

Ready. Set. Game ON!

Esports in India

June 2021





Contents

24

Dawn of a new sport - esports

34

The growing esports ecosystem

46

Esports - more versatile, more adaptable

52

Esports - a major industry segment by FY 2025

60

An INR100 billion economic impact by FY2025

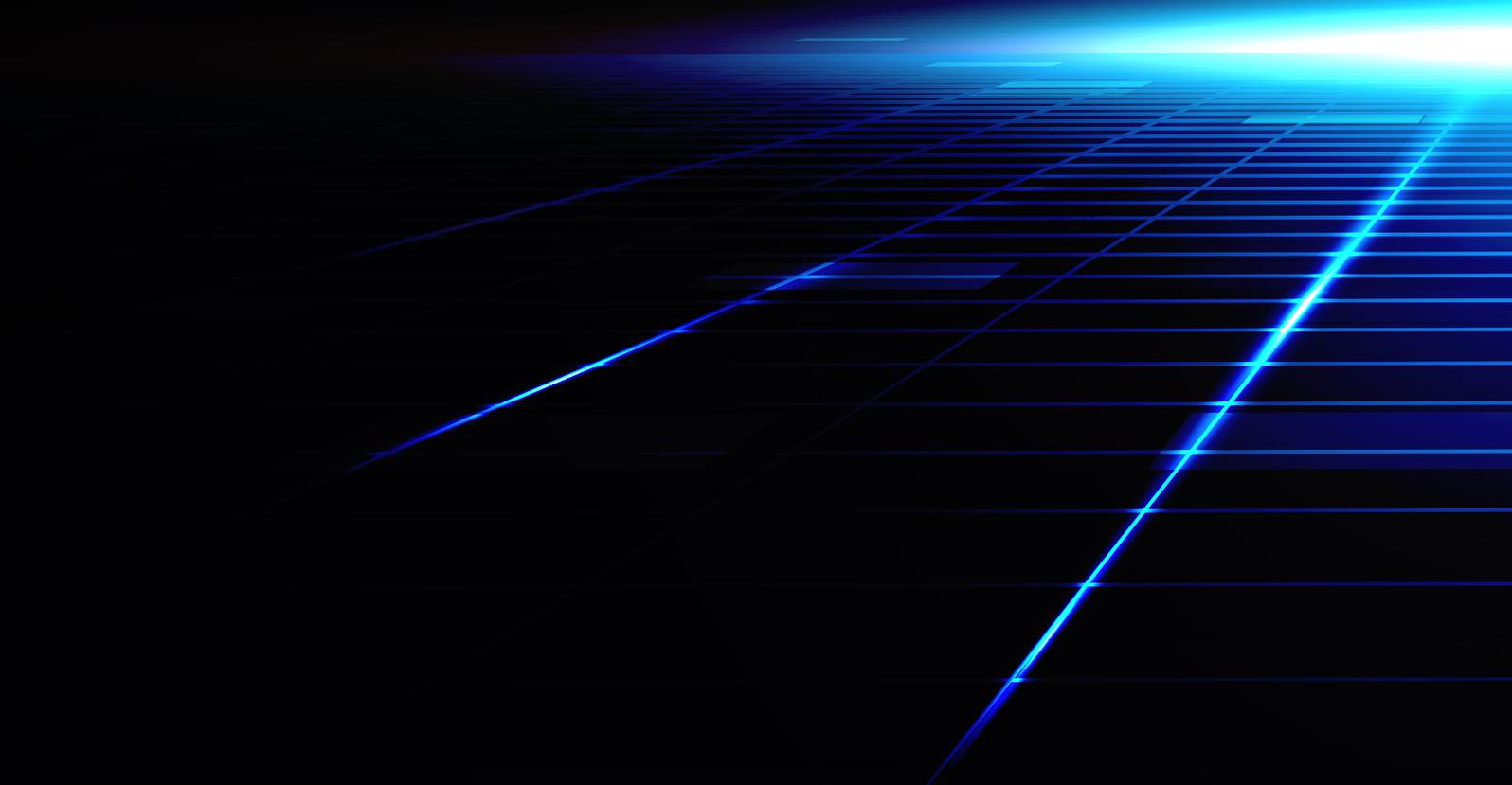
68

Regulatory environment

78

About this report

Foreword



The growth of esports in India has been nothing short of spectacular.

As a sport, it has steadily gained popularity with youth, and consequently has become an attractive option for brands to connect with young and empowered audiences. As a game of skill accessible indoors and on the ubiquitous mobile phone, it gained much popularity during the lockdowns witnessed in 2020 and 2021. And as a mode of entertainment, it continues to serve hard core gamers as well as social gamers who wish to get competitive.

Though at a nascent stage, the Indian esports industry has quickly scaled to INR3 billion in FY2021 and we expect it to reach INR11 billion by FY2025. However, the sport has a much larger economic impact: we expect it to generate economic value of around INR100 billion between now and FY2025.

This report tries to capture the various manifestations of esports and determine its future potential.

Our sincere thanks to the passionate esports community who gave us their time and valuable insights. We are sure you will find the report insightful and we hope you enjoy reading it as much as we have enjoyed putting it together for you.

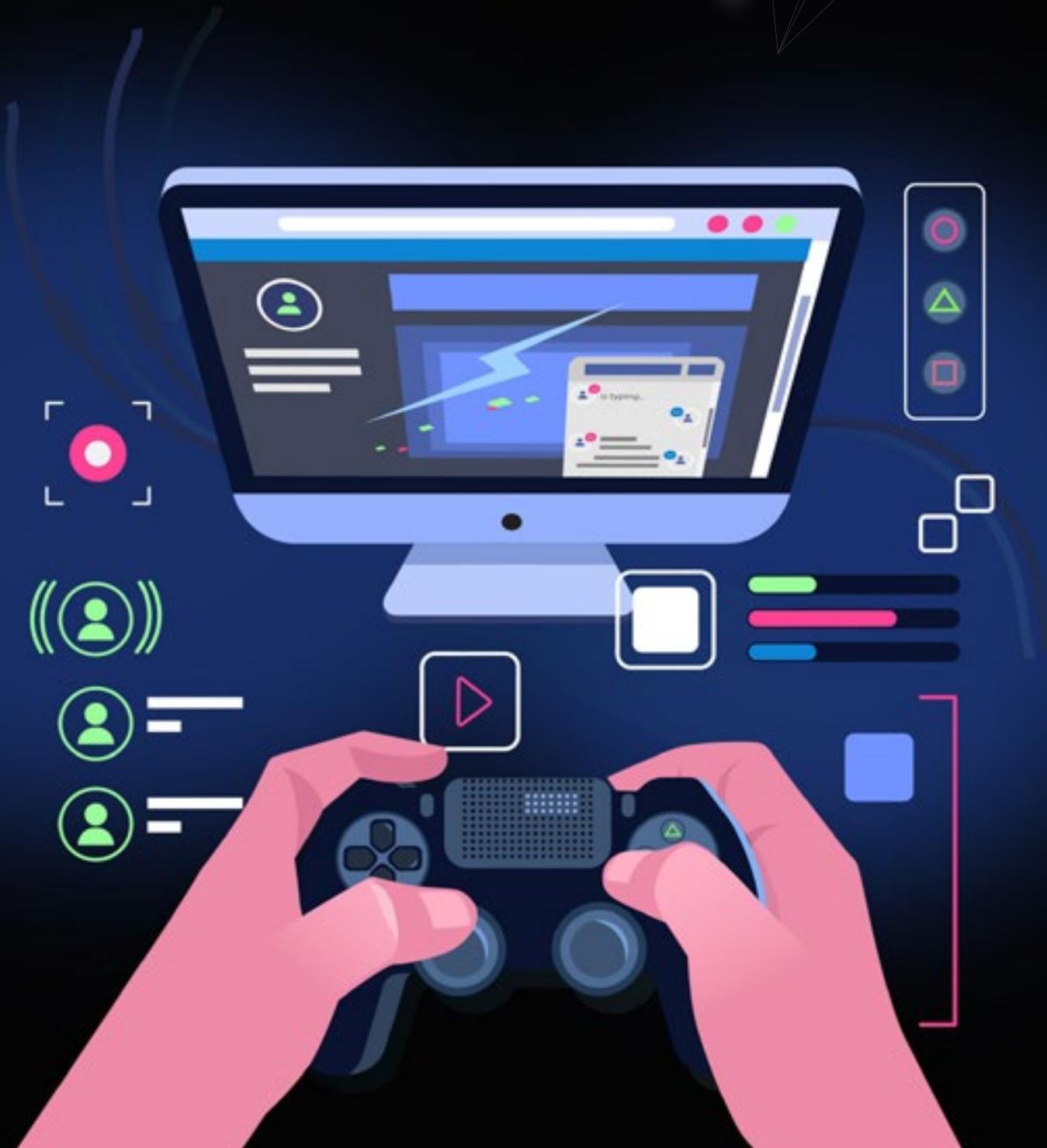


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Executive summary



1

A new kind of sport is on the rise in India, fuelled by a prize pool expected to reach INR1 billion by FY2025, and it is not the same as online gaming. It is esports.

Esports already has over 150,000 professional players and generates viewership from 17 million people across 14 broadcast platforms. This is expected to grow to 1.5 million professional players, 85 million viewers and 20+ broadcasters by FY2025.

2

3

Esports creates an opportunity to build India's soft power internationally as international events like the Asian games and the South Asian Games add esports in their list of official competitions. In the 18th Asian Games, held in 2018, Tirth Mehta, esports player from India, won a bronze medal.

Esports industry revenues have reached nearly INR3 billion in FY2021 and are expected to reach INR11 billion by FY2025. Tournament revenues, streaming media revenues and prize pool are key revenue streams.

4

5

By creating over 11,000 jobs, esports will generate around INR100 billion of economic value for India between 2021 and 2025, comprising investments, in-app purchases, winnings, taxes and related consumption.

For the sector to achieve its potential, regulatory support is required in terms of recognizing esports, creating a nodal esports body, providing SEZ benefits, development grants and incentives for grass root inclusion.

6

1

A new kind of sport - esports - is on the rise in India and it is not the same as online gaming.

The esports industry in India is highly fragmented and undocumented, making the term open to various interpretations.

Esports is a sport, requiring competitive game play, a tournament and / or league format and use of skill, most often physical skill.

As the popularity and frequency of esports tournaments grow, esports is often confused with online gaming. The need for an

electronic device and online multiplayer game fuels the misnomer. However, esports is not online gaming. Unlike online gaming, esports is defined by online games of skill that are played in tournaments - different teams and individuals playing against each other to win the championship / league / title like physical sports. Esports also includes games which are the digital/virtual manifestations of traditional sports.





Furthermore, esports is indistinguishable from traditional sports. In esports, games are monitored; and participants are actively playing and using their skills to win the championship.

Like traditional sports, excelling at esports requires hand-eye coordination, attention, visual processing, executive function and

strategy development. All of that perfectly combined with well timed responses to game stimuli helps players excel and grow in the space.

The table below classifies sports and gaming, and although not meant to provide any legal perspective, it tries to differentiate various terms based on certain identified criteria.



Classification

Online gaming, fantasy sport, esports and other terms are commonly interchanged and hence, for purposes of clarity, we have adopted the below classification:

		Sports		
		Traditional sports	Arcade	Esports
Characteristics	Objective/Intent of play	Competitive	Competitive	Competitive
	Real World / physical connect	Yes	Yes	Tournaments
	Games are monitoring through	Tournaments	Tournaments	Tournaments
	Use of skill	Yes	Yes	Yes
	Use of physical skill	Yes	Yes	Yes
	Cost of participation	Free/ paid	Paid	Free/ paid*
	Participation fee determines the prize pool	No	Possible	Possible
	Tournaments are an integral part of...	Yes		Yes
	Venue	Yes	Yes	Yes / No
	Infrastructure	Sport infra	Arcade infra	
Revenue sources	Advertising			a. Real-time strategy (RTS): Clash Royale, Age of Empire.
	Subscription			b. Fighting: Tekken7, Mortal Kombat, Super Smash Bros
	In-app purchases / platform purchases	Cricket, football, hockey, chess	Timezone, SMAASH	c. First-person shooter (FPS): Counter Strike, Call of Duty, Counter Strike
	Live events			d. Multiplayer online battle arena (MOBA): League of Legends, DOTA2, Mini Militia
	Participation fee / prize pool			e. Sports: Archery, Carrom, Chess, Asphalt f. Tournaments around games of skill

<https://www.forbes.com/sites/darrenheitner/2015/12/15/entry-fee-league-of-legends-is-newest-esports-offering/?sh=4b4bbbb91da5> | <https://www.ncsasports.org/college-esports-scholarships/esports-tournaments>

*International tournaments such as League of Legends require teams to pay USD5-20 in the form of an entry fee at the start of the competition^{1,2}

Gaming			Games of chance
Social gaming	Fantasy sports	Card games	
Entertainment	Competitive	Competitive	Competitive
	Yes		
Yes	Yes	Yes	
Yes / No	No	No	No
Free/ paid	Free/ paid	Free/ paid	Free/ paid
Possible	Yes	Yes	Yes
	Yes	Yes	
Internet + Device infra: PC, mobile, console, etc.			

Among us, Farmville, Psych, Tetris

Fantasy Cricket, Fantasy Football, Fantasy Basketball

Poker, Solitaire, Call Break, Bridge

Roulette, Tambola, Bingo

- ▶ Games are device agnostic and hence we have not classified games relating to the devices used
- ▶ The above scheme does not represent in any manner the legal or regulatory classification and is being provided for the sake of clarity to the reader

- ▶ This report pertains to esports and some types of competitive games of skill
- ▶ Online gaming, fantasy sport, esports and other terms are commonly interchanged and hence, for purposes of clarity, we have adopted the above classification

An esports player is different from the average social gamer

An EY India survey of over 1,100 smartphone users, indicates that out of every eight people, one user participates in Esports tournaments for every six people who play social games.



Skill of an esports player, much like of a traditional sportsperson, is a function of amount of practice

Number of matches played plotted against games won by players, on average¹



MPL

Data indicates that the more an esports player plays a game the more likely he/she is to win the game. This highlights the underlying relation that players need to invest time and practice the games to build the competency needed to win at esports tournaments.

Esports industry is expected to surpass the biggest sport franchise in India in terms of prize money by offering a total prize pool of INR1 billion by FY2025

Esports prize pool in India (INR million)



<https://www.sportskeeda.com/cricket/ipl-prize-money> | FICCI-EY M&E report 2021 | EY estimates

The Indian audience follows sports and plays games with great zeal and enthusiasm. From competitive sports to gaming on devices, competition has found deep roots in India. In FY21, IPL, an Indian sports league with highest prize pool in the country, offered INR250 million in its prize pool for the tournament.² Esports came second at INR 150 million.³

While other sports benefit from having organized sports calendars and proven track records, esports tournaments have neither. In spite of that, esports has a sizable prize pool when compared to other sports. As the players and viewers of esports are young and reflect the demographic that many advertisers seek, brands and publishers are incentivized to sponsor tournaments. This helps the prize pool to grow.

2. <https://www.sportskeeda.com/cricket/ipl-prize-money>
3. FICCI-EY M&E report 2021

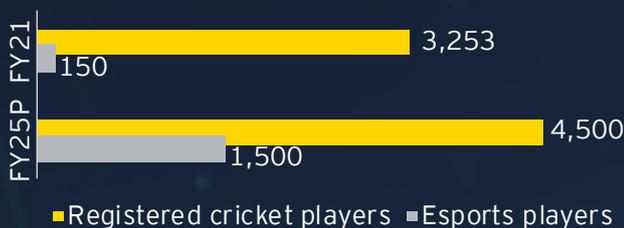
2

1.5 million players, 85 million viewers, 20+ broadcasters and several brands, organizers and publishers will collectively define the esports market in India by FY2025

The esports ecosystem is similar to the sports ecosystem. While publishers own the games played in esports tournaments, federations help regulate traditional sports.

Teams and players

Like traditional sports, esports requires commitment to train and practice. Today, it is estimated that India has 150,000 players and around 60,000 teams. Over 90% esports players participate in online mobile esports tournaments. As esports becomes a viable profession for the youth, the number of players playing esports is expected to reach 1.5 million by FY2025.⁴



<https://indianexpress.com/article/sports/asian-games/asian-games-2018-indias-lone-esport-medallist-tirth-mehta-relives-jakarta-high-5338303> | FICCI-EY M&E report 2021 | EY estimates

Organizers

Multiple esports tournaments happen daily across various platforms in India. Organisers are responsible for organizing esports tournaments across multiple games. The ecosystem is versatile enough to allow multiple stakeholders to function as organizers. For instance, publishers could become organizers of esports tournaments.

Nodwin, GamingMonk and Jio function purely as organizers as they conduct esports tournaments for games like Garena Freefire, PUBG and others. They sometimes partner with publishers to conduct these tournaments and championships.

