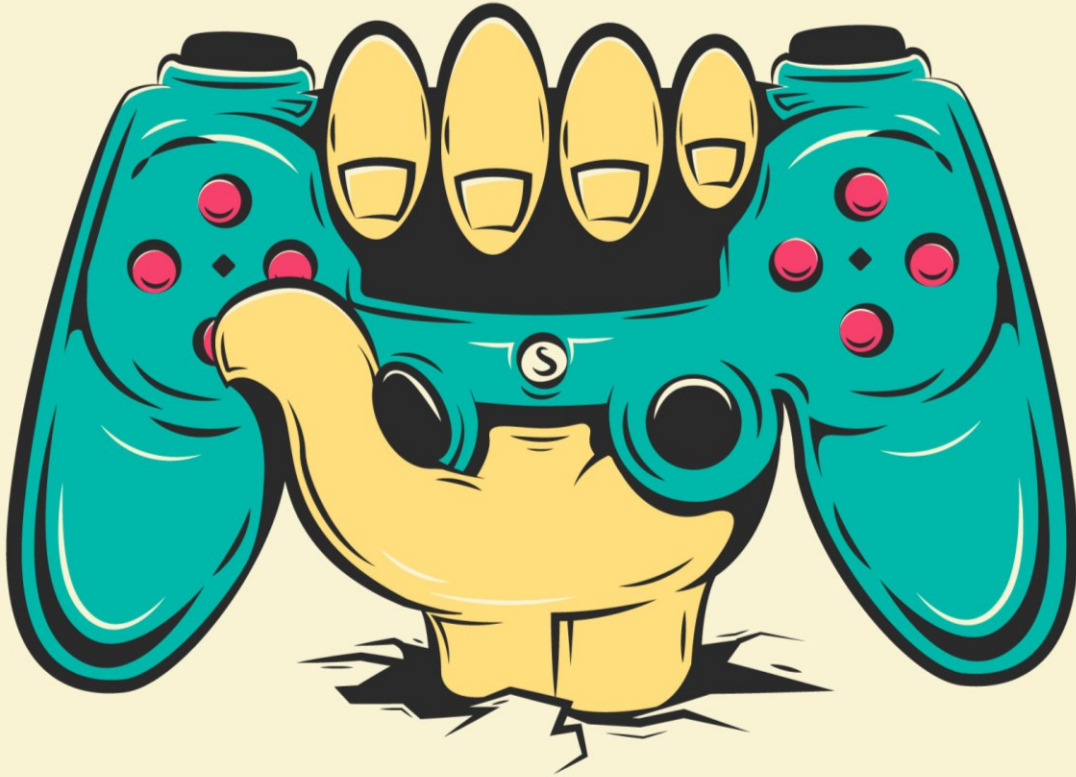


FOR PRIVATE CIRCULATION ONLY



RIGHT NOW[®]

THE STARTUP NEWSLETTER

SPECIAL ISSUE ON ONLINE GAMING



CHUNDER KHATOR & ASSOCIATES
CHARTERED ACCOUNTANTS

TOGETHER WITH



In this Issue:

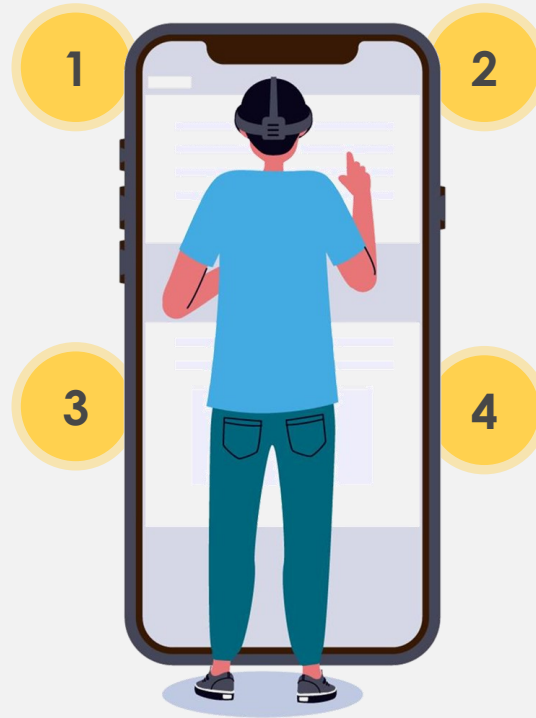
Gaming 24*7	3
Industry Outlook	4
Right Now Podcast – Gaming on the Rise	6
Nazara on the Horizon	7
Is Gaming Legal in India?	8
Trivia	9
Let's talk numbers – MPL vs Paytm First Games	10
Everything 5	14



GAMING 24*7

Funding Boom for India's Gaming Industry
Venture Capital Funds have invested **\$438 Million** in Indian Gaming Startups since April'20, topping the combined funding of last 5 years (*mint*). Dream11 alone accounted for \$225 Million of venture funding.

