India to drive maximum viewership and one or two things will happen. Either the space that is currently there will get filled up by some new titles or you will have some of the existing titles come back which is also possible in the next few months.

So I think while that happens, obviously we are working on creating many other IPs. We do see VALORANT etcetera also building out, we are working closely with them and building it out. But to see a large search, I think you need to get those large mobile eSports titles on the back of which a lot more viewership can be generated.

Mukul Garg: Right, so just to follow-up on this, are there any potential names which you are seeing which are in the pipeline? Or are you in discussions with the government in terms of what we can argue in terms of these Free Fire or BGMI, which work quite popular in the country, to kind of get them back as an option?

Nitish Mittersain: Yes, so no, we actively have this important stakeholder in this whole space. We are obviously interacting both with government as well as the publishers to see what solutions can be found here and we're very hopeful that some positive news will come in the coming months. That said, there are many other games like Call of Duty Mobile, etc. that we are working with. So I think focus is on expanding the titles that we work with, as well as working closely with the publishers to see whether some important titles can be re-launched.

Mukul Garg: And the second question was, again related question, when I look at WCC performance. It has been weaker than what it was same time last year. You have on the other hand increased your stake in the next wave. So, any thoughts on how you are visualizing your investment into the space there's a lot of strategies happening on the mobile gaming side. Are you hoping to kind of aggressively expand and create an alternate opportunity here?

Nitish Mittersain: Yes, so I think we are at a point where we think that WCC can be starting to scale. We've always been focused on KPIs. And I think our LTV/CAC equation over there is starting to make sense. So, we will hope -- I think for the franchise that work with the Championship is in India, the kind of monetization we do today or even the kind of user base we have is relatively low. And there's a lot more that can be done in terms of scaling this up. So, I think that's hard for FY24 that how do we monetize this product better and how do we scale up the user base so that we have a multiplier effect on the overall business. We also brought in a Chief Operating Officer recently from a large gaming studio and is working very closely with the team to kind of action some of the things we want to implement.

Mukul Garg: So, should we expect kind of front-ended investments to kind of believe the required growth? Or are you already seeing a tipping point and we see that the growth will happen while the U.S. is kind of getting favorable returns on the investments?

Nitish Mittersain: No, I think we don't anticipate large investments in terms of SG&A costs, etc. But I think in the near future, we will potentially ramp up our user acquisition on that product to scale the user base.

Mukul Garg: Got it. Thanks for answering my question and best of luck for the quarters ahead.

Nitish Mittersain: Sure. Thank you.

Moderator: Thank you. We have our next question from the line of Abhishek Kumar from JM Financial. Please go ahead.

Abhishek Kumar: Yes, thank you for taking my question. First, I just noticed that we have not given any guidance for FY24. So, just any sense on how are we looking at the overall portfolio growth and also how should we look at margins now, things appear to have stabilized, so any color on growth and guidance for next year?

Nitish Mittersain: Yes. Abhishek, we're not giving the guidance at this point of time. As you have seen since listing, we've usually given guidance in September once we have better break of the whole year. But our intent this year is to obviously enhance margins in businesses where we can and through certain businesses, we should continue to take strategic growth for market leadership. So, I think we'll continue following the same approach. Generally, overall sense of mine today is that there should be some margin improvement in the overall year.

Abhishek Kumar: Okay. Now, second question is on real money gaming. A lot of regulatory clarity has emerged over the past couple of months with a self-regulatory body and even on TDS. And we have also talked about a larger blueprint now in RMG. So, I just wanted you to flesh out what would that mean? What would that entail both in terms of organic and inorganic strategy?

Nitish Mittersain: Yes. So, like I mentioned in my opening remarks, there are three ways we are approaching this. One is how can our existing RMG businesses, especially Openplay, classic rummy brand grow fast and more aggressively. While Anupriya mentioned, there was a short-term lift because of the TN ban, where this game is quite popular. I think that's the short-term for us. But we are looking at the larger picture, how can we really scale that business. That's point number one.