The most renowned and large scale organizers of esports tournaments are the Asian Games and the South Asian games. The Olympics, too, is evaluating adding esports to their competitions. In the 18th Asian Games, held in 2018, nine Indian esports players participated and one of them, Tirth Mehta, won a bronze medal.⁵

4. Industry interviews

5. <https://indianexpress.com/article/sports/asian-games/asian-games-2018-indias-lone-esport-medallist-tirth-mehta-relives-jakarta-high-5338303>

Publishers and developers

Presently, about 4% of mobile games on the Play Store are from Indian publishers.⁶ As Indian game developers transition from developing social games to multiplayer games, Indian developers are expected to create games that are better suited for esports tournaments. The number of Indian gaming studios have grown 5x since 2015.

Mobile games on Play Store

India	Globally
19	441
x 1,000	x 1,000

Average installs per mobile game on Play Store

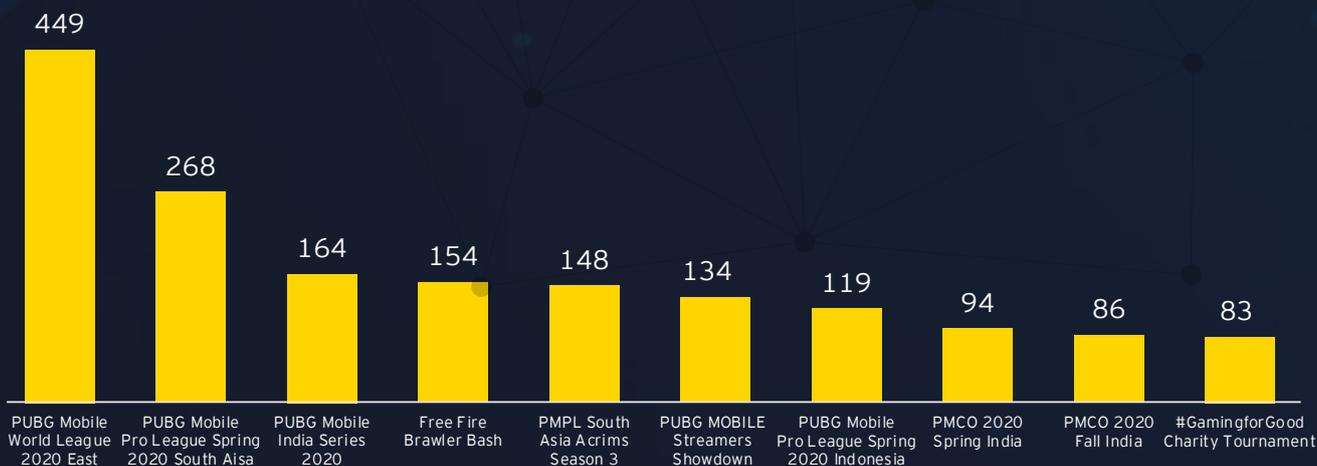
India	Globally
389	450
x 1,000	x 1,000

<https://42matters.com/india-mobile-gaming-statistics>

6. <https://42matters.com/india-mobile-gaming-statistics>

Broadcasters and audiences

(Viewers in 000s)⁷

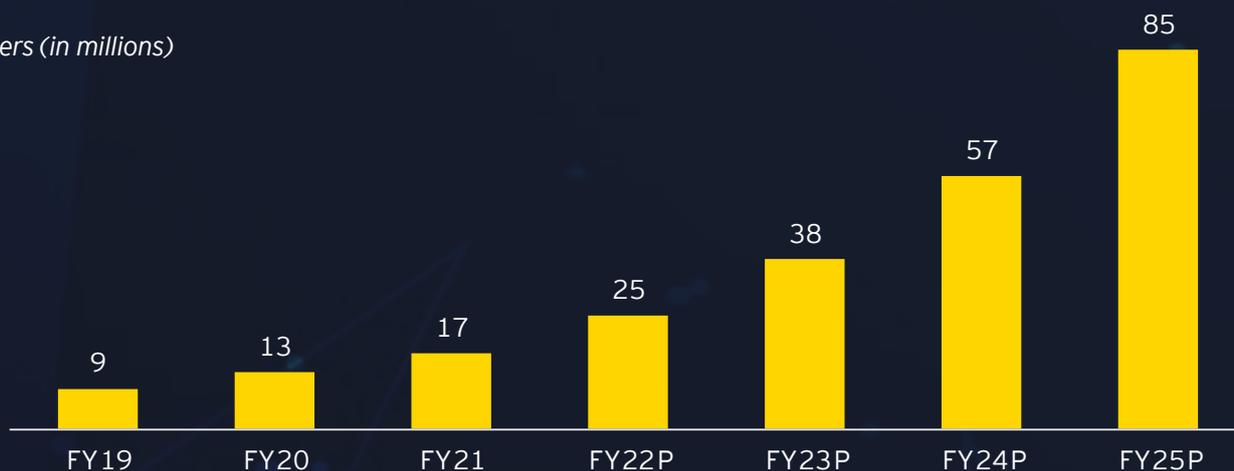


<https://escharts.com/blog/whats-interesting-about-indian-esports20>

As esports tournaments grow more competitive, they draw more viewership and support from players and the audience. For instance, the PUBG Mobile World League 2020 East was the last big tournament of the Asian continent. The Hindi-language broadcast of the same attracted 449 thousand peak viewers, which has been the highest record so far.⁷

There are over 14 esports broadcast platforms in 2020 which are expected to cross 20 platforms by 2025. While current viewership is 17 million, over 85 million unique viewers will watch esports tournaments in the country by 2025.⁸ This will comprise around 10% of global esports viewership. Viewership across multiple streaming platforms such as YouTube, Facebook, Twitch and other OTT platforms will collectively measure much higher.

Viewers (in millions)



FICCI-EY M&E report 2021 | EY estimates

Brands and sponsors

Over 50 brands⁹, including prominent national brands like Airtel, Bookmyshow.com, Flipkart, Monster Energy Drinks, Asus, Redbull and Yes Bank have forayed into

the esports industry over the past few years. While it is still at a nascent stage, its constantly growing audience base makes esports a growing favourite amongst brands and advertisers.

7. <https://escharts.com/blog/whats-interesting-about-indian-esports20>

8. Industry discussions

9. EY estimates

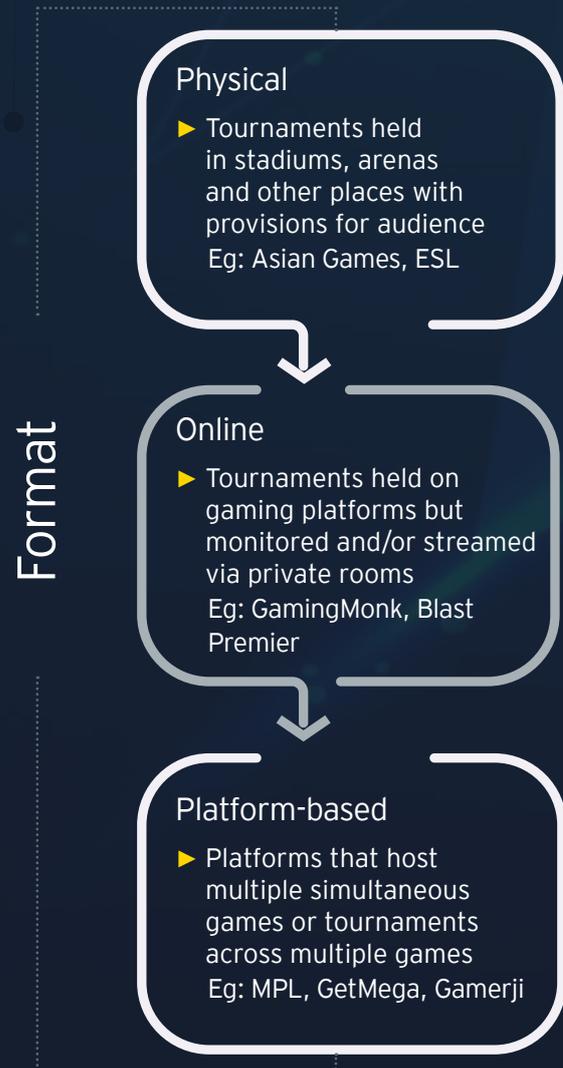
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Esports is more versatile and adaptable than regular sports, and its tournaments vary in scale, operations and frequency

Different organizers prefer different formats depending upon the frequency, scale and nature of operations and proposition.

Broadly, there are three types of tournament formats:

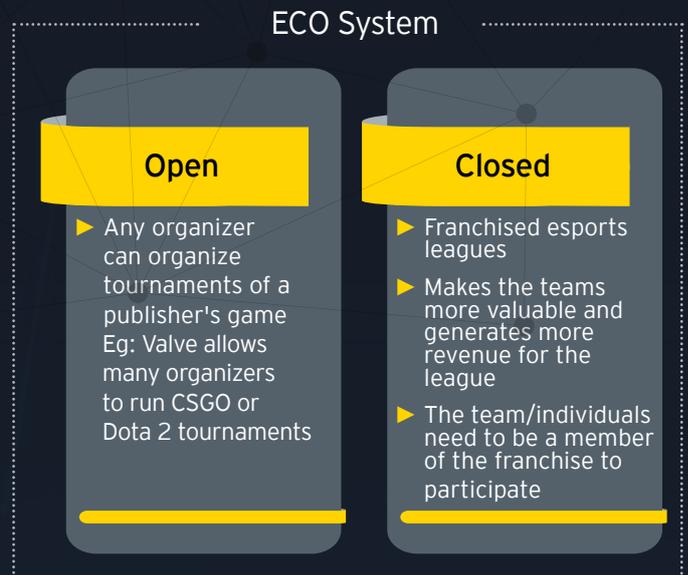
- ▶ Online or mobile mass methods preferred by publishers and organizers who wish to conduct tournaments more frequently
- ▶ A gaming platform to host esports tournaments for organizers who wish to own the user experience and conduct multiple esports tournaments
- ▶ Leagues organized in stadiums and other physical venues for larger than life esports tournaments



While organizers pick the esports format, publishers decide the ecosystem of tournaments

In an open ecosystem any organizer can organize a tournament and any player can participate in the same. This liberty lowers entry barriers for organizers, brands and players collectively, thereby benefitting the entire esports ecosystem. It also enables organizers to conduct tournaments more frequently. It makes esports accessible to a larger audience when it is an open ecosystem.

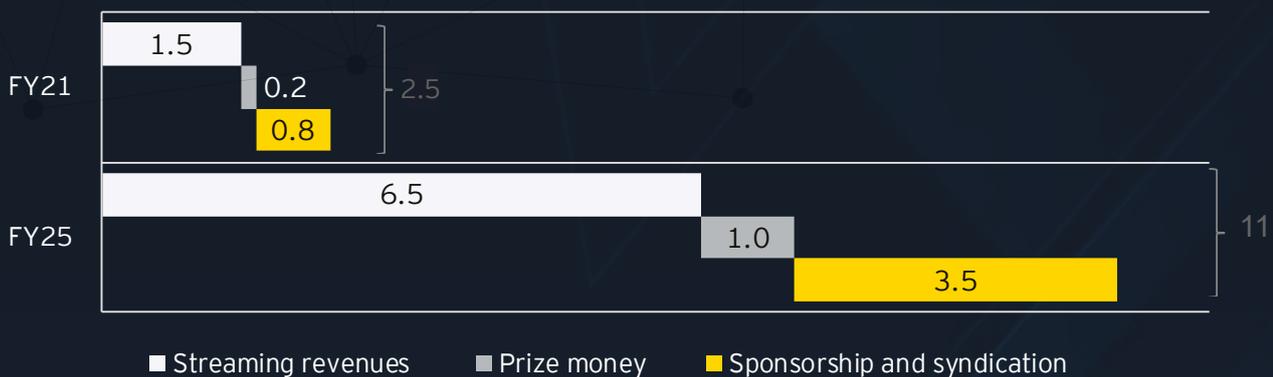
When publishers franchise the esports tournaments for their games, a closed ecosystem is created. In this ecosystem, esports tournaments are conducted like sports leagues of traditional sports. In such an ecosystem teams are often required to pay a fee to participate.



4

The esports industry is expected to grow fourfold to INR11 billion by FY2025 from FY2021¹⁰

Esports industry revenue (in INR billion)



FICCI-EY M&E report 2021 | EY estimates

For the purposes of this report, in-app purchases of INR4+ billion in FY21 are not considered in revenue sizing, but in the socio-economic impact generated by esports.

The esports industry is expected to grow at 46% CAGR over the next four years.

Streaming platforms will generate the largest chunk of esports revenues. As esports grows popular amongst youth and the affluent, advertisers and agencies are expected to increasingly use esports tournament viewership to gain reach and engagement with the audience, growing over 4x to INR6.5 billion by FY25. Eventually, the industry could explore subscription revenue models.

Tournament sponsorship and syndication revenue would likely quadruple to more than INR3.5 billion CAGR growing at a CAGR of 45%. Media broadcasting rights and advertisement sponsorship revenue together constitute this segment.

The prize money/prize pool would likely contribute to over 10% to the esports economy FY2025 and reach an estimated INR1 billion by FY2025. About 85% of the prize money will be for mobile esports tournaments.

This growth in the industry will be driven by:

- ▶ Increased smartphone penetration in India - nearly 1 billion smartphones will be in use in the country by FY2025¹¹
- ▶ Consequently, internet users would cross 1 billion, reaching over 80% of India's population by CY2025¹²
- ▶ Over 10% of handsets sold in the country will have capabilities to support professional grade esports¹³
- ▶ Nearly 50% of the Indian population, being younger than 24 years of age¹⁴, will drive overall gaming growth
- ▶ Digital India push by the Government is boosting less expensive made in India handsets and affordable broadband availability^{15, 16}

11. <https://www.statista.com/statistics/467163/forecast-of-smartphone-users-in-india/>

12. <https://www.analyticsinsight.net/india-estimated-to-reach-1-billion-internet-users-by-2025/>

13. <https://www.firstpost.com/tech/gaming/gaming-smartphones-could-make-up-6-5-of-indias-total-smartphone-market-by-2021-5525481.html>

14. https://www.indexmundi.com/india/age_structure.html

15. <https://inc42.com/buzz/cabinet-approves-national-policy-on-electronics-targets-400-bn-turnover-by-2025/>

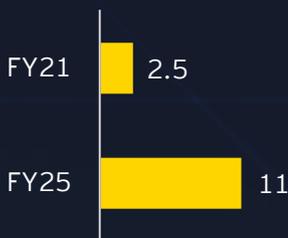
16. <https://www.financialexpress.com/economy/digital-india-goes-rural-modis-digigaon-to-bring-villages-on-wi-fi-internet-to-boost-literacy-incomes/1176688/>

5

Esports industry in India would generate an economic impact of INR100 billion between FY2021 and FY2025

Size of the Indian esports industry would grow over fourfold from INR2.5 billion to INR11 billion by FY2025

Esports industry revenue (in INR billion)



Industry interviews

As the esports industry size grows from INR2.5 billion to INR11 billion by 2025, it will induce income in parallel and complimentary industries, change social dynamics in the country and create new jobs for many

Esports received nearly INR13 billion investments in the past 5 years and would likely see another INR34 billion by FY2025

Investors often seek companies that have a single identified proposition. Therefore, esports or real money fantasy are much more appealing to investors. As the demand for more diverse and intricate games grows in India, Indian developers are shifting to create more unique and complex games meant for multiplayer competitive tournaments.

By FY2025, India will have 1.5 million esports players



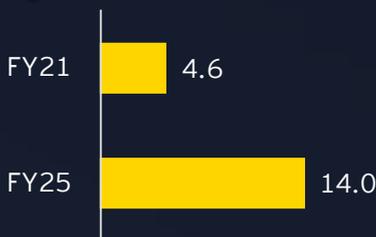
Industry interviews | EY estimates

From 16% of 150,000 players to nearly 30% of 1.5 million esports players, esports is expected to grow popular amongst women.

As women take centre-stage in physical sports globally, it is propelling more women to join all forms of sports, including esports. This trend will continue in the future.

Esports will help popularize games, which in turn will generate a revenue of INR14 billion in in-app purchases for publishers by FY2025

In-app purchase revenues (in INR billion)



Industry interviews

As mobile gamers, motivated to win prize money of esports tournaments, explore games, a small fraction of them experiment with customizing their experiences through in-app purchases. This helps generate additional revenues.

Total in-app purchases across FY2021 to FY2025 would be around INR43 billion.

The esports industry will create over 11,000 direct and indirect jobs, including for game development and events by FY2025

EY estimates

Apart from specializing in gaming skills and game theory, the esports industry also creates opportunities in the field of event management, ethical and legislative laws, game design, esports marketing and league management.

Over INR600 million of ancillary revenue will be generated between FY2021 and FY2025

EY estimates

New income streams comprising licensing and merchandising, player salaries, event management income and other tertiary spending will become more significant in the coming years.

Aggregate tax revenues generated by the Indian esports industry are expected to be INR23 billion between FY2021 and FY2025

Tax revenue collected (in INR billion)



Industry interviews

With an overall increase in the industry revenues and ancillary industry revenues, tax revenues collected by the government are expected to grow at 33% CAGR to almost INR8 billion by FY2025.

6

Indian esports requires Government support to achieve its potential

The Government of India, as well as the state governments, can help the industry become a world leader by introducing certain changes¹⁷

Mindset

Identifying esports as a sport

Esports are skill based games played with the intent to be a leader in the scoreboard. It is a profession; not an "indulgence" or a "hobby". Asian Games has included esports, and Olympics could include it in the future.