Indian gaming industry is witnessing a hiring spree
Job postings and **job searches** were up by **13%** and **15%** respectively in Jan'21 vis-à-vis Jan'20 (*The Indian Express*). Speaking of jobs, in Feb'21, GOI announced formation of a **Centre of Excellence** in gaming and related areas in collaboration with IIT Bombay. Courses will begin from this year itself. This move is likely to create a pool of talent to further fuel the growth of India's gaming industry (*IGN India*).



India's e-sports boom is drawing big corporates
Tech Mahindra announced in Feb'21 that it will organize a global **chess league** this year. This move makes Tech Mahindra the **3rd** Indian big corporate to enter eSports after Airtel and Reliance Jio (*mint*).

Strength in Numbers:

- Over 50% of India's population is below 25 years of age (*WEF*).
- India is the 2nd largest internet consumer with over 560 million internet users (*WEF*).
- In 2020, India rose to number 1 spot in mobile game downloads clocking 7.3 billion installs (*WEF*).
- Real Money Gaming segment is expected to grow at a CAGR of 40% from 2020-22, whereas eSports segment is expected to grow at a CAGR of 36% over the next three years (*Deloitte*).

INDUSTRY OUTLOOK



FANTASY SPORTS

What it means

Online Fantasy games give its players an option to create their online fantasy team by selecting actual players playing in an upcoming real-life match, translating their sports knowledge to win prizes (classified as Game of Skill).

Major players in this Space

Dream11, Myteam11, HalaPlay

Sources of Revenue

Freemium, Pay-2-Play, Advertisements

Source: Inc42

Numbers that matter

- Total userbase by end of FY'20: 100Mn
- No. of operators increased from 10 to 70 from 2016 to 2018.
- 71% of the traffic in in mobile gaming is towards Fantasy Cricket
- Dream11 dominates this segment
- 46% users of fantasy sports are paid users



CARD BASED GAMING (REAL MONEY GAMING)

What it means

In this category, users can play card games like Rummy, Poker etc. that are games of skill, to win prizes.

Major Players in this Space

Adda52Rummy, Adda52Poker, PokerStars, Khelo365

Sources of Revenue

Entry fees, Advertising, Betting

Numbers that matter

- Online poker industry is growing at 35-40% p.a.
- Userbase: 21Mn in 17-18
- Total Revenue expected to be clocked in FY'20: \$461Mn in FY20

Source: FinancialExpress, Deloitte

INDUSTRY OUTLOOK



What it means

In this category, the platforms organize gaming tournaments of its own game or using a base game like Counter Strike, Dota, Overwatch, FIFA. There is an entry fee, and the winner earns cash prizes.

Major Players in this Space

MPL, Nodwin Gaming

Sources of Revenue

Sponsorship, Entry fees, Advertisements, sale of merchandise, in app purchases

Source: Inc42

Numbers that matter

- Total revenue clocked in FY'20: \$68Mn
- Revenue grew by 39% y-o-y
- 14% of the pie belongs to Nazara
- 124% CAGR in prize money offered (2016-2018)
- Total Funding amount has grown by 50% CAGR in the last 5 years
- 83% users are male



What it means

In this category, users play simple to understand games with basic graphics to pass the time and for light entertainment like Puzzle, Action, Strategy, Racing, Arcade, Sports, Skill Based, Chance based.

Major Players in this Space

MPL, LudoKing, 8 Ball Pool, Candy Crush Saga

Sources of Revenue

Advertisement, Freemium, In app purchases

Source: Inc42

Numbers that matter

- 38% of total funding in gaming sector is in this category
- 45% of gamers are Female

PODCAST – GAMING ON THE RISE

QUICK LINKS



**CKA
WEBSITE**



**APPLE
PODCAST**



SPOTIFY



**GOOGLE
PODCAST**

In Conversation with Sameer Nandwani, Gaming Consultant

Sameer has been a corporate consultant throughout his career spanning some 30 years and counting and has been specializing in gaming and sports entertainment since the last 15 years.