Point number two is we are working with many new game developers -- sorry many developers and global companies to publish RMG games in India, which are innovative and new and scale them up. And I think with this framework we can do it a lot more confidently, we can invest more aggressively. And then, build our users base and scale revenues. So I think that's the second thing we've been actively working at. And the third is we are in talks with various existing RMG peers to see whether there is a consolidation opportunity possible. So I think basis these three actions, we're looking to definitely start scaling our RMG business going forward.

Abhishek Kumar: Okay. Just one clarification, you said, you're working with global publishers. So are we also looking at expanding beyond Rummy in RMG.

Nitish Mittersain: Yes, most definitely. So just to clarify our focus on RMG is the Indian market, but we are definitely looking at launching new games outside of Rummy as well in the Indian market which are fresh and new and will be appealing to the consumer this year.

Abhishek Kumar: All right. Okay. Thank you and all the best.

Nitish Mittersain: Sure. Thank you.

Moderator: Thank you. We have our next question from the line of Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: Yes. Hi. Thanks for the opportunity. My question is pertaining to the Gamified business, Kiddopia and Animal Jam, I know you shared some of your thoughts earlier, but to I think from a real growth addition point of view, I think this segment would play an important part in this year. So if you could share beyond what you just shared in terms of the stability and eventual progress, so how you see the demand based on the revised pricing and the churn behavior? And when you think would be, what is the data point that you would watch out for before you kind of speed up the pedal to drive your marketing spend here to drive growth? And how the revival on the cost side and in terms of content side shaping up, in Animal Jam? And what kind of growth one should envisage over the next four to six quarters there?

Nitish Mittersain: So on Kiddopia, one thing we have launched a lot of new content and features which are quite appealing to the consumers both parents and kids for example the coding for kids which has been launched in Kiddopia has been very well appreciated and I think parents are willing to spend the extra money that we have increased prices right from $7.99 to $9.99 without hesitating and that reflects in our KPIs like churn which is if you see the last four quarters or five quarters that we have shown in this is pretty constant you know irrespective of the price increase. I think that is the good news that and the way that's going to help is you know with our cost per trials in control and the price increase our margins in FY24 are going to look much healthier than what they were in FY23 because the LTV CAC ratio has improved significantly.

So I think that's one aspect. Now what we are basically seeing is while keeping our cost of trial let's say between 35 to 37 dollars how can we increase our spend from a million dollars a month to you know significantly more. What we don't want to do is again break the cost per trial range that we have established. So we don't want to you know take it to $40 plus. So we've kept a guardrail there and the team is working actively on various channels to see how we can start increasing spends within this guardrail of cost per trial so that our margins are also protected. Coming on to Animal Jam I think we are very excited with what we've seen in the last few months after the acquisition.

We spent a lot of time getting a grip on data. I think the data is very interesting and is showing some healthy results already. Q4 if you see we've also worked a lot on optimizing various costs that were built into the business. If you see Q4 FY23 you know we've seen a growth in EBITDA margins to 11.6% and we think we should get this business very quickly to about a 20% EBITDA margin and move it from there. A lot of product work is happening on you know features that can help monetization better. So one of the challenges with Animal Jam we found was that you know the conversion to monetization was fairly low because you know the feature that were implemented did not make the people play a lot.

95% of the game was being played for free and I think that we think we have to redo some of those things which will help us improve conversions and scale the revenue. So very excited about Animal Jam as well. It's a very strong IPs within the consumer base and I think in gaming as long as you are owning good IPs there's a lot more you can do with it. So Kiddopia and Animal Jam are you know strong IPs in this sector and there's a lot more we can do with them going forward.

Moderator: We have our next question from the line of Mohana Kumar, an Individual Investor. Please go ahead.

Mohana Kumar: Congrats on a great set of numbers and it's been a pretty solid last couple of years. I just want to get some qualitative understanding of what the growth could look like in the over the next year. I understand that you know it's still very early and you probably are comfortable providing numbers towards the second half of the year but do you feel that the growth trend that we have seen can actually continue to grow organically if not at the same rate as last couple of years but at a maybe like a 10 to 15 percent range of what we've seen in the last couple of years?