Recognize potential benefits

Given the right impetus, esports can help India not only generate monetary benefits and employment, but also garner global fame and recognition, increasing its soft power (similar to its soft-power from cricket and Bollywood)

Regulatory

Recognition

Creating an esports policy that defines esports and recognizes an appropriate body to guide and direct the industry

Special Economic Zones / Training Zones

Create special facilities/zones with infrastructure for esports players to train and compete and for developers to create game intellectual property

Development grants

Funds for game development are difficult to source. Offering grants up to certain value would get projects off the ground

Inclusion at grass root level

Inclusion of esports in academic curriculum would raise awareness about opportunities in the gaming space as a developer and as a player

Standard Regulatory Framework

India needs a centralized and standardized framework to simplify rules for local governments to follow

Support

Organize and cooperate with global counterparts

The Government can help organize partnerships and exchange programmes with counterparts from leading countries of the world, as it has done for film co-productions

Enable stakeholder representation

The Government can allow stakeholders to share and offer their voice to changes in the industry

17. Industry interviews

Governments around the world have created policies to support and promote their esports industries; thereby enabling their youth and economy

US¹⁸

750

Million INR
Average winning
prize per team

Some high-level competitions,
like Dota 2 International, etc.

300

x 1,000 INR

Average monthly
salary of esports
player

Germany¹⁹

8.2

Billion INR is
the market
size for
esports

2.7

Billion INR
esports
sponsorship
market size

China

2

Million registered
esports players by
FY2025²⁰

300k

Already employed in
esports sector across
industries²¹

10

Million INR is the
average salary of
employees in esports
industry²¹

Esports has carved a special niche for itself in the gaming industry. Realizing the impact of esports on the economy, many countries across the world have made policies to harness this potential. USA, China, Germany, South Korea and Sri Lanka are a few of the countries that have recognized esports as a professional sport. Many countries, like the USA and Germany, grant esports players special visas that allow them to participate in esports tournaments in their countries.

18. <https://www.thestreet.com/personal-finance/how-much-do-esports-players-make-15126931>

19. <https://www.pwc.de/en/technology-media-and-telecommunication/digital-trend-outlook-esport-2020.html>

20. <https://gurugamer.com/esports/a-milestone-for-esports-in-sri-lanka-now-becomes-an-official-sport-in-the-nation-6870>

21. <https://www.pocketgamer.biz/asia/comment-and-opinion/72500/china-has-a-big-plan-to-become-the-global-centre-of-the-games-industry>



Dawn of a new
sport - esports



Esports is a sport

- ▶ Esports and traditional sport both require
 - ▶ tournaments, championships and competitions to test skill and competency
 - ▶ physical dexterity to gain competitive advantage over others
 - ▶ cognitive skills, motor skills, hand-eye coordination, visual processing, and strategy development to generate advantage¹
 - ▶ monitoring of competitions
- ▶ Both esports and traditional sports have consistent championships and leagues
 - ▶ Each traditional sport in India has at least one league or series that drives the popularity and viewership for it
 - ▶ Established tournaments and leagues are slowly finding footing in the industry while multiple small tournaments happen every day
- ▶ Esports also includes games which are the digital/virtual manifestations of traditional sports
- ▶ Technically, a typing contest could also qualify as esports given the requirement of skill and ability to play it online

Esports is not online gaming

- ▶ Online gaming allows gamers to make in-app purchases and / or platform purchases, while esports players cannot make purchases inside the tournament as it could impact fair play
- ▶ While both online games and esports tournaments may require submission of a participation fee, esports tournaments differ as they are moderated for monitored
- ▶ Online games are not always governed or driven by tournaments

Social gaming can transform into online gaming

- ▶ Social games that require technical skills, physical dexterity and cognitive ability to play can be a part of esports tournaments
- ▶ When technically demanding games are played in competitions against other players or teams, tournaments can be classified as esports as long as:
 - ▶ They are monitored and regulated
 - ▶ Participants need to use skill to win games

1. <https://www.montanayouthsoccer.com/esports/benefits-of-esports/>



Classification of esports

		Sports			Gaming			Games of chance
		Traditional sports	Arcade	Esports	Social gaming	Fantasy sports	Card games	
Characteristics	Objective/Intent of play	Competitive	Competitive	Competitive	Primarily entertainment	Competitive	Competitive	Competitive
	Real World / physical connect	Yes	Yes	Tournaments		Yes		
	Monitoring of	Touranments	Tournaments	Tournaments				
	Use of skill	Yes	Yes	Yes	Yes	Yes	Yes	
	Use of physical skill	Yes	Yes	Yes	Yes / No			No
	Cost of participation	Free/ paid	Paid	Free/ paid*	Free/ paid	Free/ paid	Free/ paid	Free/ paid
	Participation fee determines the prize pool	No	Possibly	Possibly	Possibly	Yes	Yes	Yes
	Tournaments are an integral part of...	Yes		Yes		Yes	Yes	
	Venue	Yes	Yes	Yes / No				
	Infrastructure	Sport infra	Arcade infra	Internet + Device infra: PC, mobile, console, etc.				
Revenue sources	Advertising	Cricket, football, hockey, chess	Timezone, SMAASH	a. Real-time strategy (RTS): Clash Royale, Age of Empire.b. Fighting: Tekken7, Mortal Kombat, Super Smash Bros.c. First-person shooter (FPS): Counter Strike, Call of Duty, Counter Striked. Multiplayer online battle arena (MOBA): League of Legends, DOTA2, Mini Militiae. Sports: Archery, Carrom, Chess, Asphalt	Among us, Farmville, Psych, Tetris	Fantasy Cricket, Fantasy Football, Fantasy Basketball	Solitaire, Call Break, Bridge	Roulette, Tambola, Bingo
	Subscription							
	In-app purchases / platform purchases							
	Live events							
	Participation fee / prize pool							

<https://www.forbes.com/sites/darrenheitner/2015/12/15/entry-fee-league-of-legends-is-newest-esports-offering/?sh=4b4bbb91da5> | <https://www.ncsasports.org/college-esports-scholarships/esports-tournaments>

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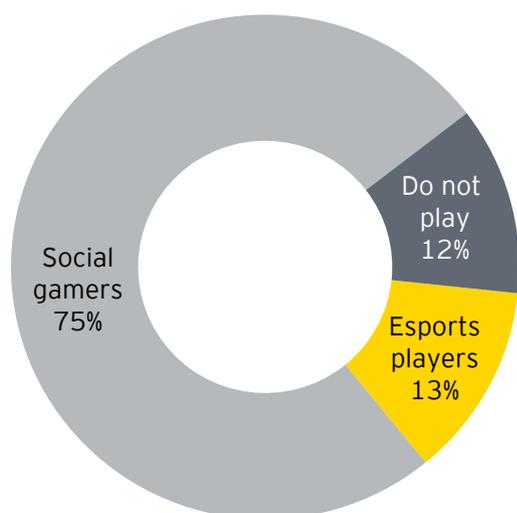


Esports players are different from casual gamers

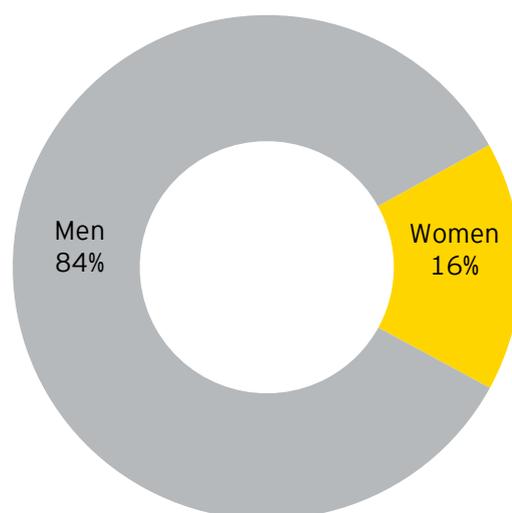
An EY survey of 1,108 respondents revealed that:

Responses collected across social media, network and educational institutes

Only 13% of the respondents had participated in esports tournaments



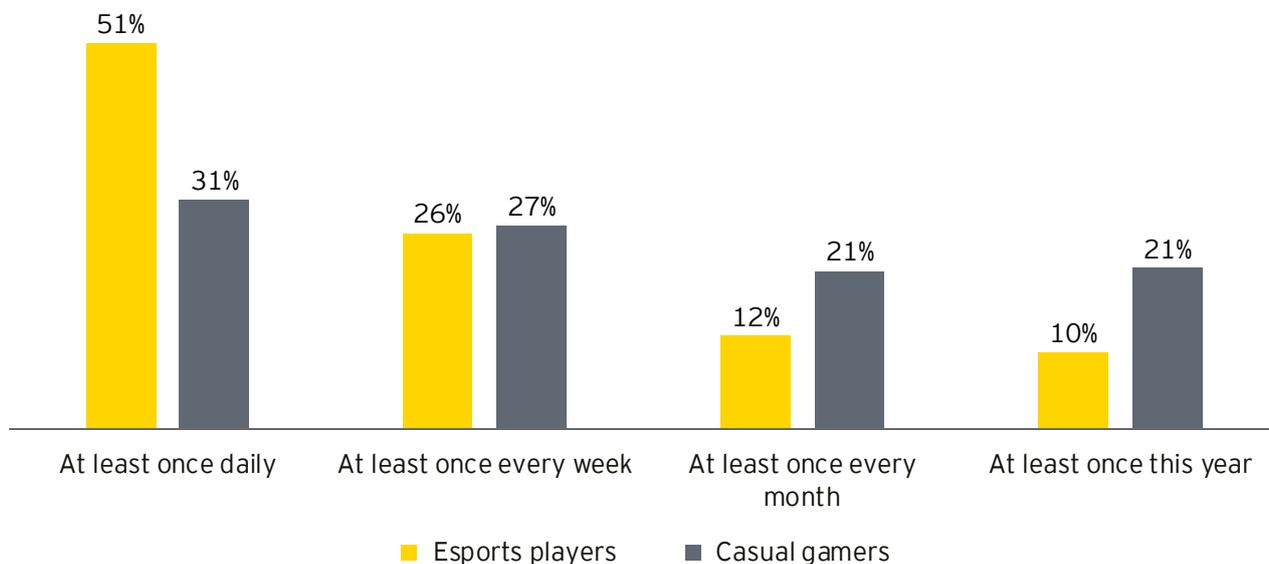
Only 16% of esports players were women



Esports players returned to play games far more frequently than social gamers

Based on data of 974 respondents (138 esports players and 836 social gamers)

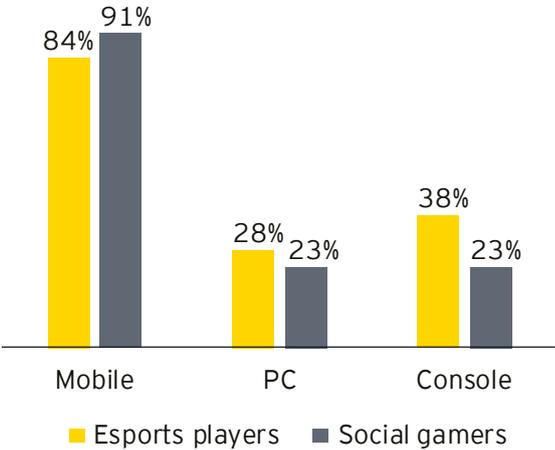
Gaming frequency



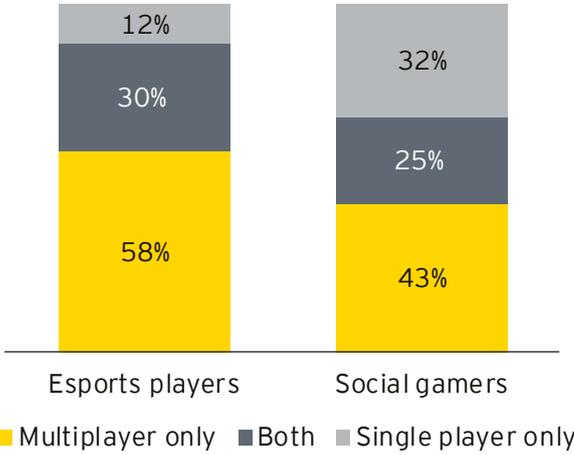
All graphs relate to percentage of respondents, unless otherwise mentioned



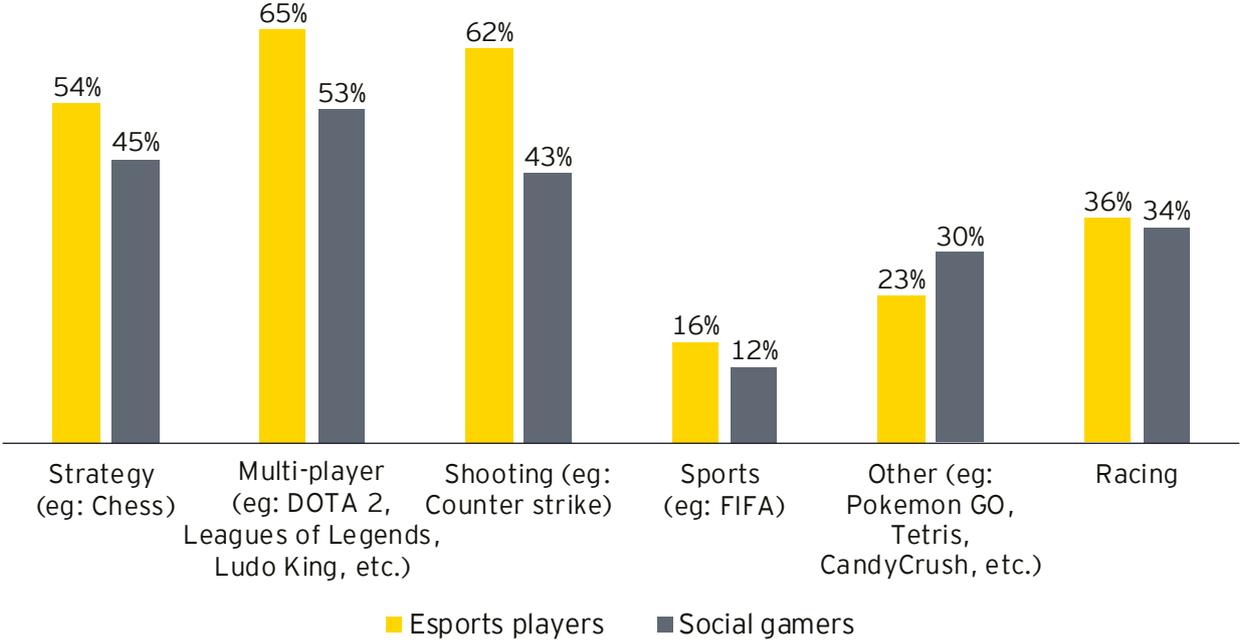
Esports players show a higher preference towards PC and console gaming as compared to mobile phones...



...as well as prefer multiplayer games



Esports players are more interested in fiercely competitive games compared to social gamers



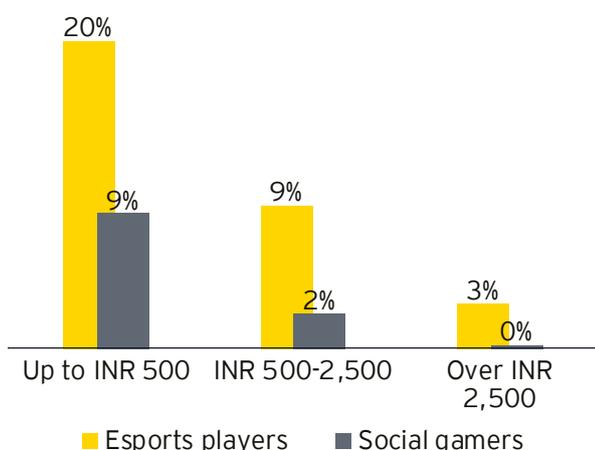
Based on survey data of 974 respondents (138 esports players and 836 social gamers) collected across social media, network and educational institutes



Esports players are more likely make in-app purchases and win prize money in games annually

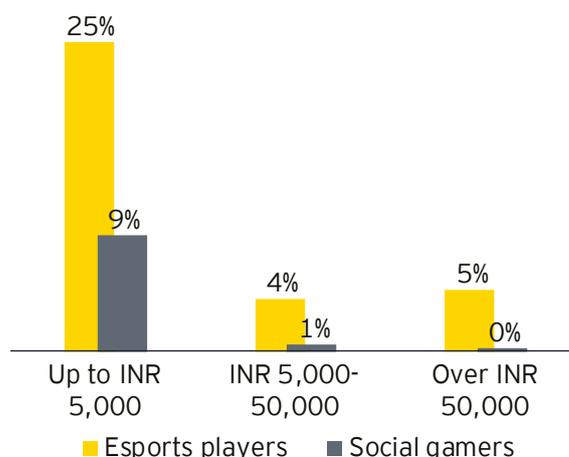
33% of esports players tend to make in-app purchases compared to 11% of social gamers

In-app purchases made



Around 35% of esports players have earned prize money from their tournaments compared to only 10% of social gamers

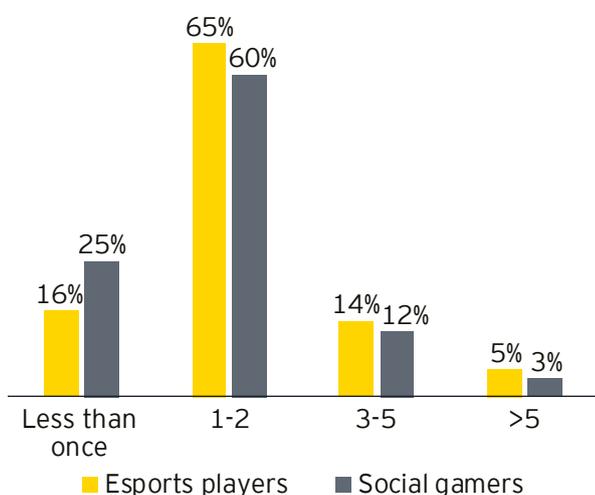
Prize money won



Esports players play games as frequently as social gamers but spend more time playing games

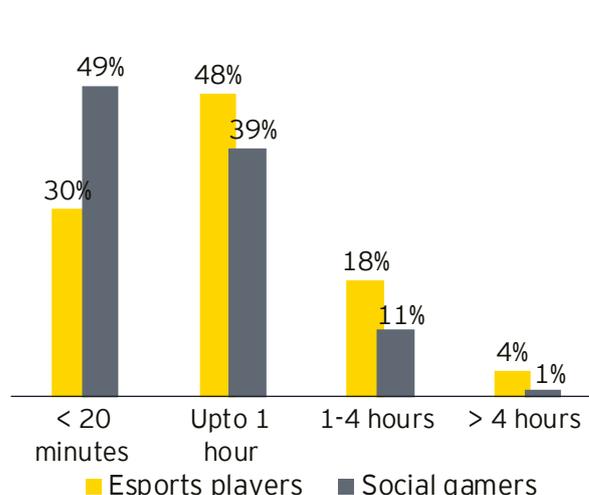
84% of esports players log in to play games at least once daily, compared to 75% of social gamers...