Having grown up and worked in England, he recognized the growing interest in international sports and gaming in India and by following his passion for football, he was the first consultant to focus in this sector in India and structured and oversaw the first international gaming JV in India between Sportech plc (UK listed company) and the Gaming wing of the Zee Group back in 2010 up until 2018.

Having been at the heart of the online gaming industry in India from the outset and at the forefront of trying to streamline the regulations in the industry, he founded WiseWays in 2019, an international boutique consultancy firm, based in India and UK, specializing in legalized gaming and sports wagering, with a keen focus on India.

Tune in to the conversation with Sameer to get invaluable insights into the Gaming Industry of India and everything that it has in store for you, as an investor, gamer or a gaming startup.

NAZARA ON THE HORIZON

News Flash: In Jan' 21, Nazara Technologies Limited, backed by India's 'Big Bull' Mr. Rakesh Jhunjhunwala, filed for an IPO in India. Here's why it's a WOW deal:



1

First of its kind – Nazara Technologies is the first Indian Game-tech company to go public in India. Not just that, this could also set precedence for a slew of IPOs of tech companies that the Startup Ecosystem in India has been expecting since a long time.



2

Gaming Behemoth – Nazara Technologies was predominantly engaged in developing and publishing online games under its own name. However, in the last couple of years, the company went in a shopping spree of startups and expanded its footprint in almost all segments of online gaming in India as well as abroad.



3

India's Online Gaming Sector is as hot as Mt. Etna – The online gaming market in India has been growing at 31.6% annually which tops the growth rates of both USA and China combined. It is poised to grow by 40% CAGR, from \$1.1 Billion in 2019 to \$2.8 Billion by 2022.

We dug deeper into Nazara's gaming portfolio and competitive landscape. You can read it [here](#).

IS GAMING LEGAL IN INDIA?

- 1867 Gambling Act is the main basis for Gambling laws in India, however, under the constitution it is a **State** matter.
- Main principle of the Act is that any game or product which has a preponderance of **skill** shall fall **outside** the purview of the Gambling Act.
- Within the Gambling Act any gaming or gambling is classified as **betting** on a game of **chance**. Thus, lottery and casinos, being games of chance, are operated by way of a license given only by some states.
- Horse racing was classified as a game of skill but no other sport – which is a big lacuna in the law.
- Recently certain online games have been classified by the courts as games of skill – these being **fantasy sports, poker** and **rummy** and are allowed for wagering. However, 4-5 states have recently prohibited these.
- The Law Commission in 2018 recommended an **overhaul** of the Gambling Act and it suggested that a legislation be framed for **legalized** gambling and sports betting through strictly controlled and regulated Policies, Rules and Acts. However, till date this has not been acted upon.



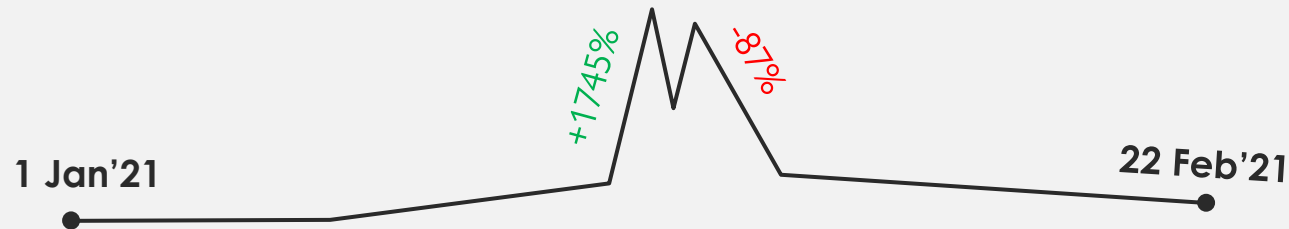
Our Take

We would like to see one National Act applicable to all states, with a central regulator in place for the protection and control of the authorities, companies and players as is prevalent in mature markets internationally. WiseWays is actively pursuing this cause with the relevant domestic and international stakeholders. The discussion paper on self-regulation of fantasy sports introduced by the GOI is a welcome move in this direction.