Nitish Mittersain: Yes I think again without giving any specific guidance I think we will continue to drive you know for growth in all our businesses wherever we can and as these businesses continue to generate cash we will keep redeploying this cash you know that's accumulating into organic as well as in organic growth. So I think we will see good organic growth. I don't want to give a specific number there but it should be north of what you just spoke about.

Mohana Kumar: And which is the business where you feel that the margin expansion is going to drive the expansion for the broader group right now? You mentioned that you're expecting in a few of these subsegments but where are you expecting a larger the biggest chunk to actually come from?

Nitish Mittersain: I think we should see good margin expansion in our gaming business overall with Kiddopia and you know WCC as well as Animal Jam. So I think these products should continue to drive fairly good margin expansion in FY24. We also expect Sportskeeda to do well in terms of margins. So yes I think leaving aside our NODWIN eSports business where we are not projecting large margin expansion I think other businesses all will be seeing upward tick on margins.

Mohana Kumar: Sounds good. Thanks a lot, and all the best for the coming year.

Nitish Mittersain: Thank you.

Moderator: Thank you. We have a next question from the line of Rahil Shah, an Individual Investor. Please go ahead.

Rahil Shah: So I understand you're not giving any guidance on the EBITDA margins but my question is a little more far ahead in the future. So I wanted to ask what have you envisioned a number, a potential or steady state EBITDA margins when your investments in new business verticals reduce and the business is stabilized. So have you targeted any number or if not targeted can you just share with us any number which is you know you're confident is possible.

Nitish Mittersain: Yes, sure. Sudhir, do you want to take this one?

Sudhir Kamath: Yes sure. Rahil, just so I can understand what you were saying. You're asking for each of the businesses or overall?

Rahil Shah: No, overall, so you are in a process of scaling up, now you're investing a lot in new business verticals, correct. So I'm just asking, when you're done with this and when this business is stabilized, what kind of potential of steady state EBITDA margins you are confident that you will be able to achieve?

Sudhir Kamath: Sure. So I think one is, each of our segments if you look at it right now we are very much in very fast growth phase. So there's a lot of investment which is happening in the current year, in the previous year as you've seen and we do expect that phase to continue for a little bit. So I think when we say what the steady state EBITDA numbers we may need to look a little further in the future than just six months or a year or two years. If you look at segment by segment if you start with eSports I think definitely on that you will see at least a similar kind of margin structures to what we have today for the near future because that opportunity is probably the largest in terms of absolute growth numbers currently.

Down the road we do expect it will be an especially as the media properties decay and IPs get much higher value that should be a very highly profitable segment as well in line with what you would see in the media world. So I prefer you to look at steady state EBITDA margins there. On the gaming side we definitely see already about a 20% kind of margin structure in the businesses and that number will expand in the near future and longer term steady state I mean if I were to guess I'd probably go around a 30% kind of a number but again it might take a bit more time and investment before we get there.

Adtech is a different kind of business that's more of a services business and in that current numbers are closer to 9% or 10% as you have seen which will expand a bit but not hugely as long as it stays focused on services. There are some product type possibilities in that as well which if those come true then that increases the margin significantly over time but at this point we don't have a significant amount. I hope that answers your question.

Rahil Shah: Okay yes that's helpful and another would be why have profit margins dropped significantly in Q4 compared to Q3 so I'm just trying to understand is it because of like the seasonality factor or what happens in Q4 and when do you expect it to revise?

Sudhir Kamath: I was just actually looking more at a broader picture for the year rather than because there are these there are seasonal variations as well business specific one which I think we called out at the different business segments rather than giving us a better answer.

Nitish Mittersain: Yes but just to just to add to that our EBITDA margin for Q3 was 9.7% which came in at 9.6% in Q4. Given Q3 is you know a high margin business for many of our products across Sportskeeda for example in the US realizes very high (__) during this period and similarly to some of the other businesses Q3 is a high seasonal business quarter. I think we've done pretty well with the margin actually in Q4 9.6% if you compare it to the previous year also we proved it was 8.5% in Q4 of FY22 whereas it's 9.6% in Q4 of FY23.

Rahil Shah: Okay, sir. All the best. Thank you.