Daily sessions of playing games



...but on average, esports players spend more time in a day playing games

Time spent playing games daily

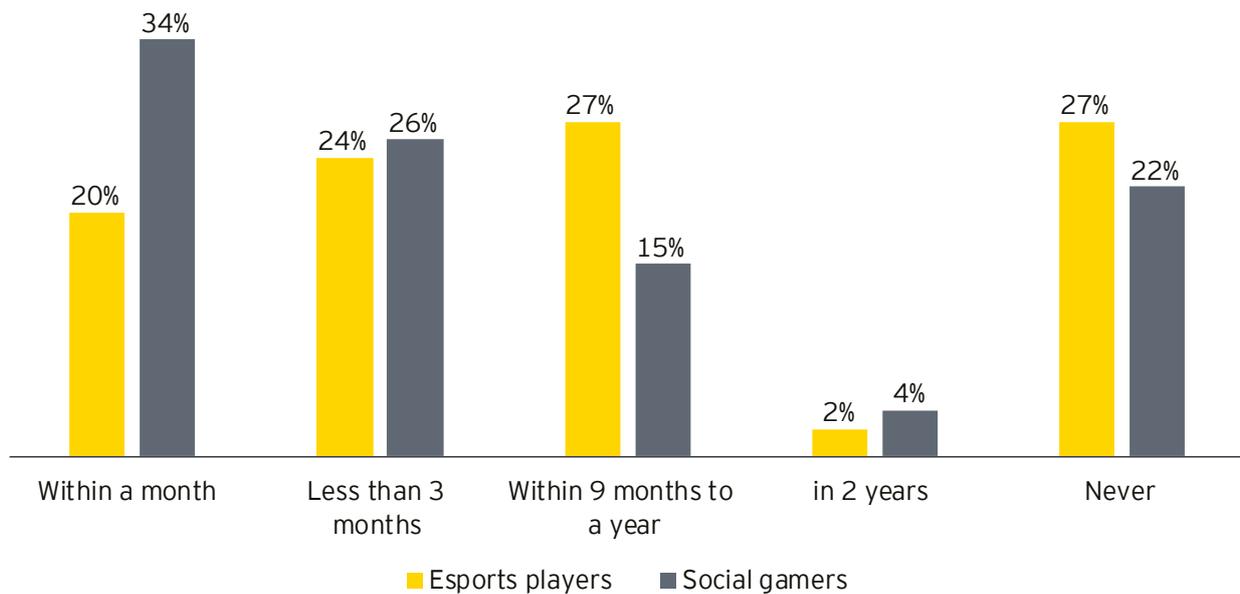




Indian esports gamers are more loyal to their games and practice more

Social gamers get tired of their preferred games faster compared to esports players

How long does it take you to get tired of the games you play?

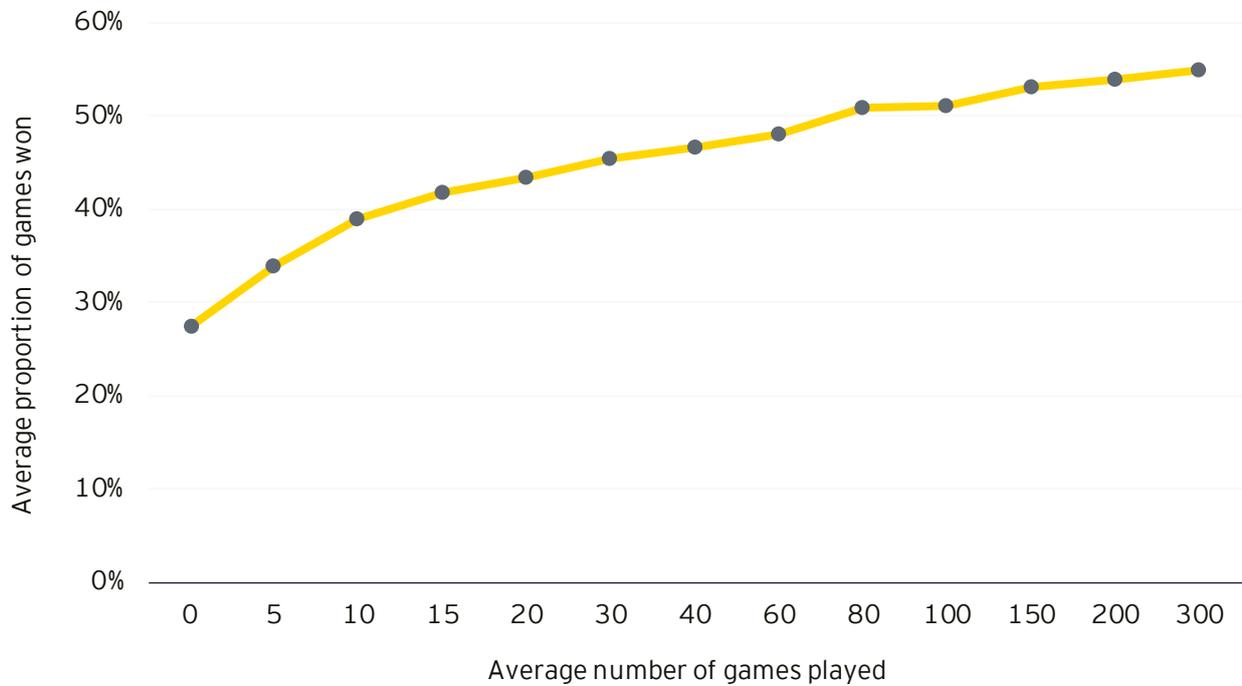


Based on survey data of 974 respondents (138 esports players and 836 social gamers) collected across social media, network and educational institutes

- ▶ About 60% of social gamers get tired of their preferred games within 3 month compared to 44% of esports players
- ▶ The time and commitment required to master a game and participate in esports tournaments makes esports players pursue their preferred games for a longer duration



Skill of an esports player, much like the skill of a traditional sportsperson, is a function of the amount of practice



MPL

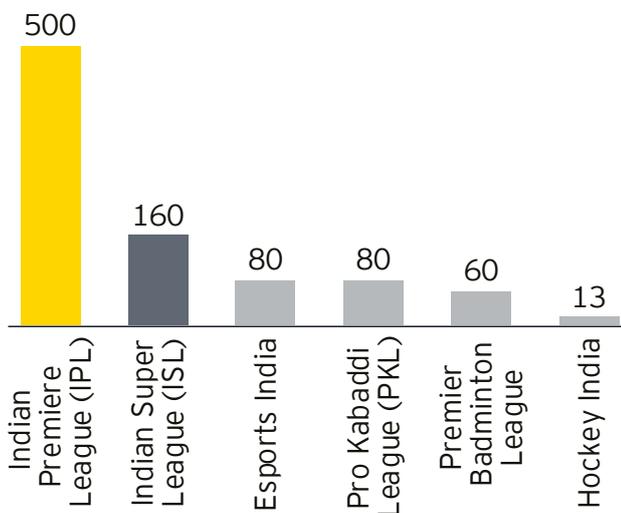
- ▶ The above study was conducted across 35 games
- ▶ The graph indicates the presence of causality between the commitment to a game and the outcome
- ▶ It was also observed that player performance improved faster in the first 15 matches after which the improvement slowed; this implies that after learning the game, extra effort and dedication are needed to improve skills to win games



The esports industry is creating a more accessible profession for many

Esports industry has the third biggest prize pool in the country

Prize pools for various sports in FY2020 (in INR million)



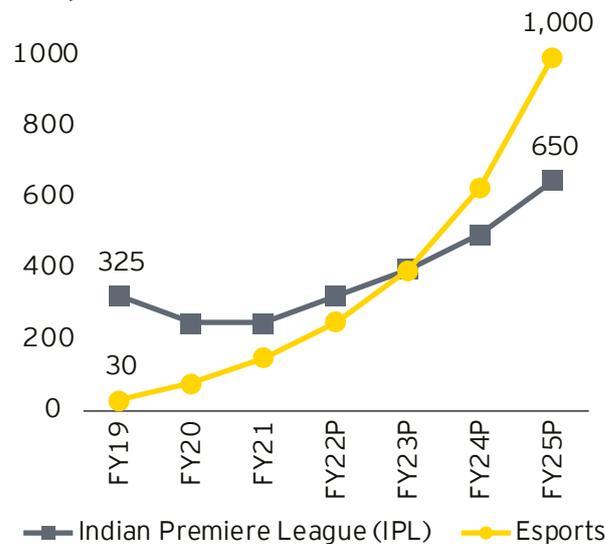
<https://www.sportingfree.com/football/isl-prize-money/> | <https://www.sportskeeda.com/cricket/ipl-prize-money> | https://en.wikipedia.org/wiki/Premier_Badminton_League | <https://thebridge.in/hockey/increased-prize-money-hockey-india-awards-will-boost-players-perform-better/> | <https://www.latestly.com/sports/kabaddi/pkl-2020-set-to-offer-8-crore-in-prize-money-for-season-7-1263550.html> | [Playing by the Rules - India's Media & Entertainment reboots in 2020, March 2021](#) | EY estimates

- ▶ In FY2020, IPL had the highest prize pool in the country at INR500 million INR² and esports (across all available public sources and multiple contests) had the third largest pool of INR80 million³

2. <https://www.sportskeeda.com/cricket/ipl-prize-money>
 3. FICCI-EY M&E report 2021
 4. EY estimates based on industry discussions
 5. Industry interviews

The prize pool of the esports industry is poised to outgrow the prize pool of IPL

Prize pool (in INR million)



<https://www.sportskeeda.com/cricket/ipl-prize-money> | FICCI-EY M&E report 2021 | EY estimates

- ▶ The esports prize pool in India is expected to grow by 61% CAGR for the next few years, while the prize pool for IPL is expected to grow at around 17%⁴
- ▶ The prize pool for esports in India is expected to cross INR1 billion by FY2025⁵ while the prize pool for IPL would be approximately INR650 million



Anirudha Pandita
 Co-founder
 Pocket Aces

After cricket, if there is one thing that is uniting the country, it is esports. From the largest metropolis to the smallest village, esports provides a level playing field - anyone with a smartphone can play and stream. While IPL showcases the skills of about a 100 players, platforms like ours are empowering millions. Gender, age, religion - none of those matter in this revolutionary entertainment format. It is the ultimate democratisation of sport and we at Loco are humbled to serve the gaming community as their go-to destination for game streaming and viewing.





The growing
esports
ecosystem



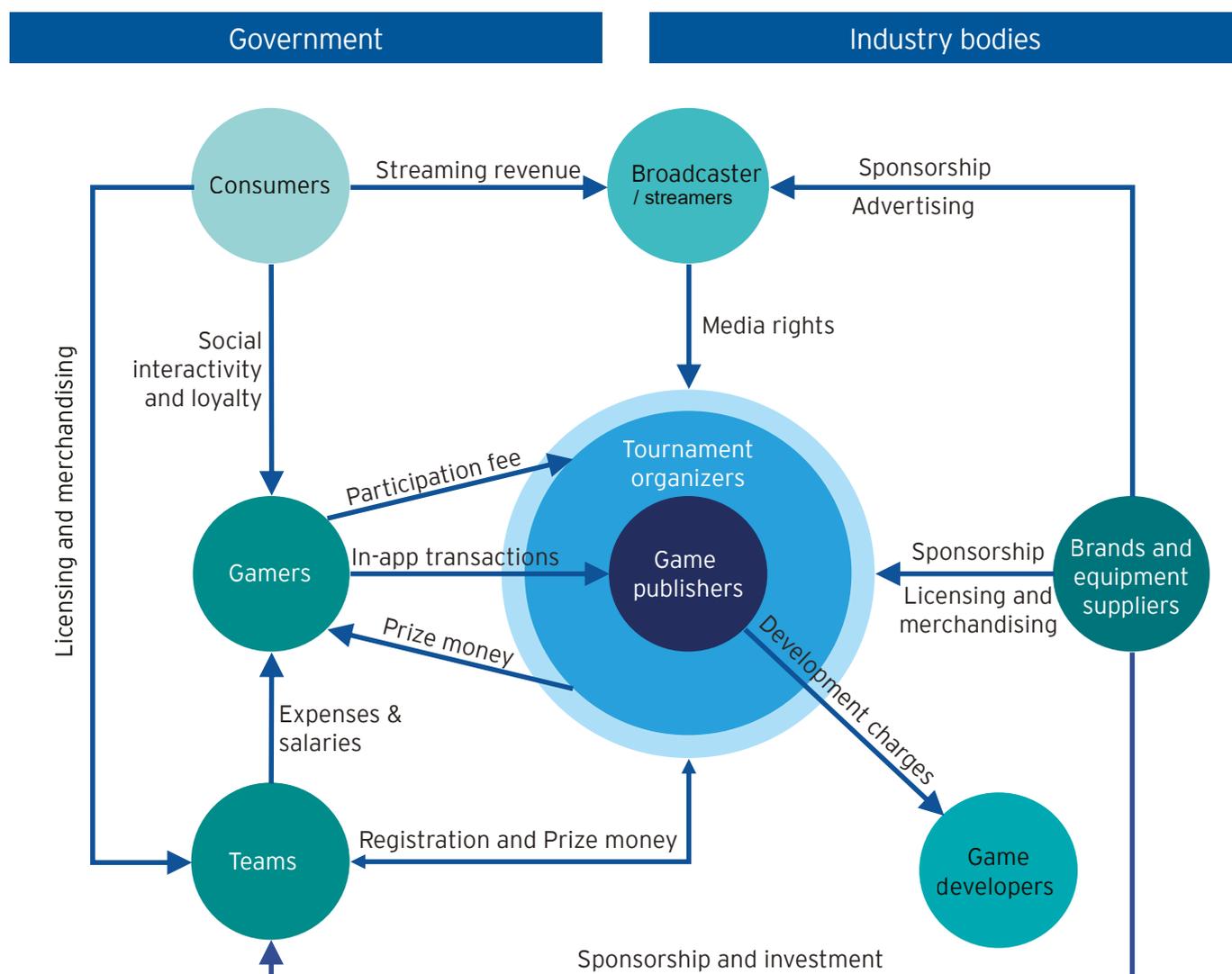
The esports ecosystem is similar to the sports ecosystem

- ▶ Both esports and traditional sports comprise spectators, teams and players, media distribution, advertisers, events sponsors and organizers
- ▶ In India, broadcasters and OTT platforms contribute significantly to the overall industry revenues for both esports and traditional sports

Publishers own the games played in esports tournaments while nobody owns traditional sports

- ▶ Esports tournaments for many games are controlled by their publishers who license out the tournament rights for their games
- ▶ Traditional sports generally have governing bodies that conduct their own championships but that does not deter other entities from organizing tournaments as can be seen from numerous sports events conducted by clubs, venues, corporations, etc.