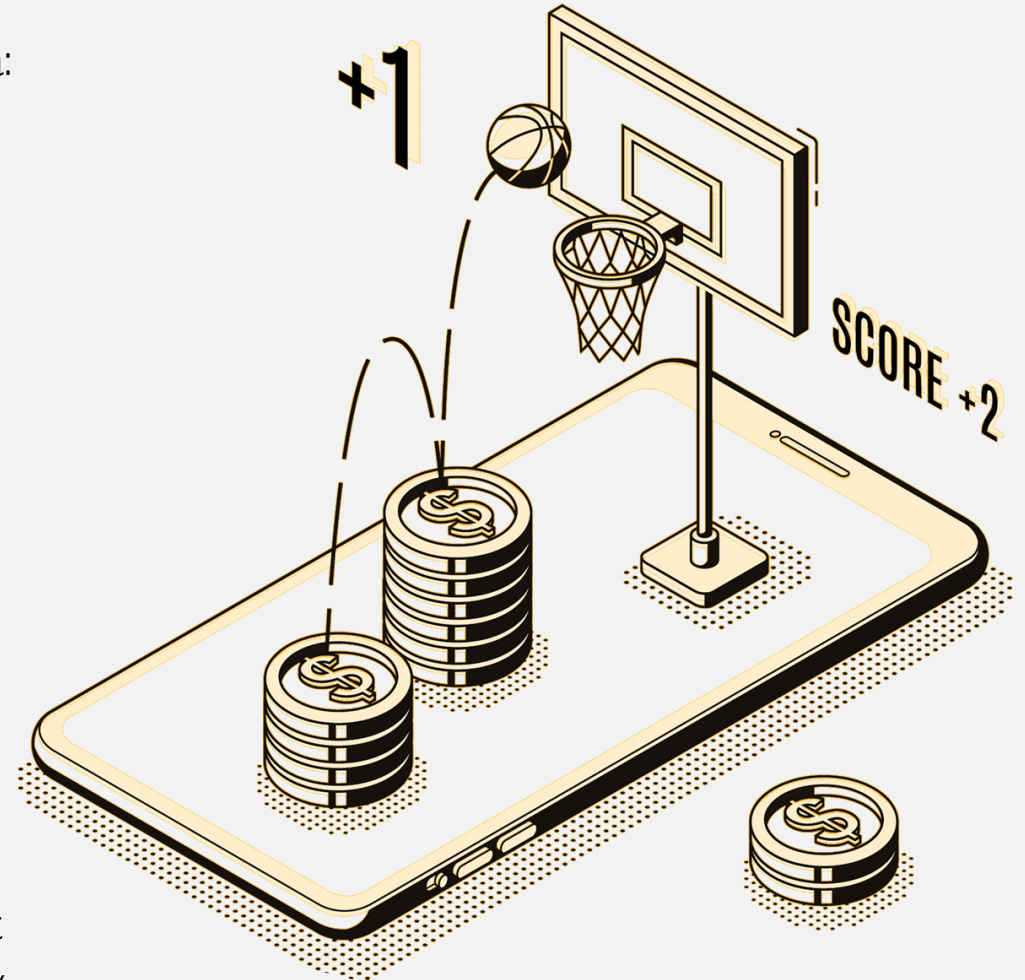
TRIVIA

You're gonna have a fantabulus week, if you get a 5/5 in this gaming trivia:

1. Which share does this price chart represent? (Hint: Robinhood and Reddit had something to do with it)



2. _____ became the first Indian gaming technology company to have applied for an IPO.
3. India currently has _____ unicorns from the gaming sector.
4. _____ (country) is the fastest growing mobile gaming market in the world.
5. _____ (gaming startup) raised a fresh round of funding in 2021, at a whopping valuation of \$945 Million. The startup was valued at only \$450 Million about 5 month back.



Answers: 1. GameStop 2. Nazara Technologies 3. 1 4. India 5. MPL

LET'S TALK NUMBERS

MPL MOBILE
PREMIER
LEAGUE

VS

 **paytm FIRST
GAMES**

We pulled out the figures of Mobile Premier League (MPL) & Paytm First Games Pvt. Ltd.'s (PFG) for FY 2019-20. MPL and PFG have some striking resemblance. Their product offerings are very similar, they opened shop only 7 months apart and both have a top-line in the 15Cr-20Cr range. However, when we compare some of the key figures of the 2 Startups, they are **MILES apart**. While MPL incurred almost INR 11 for every rupee earned, Paytm spent only a little over INR 2 for every rupee earned. Here's the synopsis:



Founded by Sai Srinivas Kiran G &
Shubham Malhotra

\$225.5Mn

6Cr within 2 yrs & 4 months, upto Sep'20
as per Inc42

Grew 4x between Apr'20 to Sep'20
as per Inc42

Fantasy Sports, Esports, Rummy,
Ludo, other casual games

MPL VS PAYTM

Founded by/Owned by

Total funding received till Feb'21

Userbase acquired since inception

Lockdown boom reported (Sneak
peak into FY 2020-21 results)

Games offered



57% is owned by Paytm Entertainment
limited (which is a wholly owned Subsidiary
of Paytm's parent company) & 43% is owned
by AGTech, Hong Kong

\$36Mn

8Cr within 3 years, upto Dec'20
as per Hindustantimes interview

2x growth in userbase & 4x increase in gameplays
as per BusinessToday

Fantasy Sports, Esports, Rummy, Poker, other
casual games

by the numbers (FY 2019-20)

Note: The circles are roughly drawn to scale for 3D comparison with Paytm's figures

MPL VS PAYTM

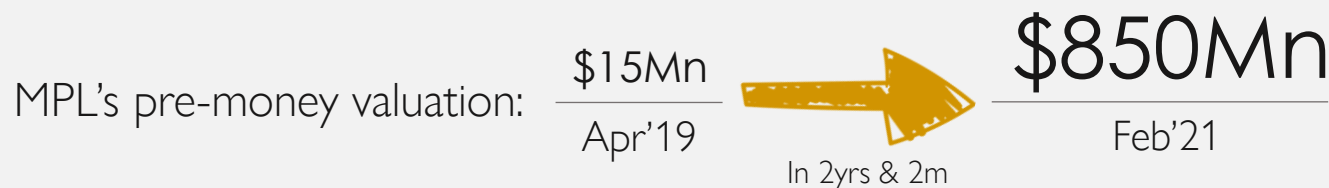


4.65 months

Cash Runway (as of March'20)

i.e. number of months the Startup can operate for, without a fresh round of funding (assuming FY 19-20 level of operations remains constant)

Incidentally, MPL raised \$90Mn in Sep'20, i.e. 5 months from Mar'20



MPL's EV/R multiple (with comparable figures) comes to 194 times which is way above the median EV/R multiple of the Indian Unicorn Club @ 20 times. These numbers are indicative of the extremely optimistic forecasts of the Indian gaming industry by the VCs in India and abroad, and more so from the pandemic triggered boom.



by the numbers (FY 2019-20)

Note: The circles are roughly drawn to scale for 3D comparison with MPL's figures



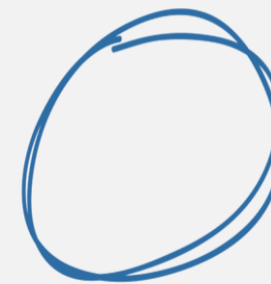
INR 17.04 Cr

Revenue



INR 35.80 Cr

Advertisement Expenses



INR 119.34 Cr

Total Expenses

15 months

Cash Runway (as of March'20)

(assuming FY 19-20 level of operations remains constant)

A higher cash runway is indicative of higher stability levels.

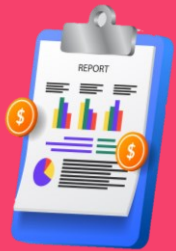
Our take

Some of the reasons we can think of, that allows PFG to significantly reduce its acquisition cost include:

- The super app structure of Paytm App allowed cross selling of gaming to users that visited the app for making payments or booking tickets.
- Superior brand image associated with the legacy of Paytm payments app, Paytm mall, etc.
- Focus on different products, geographies and/or segment of population, requiring lower levels of acquisition costs.
- Ease of use, better product offerings and better overall business strategy.

EVERYTHING 5

Here's our curated list of 5 industry reports & 5 podcasts that you can refer to for a deeper understanding of the world of online gaming:



Industry Reports

- 01 ▶▶▶▶▶ Deloitte - [TMT Predictions 2021](#)
- 02 ▶▶▶▶▶ KPMG - [The evolving landscape of sports gaming in India](#)
- 03 ▶▶▶▶▶ FICCI & EY - [The era of consumer A.R.T](#)
- 04 ▶▶▶▶▶ Inc42 - [Esports In India: Market Landscape Report 2020](#)
- 05 ▶▶▶▶▶ Limelight Networks - [The State of Online Gaming 2020](#)