Moderator: Thank you. We have our next question from the line of Rahul Jain from Dolat Capital. Please go ahead.

Rahul Jain: Thanks for the opportunity again. Just one more incremental input on the Adtech business specifically that we are more targeting this in the US market. So how you are seeing that market shaping up we also saw a client impact so how you see in light of relatively weakening macro trend in that market and of course we have a very strong client addition matrix so how it should balance out during this year in your view.

Nitish Mittersain: Rahul we see that the services that Datawrkz offers and also backed by some of the new products they've launched they've launched a platform for media works and they've also launched a black product called Vizibl. We think there's a lot of value proposition for clients and because Datawrkz operates much of its team and operations from India there's a lot of arbitrage saving that they can offer to the clients besides you know better results. So I think the weakening market in the US should not hurt Datawrkz much because clients will look to optimize costs and actually Datawrkz may benefit from that.

New clients signing up has been going on at a very good rate there's a lot of efforts that the team is doing there so we're very optimistic about this business into FY24. We also see some very interesting bolt-on opportunity there which can actually enhance margins by you know acquiring placing entities in the US and Europe which we are currently looking at. So I think overall we can you know see good growth, good margins in this business and the new products that we have launched will also add value to that over a period of time.

Rahul Jain: Right, and you did this transaction of Pro Football I think it's a fantastic transaction given the large opportunity and I was looking at some of their peers which are much larger than what this company has achieved up but this is a very young company so now if you could give more input in terms of what are the scalability opportunities here is there any synergy to existing SK business and also is there any meaningful seasonality in terms of the way they recognize their revenue?

Nitish Mittersain: Yes sure so I think of course NFL season probably happens in Q2, Q3 so Q1 for example is the lowest season for Pro Football Network but the team at Sportskeeda has a lot of ideas and a lot of synergies actually with Pro Football Network so even in the lean season we've actually seen significant uptick in some of the KPIs of Pro Football Network since we've kind of acquired them so it's probably a small transaction within you know our network but we are very excited about this opportunity at this point of time. This is sure..

Sudhir Kamath: Nitish, if I may just add couple of points there.

Nitish Mittersain: Yes.

Sudhir Kamath: So Rahul, I think I want to emphasize that Pro Football is about American football obviously which in India is sometimes called rugby but American football and that's actually the largest sport in the world not just in the US but across the globe and PFN is the unique property in the or I mean they've built something very interesting and they're growing very rapidly obviously. Seasonality wise the American football season lasts broadly corresponding to Q2 and Q3 of our year so for us we've seen this quarter Q1 as an opportunity to sort of build a lot of build further on the product side there and look at the synergy between Sportskeeda tandem which there are and Q2, Q3 is what will actually show the results we hope in that but we do expect this to be a significant driver of value for Sportskeeda overall in the coming years.

Rahul Jain: Right. Thanks for that additional comment. Just a little bit more curious about the opportunity size, because when I see this space, I see that there is one or two players which are significantly larger than what we are -- and of course, they are very old business that way. And there are a lot of -- lot of sites which are dedicated to particular league or team and that is also a huge market. So is there something that we could do to consolidate this space? Because otherwise, I think there is a lot of loyalty led volume or content consumption that happens in this market for us to scale to a meaningful level? Or you think independent entity covering the entire support is what will trend in the future?

Sudhir Kamath: Maybe if I take that. So I think that's definitely an interesting and important point there which is the way customers and viewers consume content from this. Many of them will be very loyal to specific teams or regions and or even say college football teams and they follow that with a great deal of passion. So one way to grow this segment which the Sportskeeda and the PFN team are very focused on is looking at how do you target those individual communities or segments and there are different kinds of answers on that and the team is very focused on using that insight. I'll be just a bit careful on what we say here because it's not just one website it is definitely much more that they do and that insight which you shared Rahul that's definitely one thing that they'll approach.

Rahul Jain: Sure. Thanks for that. Thank you so much. That's it from my side.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you.

Nitish Mittersain: Thank you very much everyone for spending the time today on the call. We look forward to continuing to strive hard to deliver you know good results in FY24 and beyond and look forward to your ongoing support and feedback. Thank you very much.

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