Esports ecosystem



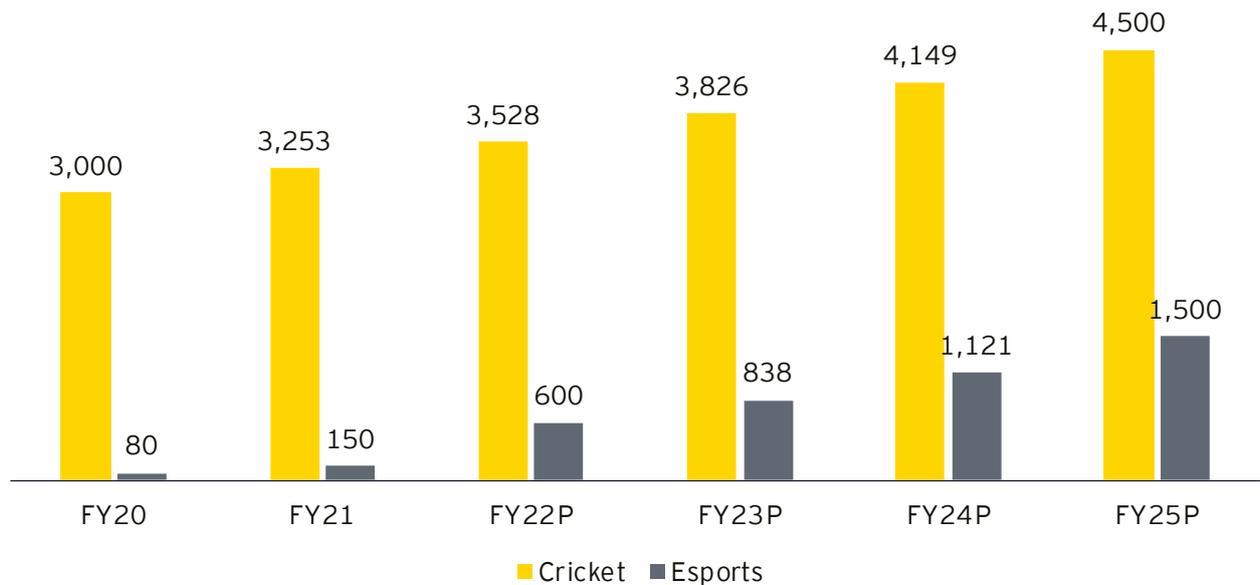
1. <https://inc42.com/datalab/big-brands-dive-into-india-esports-industry/> | Industry interviews



Teams and players

We expect 1.5 million esports players by 2025

Players (in 000s)



FICCI-EY M&E report 2021 | <https://medium.com/crigheroes/when-it-comes-to-international-cricket-statistics-each-and-every-detail-is-available-on-the-e6d7b5604377> | Industry Interviews | EY estimates

- ▶ The number of professional esports players is expected to grow at 78% CAGR to reach 1.5 million² while the base of registered cricket players is expected to grow at 8% to reach 4.5 million players by FY2025³
- ▶ This growth will be on account of increased prize moneys, more games, localization, regional adaptation and growth of smartphone, laptop and broadband infrastructure



Akshat Rathee
Co-Founder and
Managing Director
NODWIN Gaming

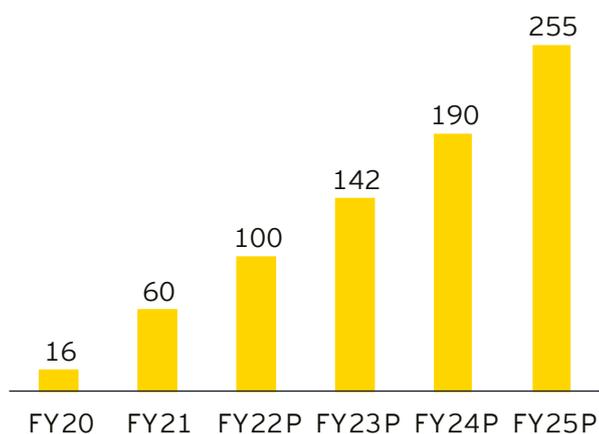
India has a unique opportunity to assert its soft power in Technology using esports. We can win medals and show we can be great at this discipline of sports just as China signalled its arrival as a sports powerhouse in 1992 at Barcelona. The recognition of esports as a valid sport by many of our south Asian neighbours such as Pakistan, Nepal, Bangladesh and Sri Lanka are indicators that this will be there soon. With our young demographic and our ability to be native mobile esports players, we are well poised to be great at the Olympics, The Asian Games and all other international competitions where there are 1st generation mobile esports players.

2. Industry interviews
3. EY estimates



An estimated 250,000 esports teams will be formed by 2025

Teams (in 000s)



FICCI-EY M&E report 2021 | <https://esportsflag.com/india> | EY estimates

- ▶ Games like Dota 2 and counter strike, and esports tournaments around these games, require individual participants to team up so as to compete

Over 90% esports players participate in online mobile game tournaments²

- ▶ Mobile phones are the preferred choice of device for esports in India
- ▶ In contrast to the west, internet connected smartphones (over 500 million) are more prevalent in India compared to internet connected TVs (around 7 million):
 - ▶ PC penetration in the country pegged at 10 per cent of households⁴
 - ▶ The proportion of households with access to a computer varies from 4.6% in Bihar to 23.5% in Kerala and 35% in Delhi⁵

4. <https://www.thehindubusinessline.com/info-tech/desktop-pcs-hold-market-share-despite-shift-towards-mobility/article9865224.ece>, TRAI

5. <https://www.cbgaindia.org/blog/indian-education-cant-go-online-8-homes-young-members-computer-net-link/>



Organizers

Everyday there is an esports tournament taking place in India

Multiple esports tournaments happen daily across various platforms, such as GamingMonk, Blast Premier etc.⁷

Regional esports events in India

Esports tournament	Description	Prize pool (in INR Million)	Year of launch
PUBG Mobile ESL India Premiership	The PUBG Mobile ESL India Premiership 2020 saw 16 teams battle it out over three days to book their place in the grand finals	115	2015
COBX Masters	Dota 2 and Counter-Strike: Global Offensive competition held across several cities in India	15	2018
College premiere League	An esports tournament designed for college students at both individual and institutional levels. The tournament featured titles such as Rogue Heist, Speed Chess, Pool and World Cricket Championship	10	2020
U Cypher	Indian esports competition for Dota 2, CS:GO, Tekken and Real Cricket. The prize pool in the first edition was 51,00,000	5.1	2017
PUBG Mobile India Series	A tournament for Player Unknown's Battlegrounds in India	5	2019
Free Fire India Championship (FFIC)	Free Fire India Championship is a tournament organized by Garena	5	2020
KO Fight Nights	This is an esports competition for the game title Streetfighter V with the finals held in New Delhi	1.2	2018
Skypesports Championship	One of the Largest LAN Tournament in India, First Season took Place at Chennai on March 2019	1	2019
Skypesports League 2020	Skypesports League 2020 One of the largest tournament in South Asia	1	2020
Northeast Esports Championship	The one-month long-tournament around games like Clash Royale, Dota 2 and FIFA aims to promote esports in the North-eastern region of India	0.45	2018
Valorant Agni Series	Valorant Agni Series is an open-for-all Valorant tournament in India, organized by NODWIN Gaming	0.4	2020
Taiwan Excellence Gaming Cup	The Taiwan Excellence Cup has been one of the most consistent esports tournaments in India and features the games Dota 2 and CS:GO	0.38	2013
North East Esports Summit	The two month tournament featured 2 mobile games - Free Fire and Clash of clans. Almost 1600 teams registered and played in the Free Fire event	0.35	2020
Skypesports GrandSlam	Organized by Skypesports GrandSlam, the tournament is for PUBG Mobile, Brawlstars, Clash of clans, Rainbow six siege over a duration of 50 days May to June 2020	0.20	2020
Gamerji esports Tournaments	Organize the PUBG Mobile, Call of Duty tournaments in india and other esports games based in Ahmedabad, India	0.10	2019

This is not a complete list but is based on secondary research and for illustrative purposes only | <https://www.news18.com/news/sports/pubg-mobile-esl-india-premiership-2020-grand-finals-playoffs-teams-schedule-prize-money-and-live-streaming-details-2707211.html> | <https://www.digitalterminal.in/news/cobx-masters-2019-to-begin-in-mumbai-with-massive-prize-pool-of-inr-1-40-00000/15497.html> | <https://www.news18.com/news/tech/college-premier-league-esports-tournament-by-mpl-begins-nov-27-with-rs-1-crore-prize-3111680.html> | <https://www.usports.in/ucypher-game-rules> | <https://www.news18.com/news/tech/pubg-mobile-india-series-2020-how-to-watch-pmis-2020-grand-finals-live-stream-2702011.html> | <https://www.sportskeeda.com/esports/news-free-fire-india-championship-prize-pool-distribution-points-system> | <https://www.facebook.com/DHIndia/photos/a.565150027240496/587120025043496/?type=3&theater> | <http://reborn gamers.com/skypesports-tournament-2019/> | <https://www.talksport.com/news/skypesports-league-2020/> | <https://www.spieltimes.com/news/northeast-esports-championship-registrations-mobile-legends-fifa19-csgo/> | https://liquipedia.net/valorant/NODWIN/Agni_Series | https://liquipedia.net/counterstrike/Taiwan_Excellence_Gaming_Cup/2020 | <https://www.sportskeeda.com/esports/news-free-fire-north-east-esports-summit-tournament-grand-finals-qualified-teams-schedule> | https://liquipedia.net/pubg/Skypesports_Grand_Slam/Invitational | <https://esportsgen.com/esports-tournament-platform-gamerji-raises-funding-from-unicorn-india-ventures/>

6. <https://ratings.fide.com/profile/5023335>



Esports will be a medal event at the 2022 Asian Games⁸

- ▶ In the 18th Asian Games of 2018, 9 Indian esports players participated and one esports winner won a bronze medal for India⁹
- ▶ With the 2022 Asian Games, an opportunity to build international fame and win laurels is made accessible to Indian esports players



Lokesh Suji
Director
Esports Federation of India

While esports is now going to be a medal event at the Asian Games 2022 as well as few other Asian Championship events, it will be included in Olympics for sure. It is necessary that esports is recognized by the Ministry of Sports as a "Sport". It is an opportune time for Indian esports to take a quantum leap economically as a new avenue in the sports genre.

In the "demonstration sports" of Asian Games 2018, India had the second highest number of teams that qualified for the main event after regionals¹⁰

Name	Format	Game	Result
Tirth Mehta	Individual	Hearthstone	Bronze medal
Karan Manganani	Individual	Clash Royale	4th rank
Tanmay Kumar	Team	Arena of Valor (AOV)	
Abhineel Bajoria	Team	Arena of Valor (AOV)	
Giridhar K Sajeev	Team	Arena of Valor (AOV)	
Harsh Maan	Team	Arena of Valor (AOV)	
Vishwajeet Singh Tomar	Team	Arena of Valor (AOV)	
Navaneetha Anand	Individual	Pro Evolution Soccer	
Ankur Diwakar	Individual	Pro Evolution Soccer	

<https://www.hindustantimes.com/asian-games-2018/asian-games-2018-esports-makes-dazzling-debut-gives-hope-to-india/story-frQDh9XhmDqt5Koo0jvK8N.html>

7. <https://gamingmonk.com/tournaments>

8. <https://www.firstpost.com/sports/esports-becomes-medal-event-in-asian-games-but-challenges-aplenty-for-india-9197061.html>

9. <https://indianexpress.com/article/sports/asian-games/asian-games-2018-indias-lone-esport-medallist-tirth-mehta-relives-jakarta-high-5338303/>

10. <https://www.hindustantimes.com/asian-games-2018/asian-games-2018-esports-makes-dazzling-debut-gives-hope-to-india/story-frQDh9XhmDqt5Koo0jvK8N.html>



Publishers and developers

About 4% of mobile games on play store are from Indian publishers¹¹

- ▶ Indian publishers constitute about 3% of mobile game publishers on Google's play store implying that they have published more games than other publishers globally¹¹
- ▶ The skills and capabilities needed to develop games are available aplenty

Mobile games on Play Store

India	Globally
19.4	441.2
x 1,000	x 1,000

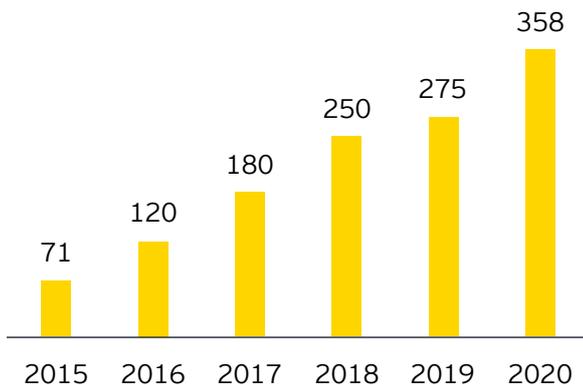
Publishers on Play Store

India	Globally
5.5	171.9
x 1,000	x 1,000

<https://42matters.com/india-mobile-gaming-statistics>

The number of gaming studios have grown 5x since 2015

Number of game development studios in India (in actuals)



<https://www.goodfirms.co/game-development-companies/india?page=8>

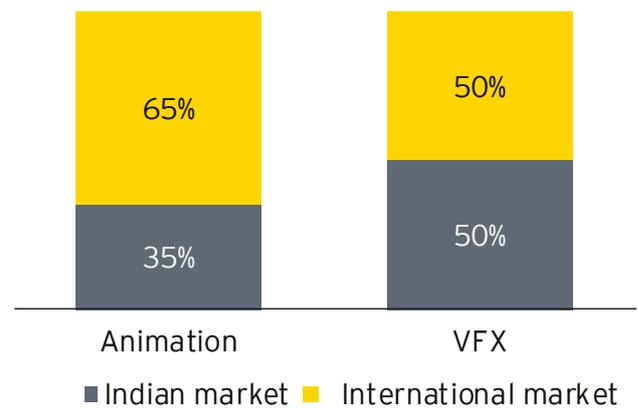
- ▶ As of 2020, there are 358 game development studios in the country, with skill sets varying from conventional games to AR/VR¹²

11. <https://42matters.com/india-mobile-gaming-statistics>

12. <https://www.goodfirms.co/game-development-companies/india?page=8>

India can create visually appealing games for the world

Revenue contribution of the Indian VFX and animation industry by different geographies



EY estimates

- ▶ With 150 2D, 3D animation, post production and VFX studios in India, India has the capability to create or support the creation of visually appealing games for the world¹³
- ▶ Games like Raaji, Rogue Heist and The Bonfire II are a testament to India's game development skills
- ▶ The natural cost advantage and available skill set make India a strong contender for the game development back office to the world

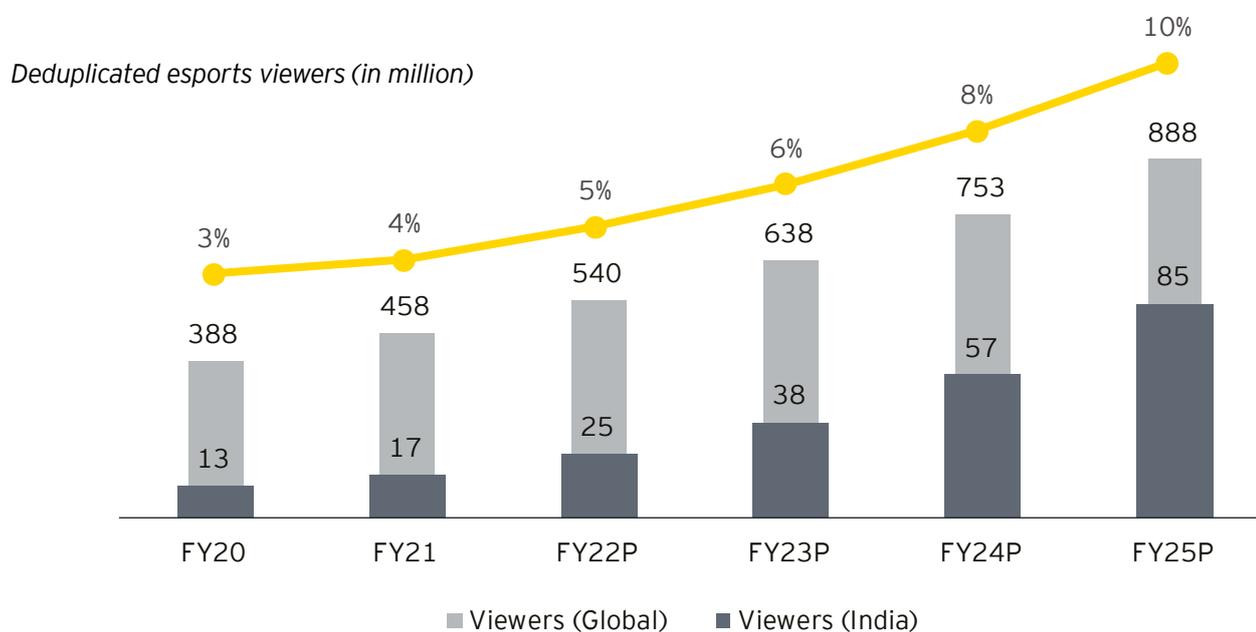
13. <https://onelightvfx.com/studio-list/complete-list-of-2d-3d-animation-post-production-and-vfx-studios-in-india/>



Broadcasters and streamers

Over 85 million viewers will be watching esports tournaments in India by FY2025

- ▶ Audiences are yet to be uniquely mapped across multiple platforms, but industry estimates suggest the total viewership across platforms and tournaments would be over 200 million in FY2021¹⁴
- ▶ A deduplicated audience base of about 85 million is expected to be established by FY2025, growing at a CAGR of 50%¹⁴
- ▶ The global esports audience is expected to grow at 18% CAGR and reach 888 million by FY2025¹⁵
- ▶ In FY2021, about 4% of global esports players emerge from India
- ▶ By FY2025, 10% of global esports audience is expected to be from India