- [Yash Pariani - Founder of The Indian Gaming League...](#) ◀◀◀◀◀ 01
- [AJVC Unfiltered 10: Can IPL Startup India's Sporting Revolution?](#) ◀◀◀◀◀ 02
- [How games make kids smarter](#) ◀◀◀◀◀ 03
- [Gaming in the post Covid-19 era](#) ◀◀◀◀◀ 04
- [20VC: Why Success in Gaming is Like Success in VC, The Key To...](#) ◀◀◀◀◀ 05



Podcasts

PREVIOUS ISSUES



FOR PRIVATE CIRCULATION ONLY

RIGHT NOW[®]

THE STARTUP NEWSLETTER

JAN'20

Chunder Khator & Associates
Kolkata | Mumbai | Chennai | NCR

“No Matter how tough the chase is, you should always have the dream you saw on the first day. It'll keep you motivated and rescue you from any weak thoughts.”

- Jack Ma, co-founder Alibaba

In this Issue:

- Ecommerce at Sixes and Sevens
- A Junior VC's point of view
- Inspire, Hire & eventually Fire
- Ventures deeply Capitalized
- Around the World in a Blink
- Learning from the Best

Creating Value & Confidence

FOR PRIVATE CIRCULATION ONLY

RIGHT NOW[®]

THE STARTUP NEWSLETTER

FEB'20

In this Issue:

- Food is in the air | Cloud Kitchen – the next big bet
- Are startups overvalued? Yes, but why and when?
- Recent Investments in Indian Startups
- Microfinance and MSME – the hype is real!
- Startup snippets from Budget 2020
- What else is Buzzing?
- Around the World in a Blink
- Learning from the Best

CHUNDER KHATOR & ASSOCIATES
CREATING VALUE & CONFIDENCE

KOLKATA | MUMBAI
CHENNAI | NCR

FOR PRIVATE CIRCULATION ONLY

RIGHT NOW[®]

THE STARTUP NEWSLETTER

MAR'20

In this Issue:

- Right Now Podcast – Sauber | We Mean Clean
- Handshakes are scary, now bleak too
- Gig-Economy – the new gig
- Startups & Big-Corps
- Paytm showing signs of good business
- Recent stake-grabs at Indian Startups
- Around the World in a Blink
- Learning from the Best – Pulling off Work from Home

CHUNDER KHATOR & ASSOCIATES
CREATING VALUE & CONFIDENCE

KOLKATA | MUMBAI
CHENNAI | NCR

FOR PRIVATE CIRCULATION ONLY

RIGHT NOW[®]

THE STARTUP NEWSLETTER

APR'20

In this Issue:

- Right Now Podcast – Sportifan | Imagination has wings
- Sectoral Analysis:
 - Food Delivery
 - Cab Aggregator
 - Grocery Delivery
 - Hospitality (OYO)
- Innovation amidst rising fear and panic
- Recent Stake Grabs in Indian Startups
- A Virtual Investment Stint around the world
- Learning from the Best: Theory of Good & Bad Capital

CHUNDER KHATOR & ASSOCIATES
CREATING VALUE & CONFIDENCE

KOLKATA | MUMBAI | CHENNAI | NCR

FOR PRIVATE CIRCULATION ONLY

RIGHT NOW[®]

THE STARTUP NEWSLETTER

JULY'20

CHUNDER KHATOR & ASSOCIATES
CREATING VALUE & CONFIDENCE

KOLKATA | MUMBAI | CHENNAI | NCR

FOR PRIVATE CIRCULATION ONLY

RIGHT NOW[®]

THE STARTUP NEWSLETTER

AUG'20

CHUNDER KHATOR & ASSOCIATES
CREATING VALUE & CONFIDENCE

KOLKATA | MUMBAI | CHENNAI | NCR

FOR PRIVATE CIRCULATION ONLY

RIGHT NOW[®]

THE STARTUP NEWSLETTER

JUNE'20

CHUNDER KHATOR & ASSOCIATES
CREATING VALUE & CONFIDENCE

KOLKATA | MUMBAI | CHENNAI | NCR

Wow! This is **Uber Cool!**

You made it to the end!

What do you think about our Newsletter?

Type something...



CHUNDER KHATOR & ASSOCIATES
CHARTERED ACCOUNTANTS

A: 584A, New Alipore, Kolkata, India 700053

M: +91 9830547380; +91 9830347380

E: kk@chunderkhator.in; ritwik@chunderkhator.in

W: www.chunderkhator.com

CONTACT US



A: 11 Short Street, 1st Floor, Kolkata, India 700016

M: +91 9830333181

E: sameer@wwconsultancy.in

W: www.wwconsultancy.in