FICCI-EY M&E report 2021 | Industry interviews | EY estimates

14. Industry interviews, EY estimates

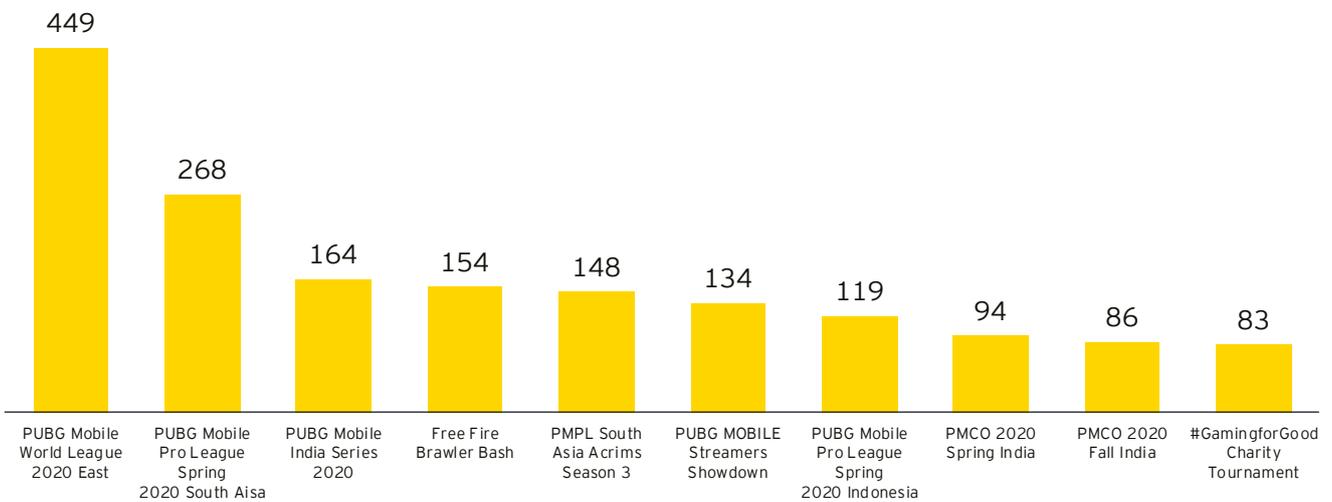
15. <https://www.businesswire.com/news/home/20200901005767/en/Global-esports-Market-2020-to-2024---Insights-Forecast-with-Potential-Impact-of-COVID-19---ResearchAndMarkets.com>



Indian audiences follow many international esports tournaments closely

- ▶ Viewership figures are expected to grow as streaming platforms reach more users and offer more language support to their streams

Viewers per game (in 000s)

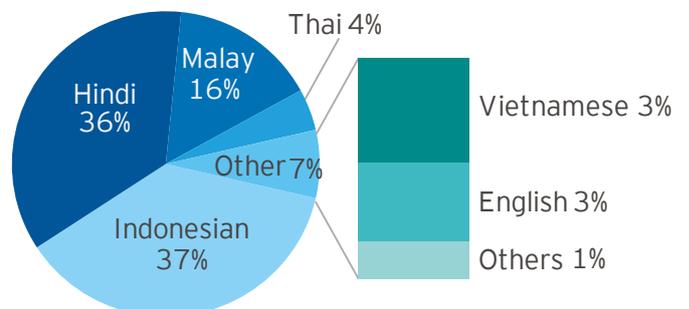


<https://escharts.com/blog/whats-interesting-about-indian-esports20>

Indian audiences prefer to watch esports tournaments in regional languages

- ▶ Indian viewers for PUBG Mobile World League 2020 East consumed the feed in Hindi rather than in English
- ▶ Skyesports Championship 2021 will be streamed on Loco and the Skyesports YouTube channel; Loco will broadcast the tournament in six languages viz Hindi, Tamil, Kannada, Malayalam, Telugu, and English¹⁶

% watch time (by hours) for PUBG Mobile World League 2020 East



<https://escharts.com/blog/whats-interesting-about-indian-esports20>

16. <https://skyesports.in/tournaments/skyesports-championship/>



Case studies

Case study: SonyLiv

SonyLIV streamed the world's biggest esports gaming tournament called The International 2019 live on the platform in 2019.¹⁷ The tournament, with prize money of over INR2.4 billion, dwarfed recent tournaments such as PUBG Mobile Club Open.

Case study: Game Awards

Esports Game Awards, the world's biggest celebration of video game culture, was streamed live in India in December 2020. The Game Awards aired live on television on MTV India while also being streamed live and free across OTT platforms including Disney+ Hotstar, Viacom's VOOT, Reliance's JioTV, Airtel and MX Player.¹⁸ These distribution points are in addition to continued free availability of the show on social media platforms.

Case study: Disney+ Hotstar

The grand finale of the fall season of ESL India Premiership 2020 was streamed on Disney+Hostar. The event featured Counter-Strike: Go, Clash of Clans and FIFA 20. The annual ESL India Premiership has a total prize pool of INR11.55 million.^{19, 20} The fifth edition tournament saw over 12,000 registrations in May, 2020.

17. <https://www.firstpost.com/tech/gaming/nodwin-sonyliv-partner-up-to-live-stream-the-international-2019-dota-2-esports-tournament-in-india-7186021.html>

18. <https://www.insidesport.co/esports-the-game-awards-to-be-broadcasted-live-in-india-mtv-india-disney-hotstar-jiotv-to-live-stream/>

19. <https://www.digit.in/news/gaming/esl-india-premierships-fall-season-to-be-streamed-live-on-disneyhotstar-57339.html>

20. <https://theenvoyweb.com/news/disney-hotstar-esl-india-premiership/>



Brands and sponsors

- ▶ Over 50 brands have supported the esports industry over the past few years with sponsorship investments²¹
- ▶ Some of the popular brands that sponsor esports include 92.7 Big FM, Airtel, Alienware, Bookmyshow, Flipkart, Monster Energy Drinks, Nippon Paint, Asus, Marketcity, Redbull and Yes Bank

Case study: Oppo

Oppo sponsored the Tencent PUBG MOBILE India Tour of July 2019. The brand leveraged the sponsorship for brand recognition in India by highlighting its cutting-edge technology and bringing an immersive experience to players through the OPPO F11 Pro. For the tournament, the company sponsored a staggering prize pool of INR15 million.²²

Previously, the company had partnered with Tencent PUBG for the 'Oppo PUBG MOBILE India Series 2019' - the first ever open-to-all tournament in India. The brand sponsored a prize-pool of INR10 million. Along with the prize money, players won the latest Oppo smartphones.

Case study: Vivo

Vivo became the title sponsor for the PUBG Mobile Club Open 2019 tournament.²³ As part of the sponsorship, Vivo provided phones that to be used during the tournament. Further, Vivo upped the total prize pool to about INR 150 million. The tournament would see players from 10 regions battle their way through the Spring and Fall split for the prize money.

The tournament allowed Vivo to showcase its vision of 'enjoying the extraordinary' by bringing global players a true gaming experience like no other.

Case study: Mountain Dew

Mountain Dew, a brand of PepsiCo, became a "platinum sponsor" for 2020 PUBG Mobile Pro League (PMPL) South Asia.²⁴

21. EY estimates

22. <https://www.prnewswire.com/in/news-releases/oppo-continues-its-partnership-with-tencent-games-by-sponsoring-the-pubg-mobile-india-tour-815718407.html>

23. <https://www.digit.in/news/gaming/vivo-announced-as-title-partner-of-pubg-mobile-club-open-2019-prize-pool-increased-to-25-million-47343.html>

24. <https://esportsinsider.com/2020/05/pmpl-south-asia-mountain-dew/>



Case study: Acer

Acer was the official sponsor of the 2016 League of Legends World Championships and 2016 All Star Event. These sponsorships for two of the world's most popular and exciting esports events helped Acer demonstrate its gaming prowess to gaming enthusiasts around the globe.²⁵

With the launch of its new gaming PC, Acer Predator, the company, in 2020, became the official sponsor for PUBG Continental Series (PCS) APAC Charity Showdown. Acer Predator and PUBG Corporation are coming together to encourage esports fans to enjoy the tournament while maintaining social distancing during the COVID-19 pandemic.²⁶

Case study: Mercedes-Benz

Mercedes-Benz funded the first-ever esports competition in India in 2019. The German automobile took the opportunity to interact with the young community with an affinity for technology. The competition's most valued player was awarded a vehicle of choice valued at INR4 million by Mercedes. This is the biggest non-cash prize in the history of esports in India.²⁷

Case study: Paytm First Games

Garena, in partnership with Paytm First Games as the sponsor, launched the Free Fire India Championship. The tournament, for Indian players only, featured a prize pool of INR5 million. This is the single largest Free Fire tournament hosted in India.²⁸

25. <https://www.animationxpress.com/latest-news/acers-take-on-esports-and-pc-gaming-in-india/>

26. <https://www.digit.in/press-release/gaming/acer-predator-becomes-official-sponsor-of-pubg-continental-series-apac-charity-showdown-5>

27. <http://bwautoworld.businessworld.in/article/Mercedes-Benz-Partners-The-Esport-Competition-ESL-One-In-India/23-04-2019-169637/>

28. <https://esportsobserver.com/free-fire-india-championship/>



Esports - more
versatile,
more adaptable



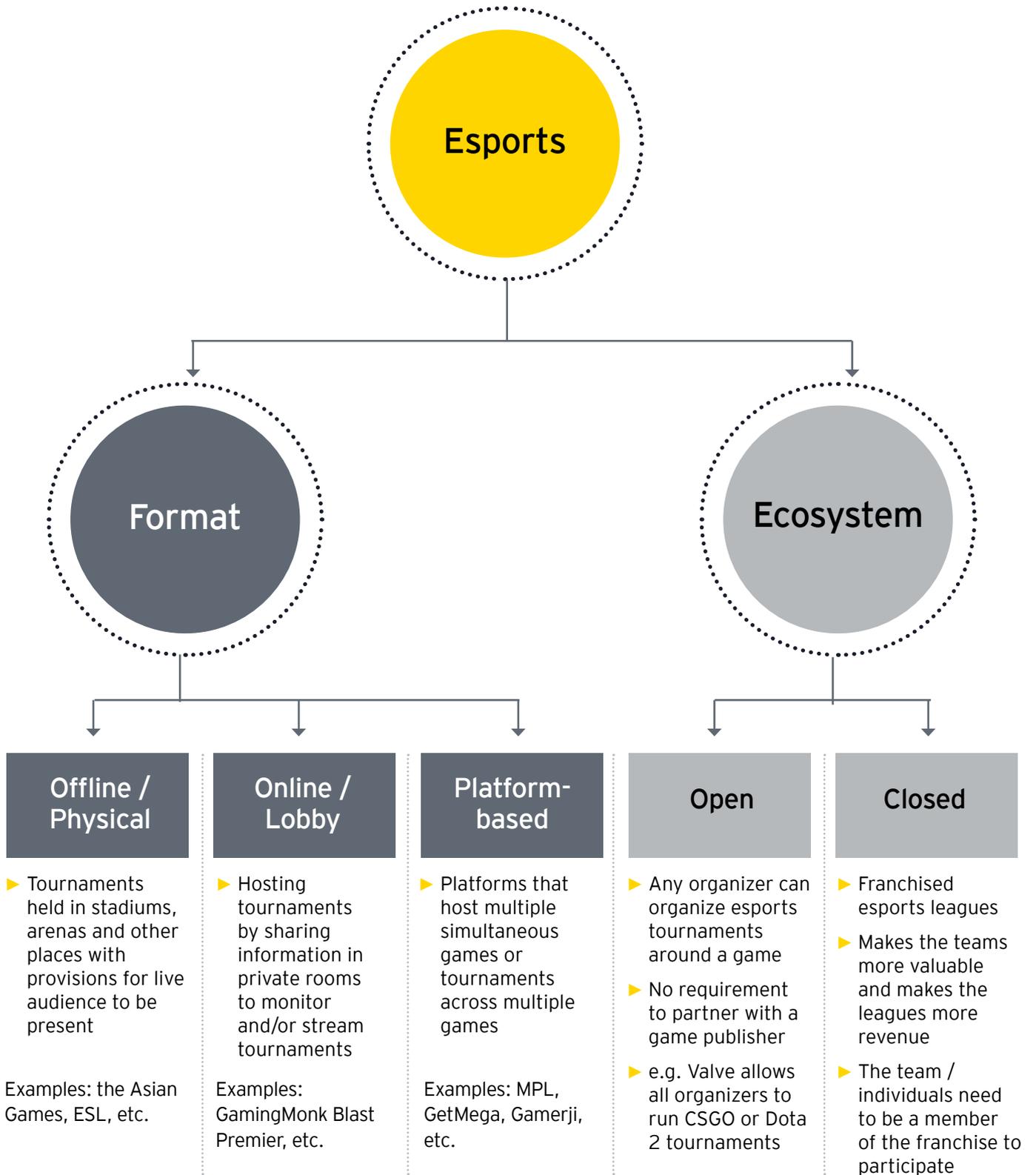
Esports tournament formats vary by organizer

Rules remain the same but often the destination varies

- ▶ Publishers and organizers that wish to conduct tournaments more frequently often deploy the online or 'mobile mass' method
- ▶ Some esports organizers invest in a custom gaming or tournament platforms to make participation easier for players
- ▶ Large scale esports events such as leagues are organized in stadiums and enable live and physical interaction between audiences and teams

Sometimes publishers set the rules

- ▶ In an open ecosystem, any organizer can create an esports tournament around a game
 - ▶ It lowers entry barriers for organizers, brands and players
 - ▶ It enables organizers to conduct tournaments more frequently
- ▶ In a closed ecosystem, organizers have to procure licenses to conduct gaming tournaments
 - ▶ These are often organized as game leagues which are conducted by the publishers themselves
 - ▶ This approach can provide greater control over the end experience of the tournament for participants, brands and audiences





Case study

ESL One

Nodwin Gaming

Offline / Physical / Stadium based esports

ESL, in partnership with NODWIN Gaming, conducted India's first ever major Dota 2 event as the ESL One Mumbai 2019. Twelve teams from around the world competed for the prize pool of INR22.5 million.¹

The playoffs were held at the NSCI Dome between April 19 and 21, 2019.



Location

NSCI Dome Mumbai



Prize Money

300k USD



Teams

12

Case study

Paytm First Games

Platform-based esports

Played by over 45 million people in India, Paytm First Games is an all-in-one app for people games involving sports, card games and tournaments, trivia and entertainment.

The platform, launched in early 2018, allows gamers to earn Paytm cash every day for games won. The platform offers multiple games options, including fast-paced arcade, fun and action, racing, sports, puzzles and logic games.

As of 2019, total time spent on Paytm First Games app by users stood at 4 billion minutes and Paytm First Games users won a total of INR4.85 billion.³



User

45 Million²



Games

300+

1. https://liquipedia.net/dota2/ESL_One/Mumbai/2019
2. https://paytmfirstgames.com/about_us, May 2021
3. <https://inc42.com/buzz/paytm-first-games-2019-user-wins-inr-12-59-cr-more/#:~:text=Winning%20Big%20With%20Online%20Gaming,the%20span%20of%2012%20months>.



Case study

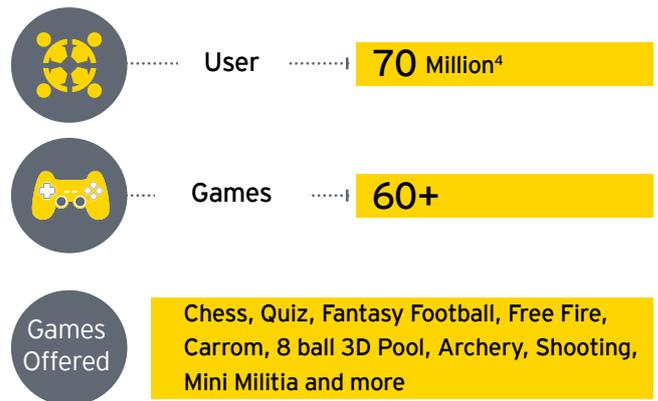
MPL Mobile Premier league

Platform-based esports

Since its launch in 2018, MPL, one of India’s largest esports and online skill gaming platforms, has onboarded over 60 games onto its gaming platform. Games like Chess, Carrom, 8 ball 3D Pool, Archery, Shooting, Mini Militia and more⁴ are available on the platform.

While many independent developers struggle with the means and skill in marketing their games, MPL acts as a publisher partner for these developers, helping them overcome their shortcomings. The platform distributes the games amongst its existing user base, generating usage and competition. Rogue Heist is one such game.⁵

Rogue Heist is one of the first multi-player esports on the MPL platform and will see users face off against each other, with cash prizes for each battle and tournaments.⁶



Case study

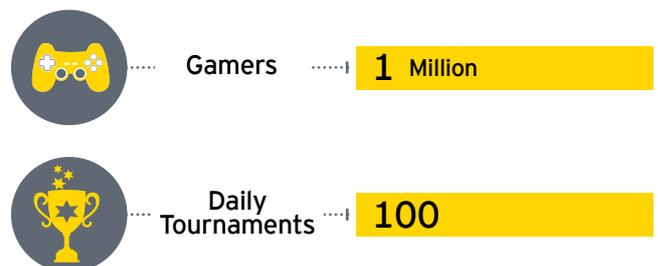
GamingMonk

Online lobby based - gaming

GamingMonk organizes competitive online and offline gaming tournaments for games like PUBG Mobile, Garena Free Fire, WCC Rivals, Clash Royale, FIFA 20, etc.⁷

By creating lobbies for participants to participate, GamingMonk hosts esports tournaments frequently for its users; creating offline experience in online games.

Users can also discover new games, new content around games and engage with other gamers across India through the discover section.



4. MPL
 5. <https://www.mpl.live/>
 6. <https://indianexpress.com/article/technology/gaming/mpl-rogue-heist-is-here-and-it-aims-to-fill-the-void-left-by-pubg-mobile-6821583/>
 7. <https://www.talksport.com/news/gamingmonk-now-has-a-million-users-on-their-platform/> May 2020



Case study

The Esports Club

Open

The esports Club decided to host the first-ever major Valorant tournament in May of 2020. Players from Bangladesh and Sri Lanka participated in the tournament as well.⁷

The tournament had 93K overall views, 6200+ hours of total watch time and over 1k peak CCV. The tournament also boasted of 215k YouTube impressions and 100k Facebook and Instagram reach.



Prize Money

70k INR



Teams

400+



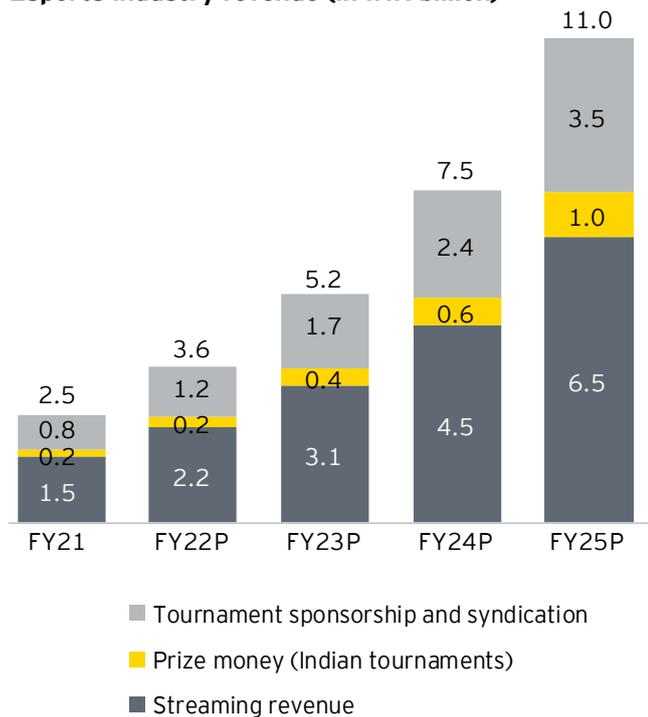
Esports - a major
industry segment
by FY 2025



The Indian esports industry is expected to grow at 46% CAGR to reach INR11 billion by FY2025¹

- ▶ Tournament sponsorship and syndication revenues are expected to grow four fold as esports tournaments draw attention from brands and broadcasters
- ▶ The prize money pool in India is expected to grow five times between FY2021 and FY2025 to reach INR1 billion out of which INR850 million will be for mobile gaming

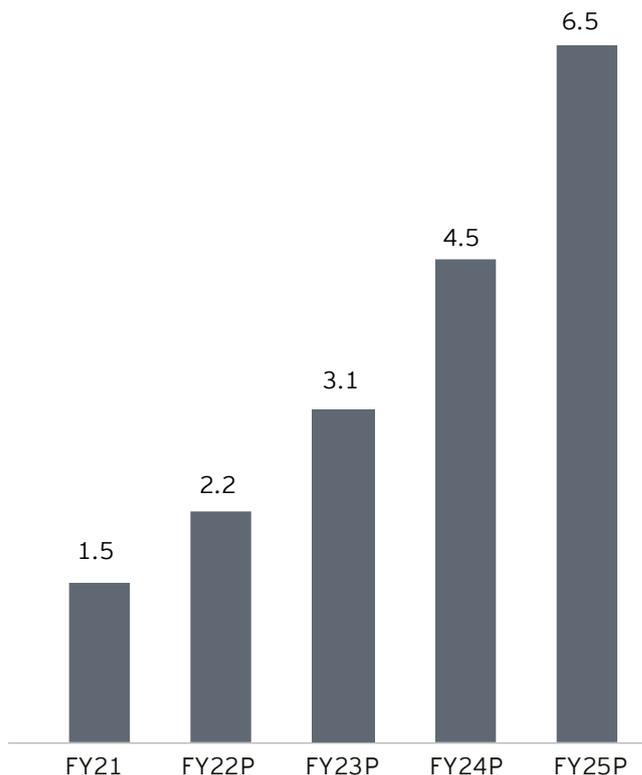
Esports industry revenue (in INR billion)



For the purposes of this report, in-app purchases of INR4+ billion in FY21 are not considered in revenue sizing, but in the socio-economic impact generated by esports

Streaming ad revenue is expected to quadruple to INR6.5 billion by FY2025

Streaming ad revenue (in INR billion)



Industry interviews

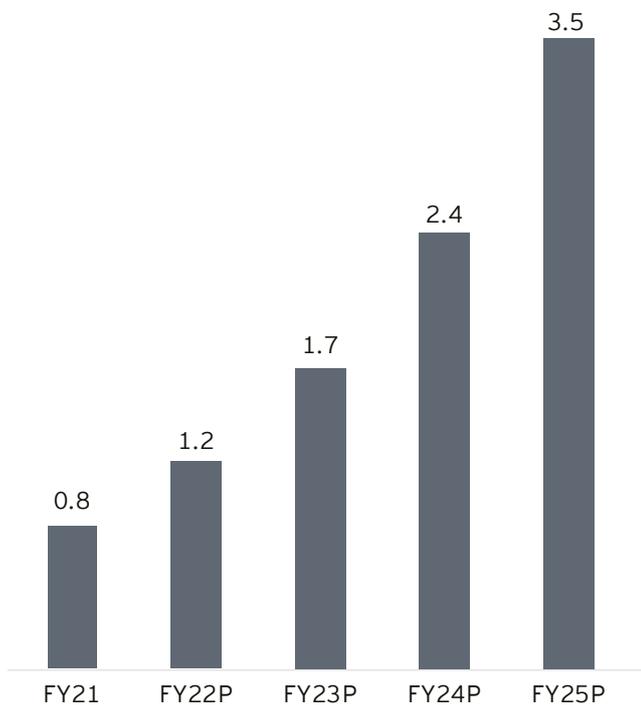
- ▶ Streaming revenues comprise over half of total revenue for the esports industry
- ▶ These tournaments are streamed on platforms like Facebook, YouTube, Twitch and Loco amongst others
- ▶ As the number of esports tournaments increases to cater to a growing audience and gamer base, these revenues are expected to keep growing

1. Industry interviews



Tournament sponsorship and syndication revenue is expected to grow at 45% CAGR to reach INR3.5 billion by FY2025

Tournaments sponsorship and syndication revenue (in INR billion)

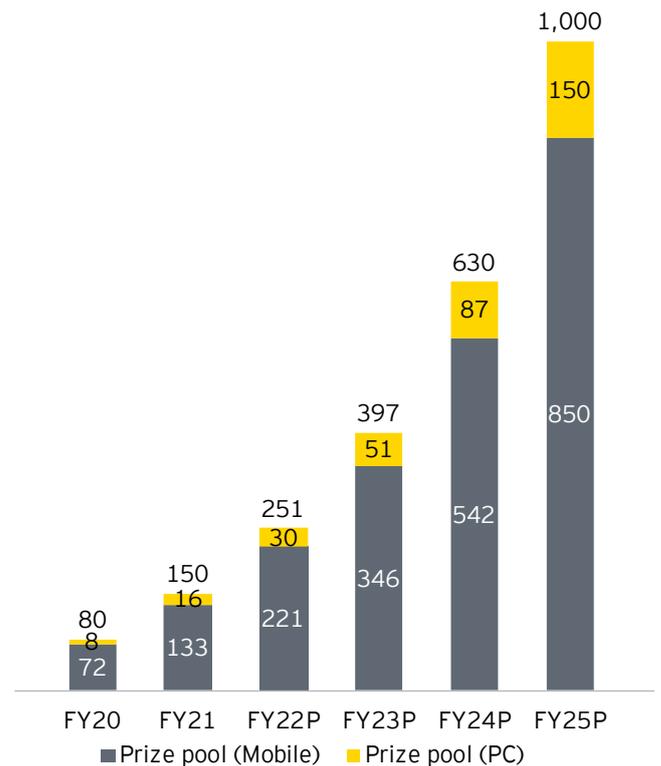


Industry interviews

- ▶ Media broadcasting rights and sponsorship revenue together make this bucket
- ▶ This higher than average growth is expected as broadcasters and OTT platforms like Disney+ Hotstar, SonyLiv, MX Player, Voot, etc. steadily develop interest in esports as a means to attract young audiences to their platforms with the ultimate goal to generate subscription revenues²

The esports prize money pool in India is expected to grow at 66% CAGR to reach INR1 billion

Esports prize pool in India (in INR million)



Industry interviews

- ▶ Nearly 85% of esports prize money in FY 2025 will be allocated for mobile esports tournaments³
- ▶ The PC esports prize pool is growing at 80% CAGR from INR8 million to INR150 million as PC sales increase due to work from home and school from home

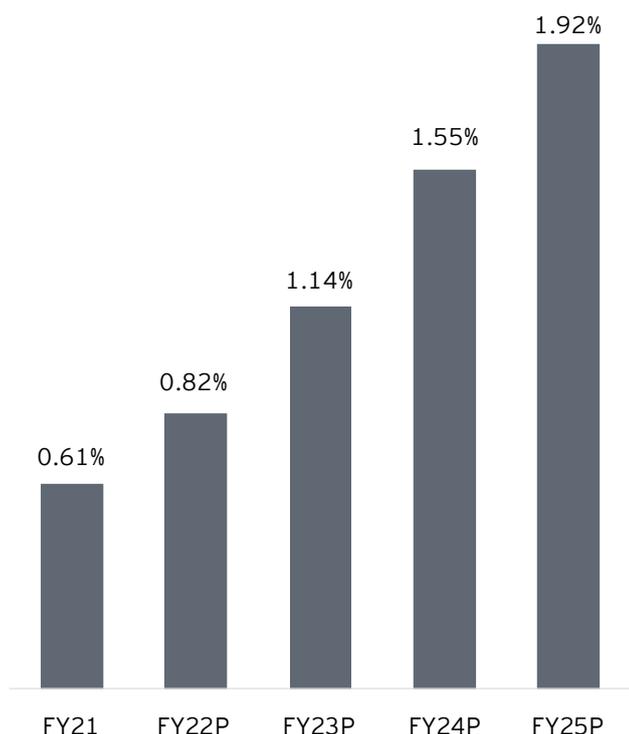
2. <https://www.insidesport.co/esports-the-game-awards-to-be-broadcasted-live-in-india-mtv-india-disney-hotstar-jiotv-to-live-stream/>

3. Industry interviews, EY analysis



The Indian esports prize pool is presently just 0.61% of the global prize pool but is expected to reach 1.92% by FY2025

Indian prize pool contribution to global prize pool (in percentage)



Industry interviews | <https://www.statista.com/statistics/532689/annual-esports-prize-pools-worldwide/> | <https://esportsobserver.com/biggest-esports-2019-prize-pool/> | EY analysis

- ▶ The global prize pool is expected to grow from INR25 billion in FY2021 to INR52 billion in FY 2025, at a 29% CAGR⁴
- ▶ As the Indian esports industry is growing at a faster pace than the global esports industry, India is picking up the pace in growing its prize pool as well
- ▶ Growth in the prize pool remains one of the most important factors and incentives for attracting new serious players

“

India should welcome Esports by giving it the right regulatory framework to thrive on. It is not a far-fetched dream that our homegrown esports athletes will be setting their footprints globally and making India proud.



Tarun Gupta

Founder Ultimate Battle

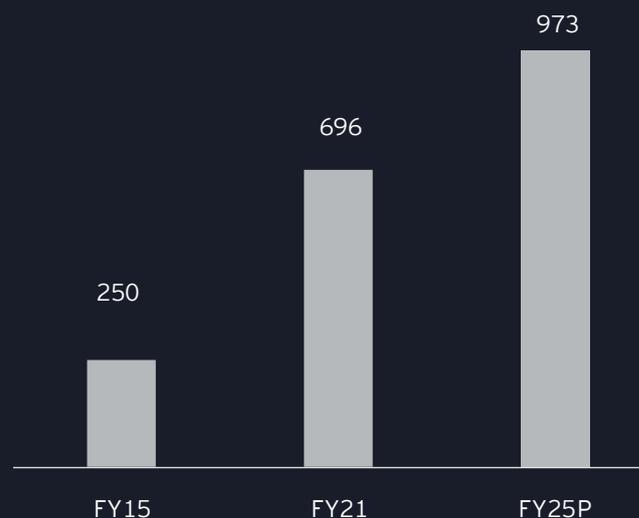
Various factors have contributed to the evolution of esports adoption in India



Nearly three quarters of the Indian population will have a smartphones by FY2025

- ▶ The number of smartphone users in India has more than doubled to almost 700 million in the past five years⁵
- ▶ As smartphones became cheaper, many upgraded their feature phones to smart phones
- ▶ With capacity beyond just making calls, the digital landscape began to change as more people started using smartphones

Smartphone users in India (in millions)



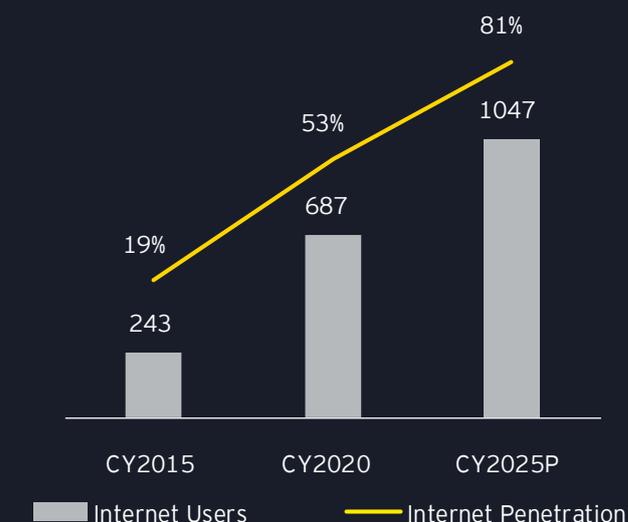
<https://www.statista.com/statistics/467163/forecast-of-smartphone-users-in-india/>



Internet users are expected to cross 1 billion - over 80% of India's population - by 2025

- ▶ In 2020, there were over 680 million internet users in India and that number is expected to cross 1 billion by 2025 constituting over 80% of the Indian population⁶
- ▶ With increasing internet penetration, falling data rates and low cost made-in-India handsets on one side, and a steady growth in per-capita-income for the Indian middle class, online gaming and esports can expect to see continued and stable growth

Internet users in India (in millions)



<https://www.analyticsinsight.net/india-estimated-to-reach-1-billion-internet-users-by-2025/>

5. <https://www.statista.com/statistics/467163/forecast-of-smartphone-users-in-india/>

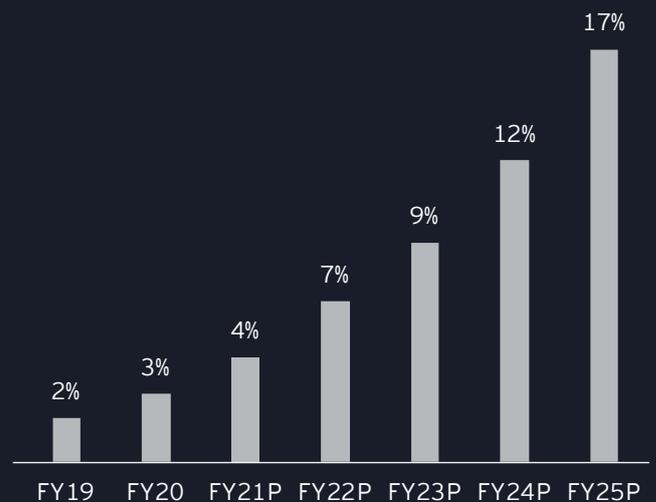
6. <https://www.analyticsinsight.net/india-estimated-to-reach-1-billion-internet-users-by-2025/>



New mobile phones with gaming specific hardware are becoming popular amongst the masses

- ▶ Smartphones offer gaming capabilities such as large memory, high performance graphic cards and fast processing speed
- ▶ About 17% of the smartphone volume by 2025 will be commanded by gaming capable smartphones^{7,8}
- ▶ Brands like Black Shark, Asus and Poco launch their products specifically positioned as gaming smart phones
- ▶ While price is a deterrent for the purchase of smartphones, the barrier is expected to lower in coming years

Gaming phones as a % of smartphone shipments (in % age)



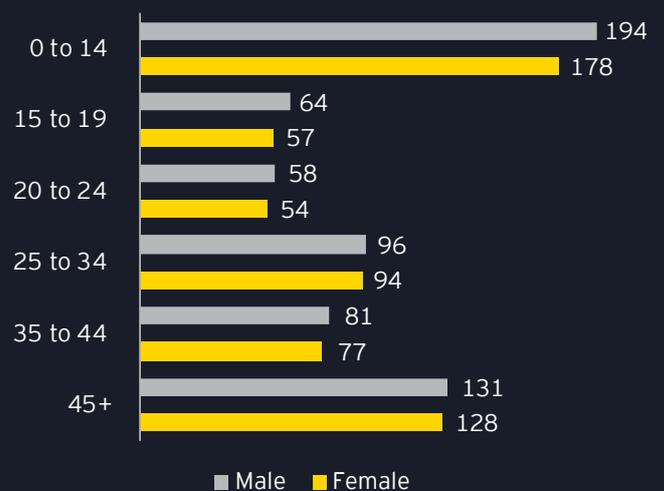
<https://www.statista.com/statistics/467163/forecast-of-smartphone-users-in-india/>



A younger tech savvy nation seeks immersive experiences

- ▶ In esports, the maximum age of an esports player is approximately 24-25 years⁹
- ▶ Over 200 million Indians, about 15% of the Indian population, falls in the age category of 14-24 years of age¹⁰
- ▶ Once approximately 200 million younger Indians reach the age of 24-25, the demand for esports will increase

Population of India (in million)



https://www.indexmundi.com/india/age_structure.html

7. <https://www.firstpost.com/tech/gaming/gaming-smartphones-could-make-up-6-5-of-indias-total-smartphone-market-by-2021-5525481.html>

8. EY estimates

9. <https://www.sportskeeda.com/esports/esports-how-pro-gamers-train-to-stay-at-the-top-of-the-scene>

10. https://www.indexmundi.com/india/age_structure.html



Digital India push by the Government is boosting less expensive made in India handsets

- ▶ National Policy on Electronics 2019 (NPE 2019) proposed by the Ministry of Electronics & Information Technology (MeitY) aims to boost handset manufacturing in India¹²
- ▶ NPE 2019 will also create a Sovereign Patent Fund (SPF) to promote the development and acquisition of IPs in ESDM sector¹¹

1 billion

Handset production target by 2025

10 million

Jobs to be created by 2025

INR30 trillion

Mobile handset manufacturing turnover



Digital India push by the Government is boosting broadband availability to 1.5 million users¹²

- ▶ The government helped create digital infrastructure that aimed at increasing internet accessibility
- ▶ Bharat Broadband Network Limited (BBNL), one such initiative, connects the gram panchayats via optical fibre network. This is the backbone of Digital India initiative¹³

526k km

Optical fiber cable network (length) laid

170k

Gram panchayats connected to the internet

1.5 mn

Connected users

1.34PB

Monthly data consumed

11. <http://www.bbnl.nic.in/>

12. <https://inc42.com/buzz/cabinet-approves-national-policy-on-electronics-targets-400-bn-turnover-by-2025/>

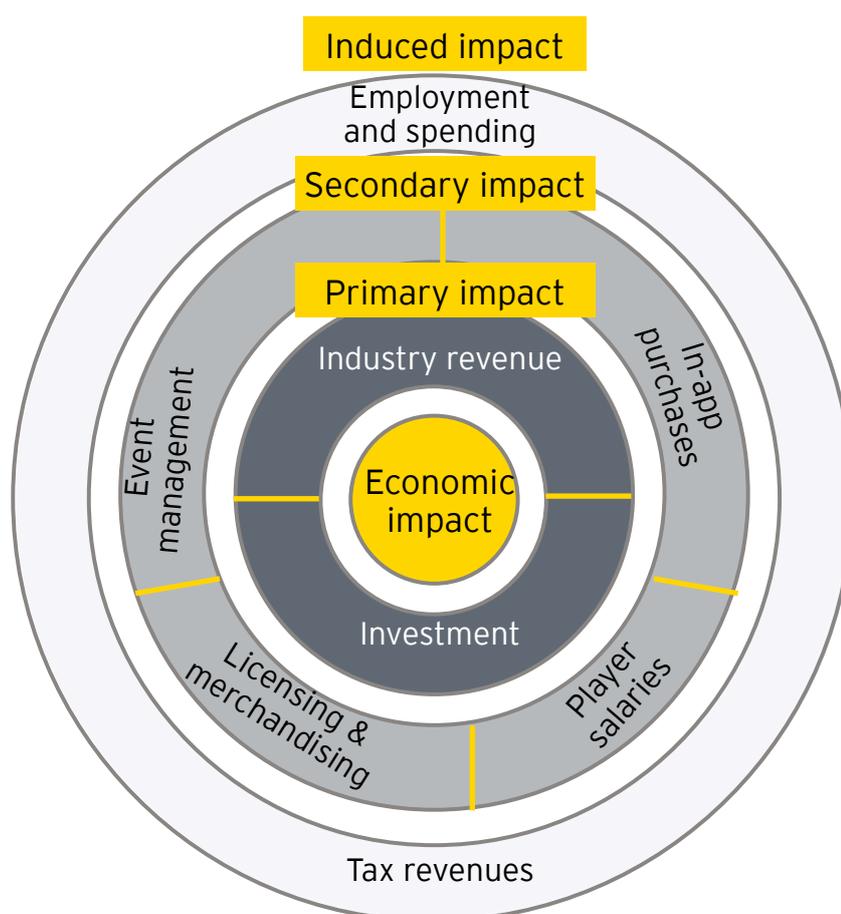
13. <https://www.financialexpress.com/economy/digital-india-goes-rural-modis-digigaon-to-bring-villages-on-wi-fi-internet-to-boost-literacy-incomes/1176688/>



An INR100 billion
economic impact
by FY2025



Esports will generate a total economic impact of over INR100 billion in the next 4 years through investments, direct industry revenues, in-app purchases and other revenues



For the purposes of this report, in-app purchases of INR4+ billion in FY21 are not considered in primary revenue sizing, but in the socio-economic impact generated by esports discussed in this section

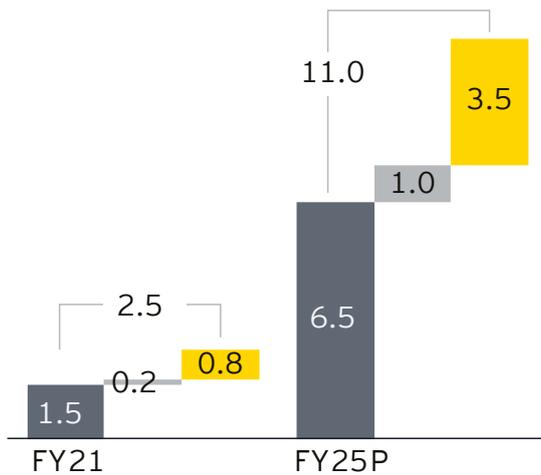
- ▶ The economic impact of esports industry is expected to double, growing at 22% CAGR, from about INR16 billion in FY2021 to over INR37 billion by FY2025¹

1. EY estimates



Indian esports industry revenue is expected to more than quadruple to INR11 billion by FY2025

Esports market size (in INR million)



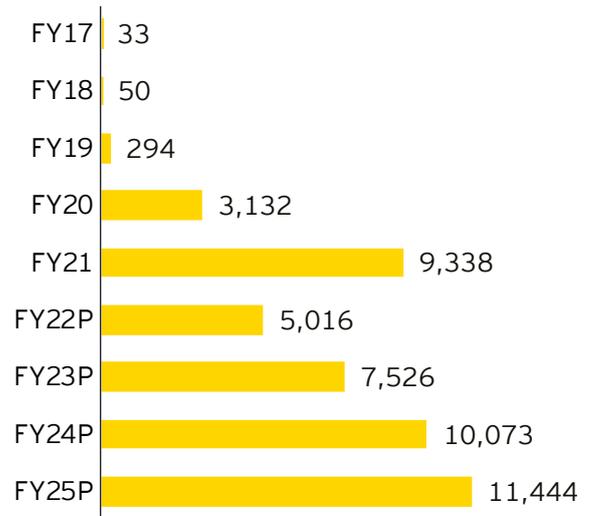
- Tournaments sponsorship and syndication
- Prize money
- Streaming advertisement

Industry interviews

- ▶ Growing at 46% CAGR, the industry is drawing attention from domestic and international investors
- ▶ About INR27 billion will be generated as direct revenues by the esports industry in India in the next four years till FY2025

Nearly INR13 billion has been invested in esports in the past 5 years and another INR34 billion is expected to be invested by FY2025²

Investments in esports companies (in INR million)



<https://inc42.com/datalab/esports-market-in-india-trends-opportunities-and-gaps> | <https://economictimes.indiatimes.com/tech/software/indian-gaming-industry-attracted-350-million-venture-capital-investments-between-2014-2020-report/articleshow/76009775.cms> | <https://economictimes.indiatimes.com/tech/software/indian-gaming-industry-attracted-350-million-venture-capital-investments-between-2014-2020-report/articleshow/76009775.cms?from=mdr#:~:text=NEW%20DELHI%3A%20India's%20gaming%20industry,Capital%20Advisors%20said%20on%20Tuesday> | EY estimates

- ▶ Until as recently as 2015, investors preferred publishers that had a portfolio of games as the success rate of the company was hedged across games in the portfolio³
- ▶ Single simple defined propositions draw investors to esports companies the sharper the focus, the bigger the appeal
- ▶ From FY19, the investments in esports is expected to grow at 84% CAGR

2. EY estimate
3. Industry interviews



Examples of investments in the Indian esports industry in the past five years

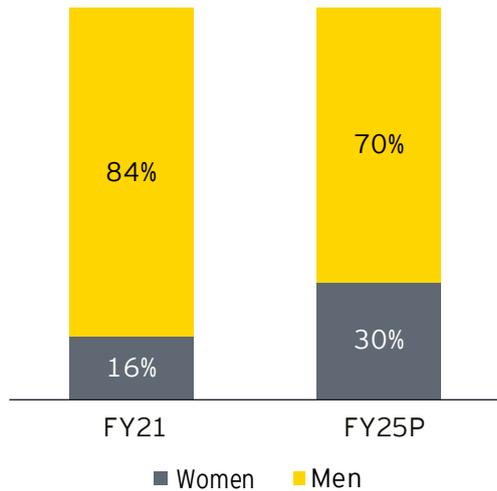
Genre of games	Company	Year of establishment	Investment (INR million)
Gaming platform	Galactus Funware Technology	2018	16,875
Gaming platform	Tictok Skill Games	2018	1,779
Gaming platform	Advergame Technologies	2015	348
Tournament Platform	Rooter Sports Technologies	2016	202
Tournament Platform	Good Gamer Corp	2020	188
Game	Infivention Technologies	2015	122
Tournament Platform	GamingMonk Entertainment	2016	52
Game	Rein Games	2018	50
Tournament Platform	GHack Technologies	2019	15

<https://www.livemint.com/companies/start-ups/mpl-inches-closer-to-becoming-gaming-unicorn-with-95-million-funding-11612423030366.html> | <https://www.crunchbase.com/organization/winzo-games> | <https://www.vccircle.com/matrix-backed-gaming-startup-zupee-raises-10-mn-in-new-funding-round/> | <https://www.crunchbase.com/organization/gamezop> | <https://www.crunchbase.com/organization/rooter> | <https://www.newswire.ca/news-releases/goodgamer-closes-2-5-million-seed-round-and-reaches-250-000-registered-users-in-the-first-month-843354508.html> | <https://www.crunchbase.com/organization/infivention> | <https://www.crunchbase.com/organization/gamingmonk-entertainment> | <https://www.crunchbase.com/organization/rein-games> | <https://www.techcircle.in/2020/04/16/angel-investors-infuse-200-000-in-mobile-gaming-platform-ewar/> |



By FY2025, over 30% of esports players will be women⁴

Our survey indicates that currently about 16% of esports players are women

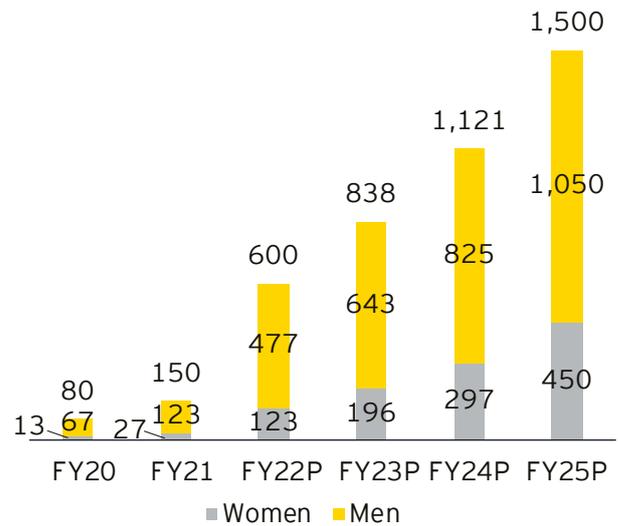


EY survey | Industry interviews

- ▶ As women take centre-stage in physical sports around the world, it will consequently drive participation in esports
- ▶ Sportswomen-centric movies drive motivation and the desire to gain dexterity for new things among women

By FY2025, nearly half a million esports players will be women⁵

Players (in 000s)



Industry interviews | EY analysis

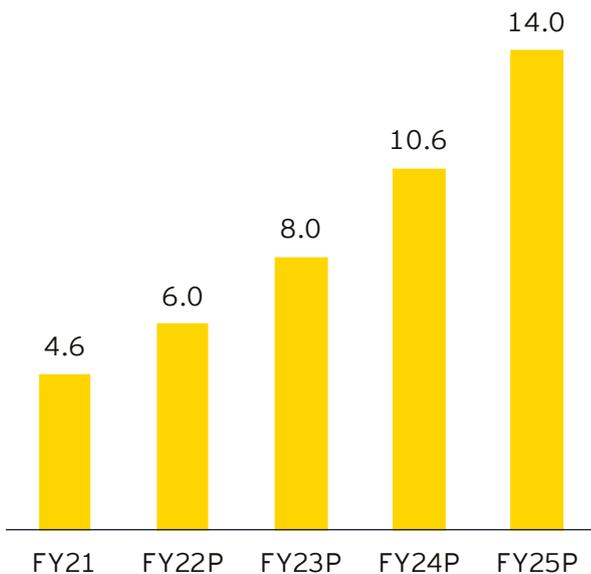
- ▶ The participation of women in esports will grow from about 27,000 in FY21 to nearly 450,000 by FY2025⁶
- ▶ The female esports player base is expected to grow at 104% CAGR compared to 73% CAGR for male player base
- ▶ Since team wins depend on skill, communication, compatibility, personality, and attitude of players and not gender, women have a chance to make room for themselves in this industry
- ▶ Adding more women to the player mix can bring in a wider set of brands and sponsors

4. Industry interviews
 5. Industry interviews, EY analysis
 6. EY analysis



Games popularized by esports tournaments will generate about INR14 billion in in-app purchases revenues by FY2025⁷

In-app purchases (in INR billion)

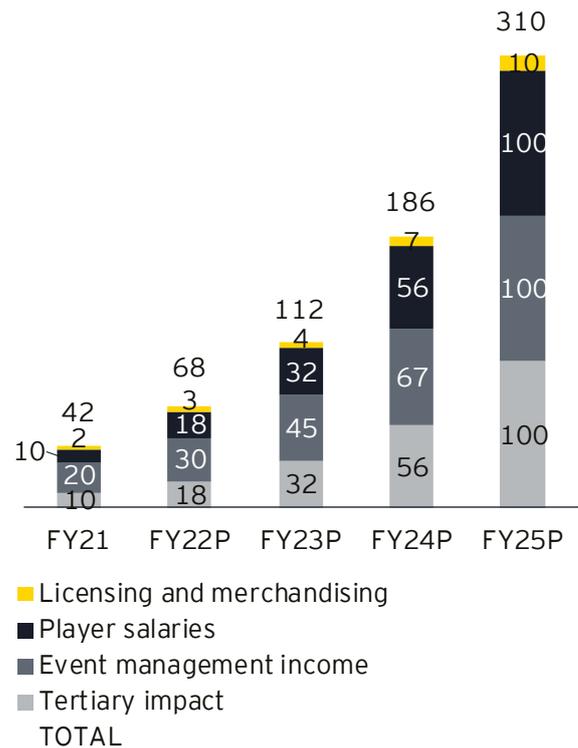


Industry interviews

- ▶ Many publishers conduct esports tournaments of their games and offer cash prizes to the winners as an effective marketing / brand awareness strategy⁷
- ▶ Drawn by the prize pool, many stay and become casual/social game players of these esports games; of which some make in-app purchases to customize their gaming experience
- ▶ PUBG used the prize pool strategy to incentivize users to play the game⁸
- ▶ The in-app purchases or in-platform revenues are expected to grow at 33% CAGR

Esports will generate over INR300 million of ancillary revenue by FY2025⁹

Other revenues (in INR million)



Industry interviews | EY analysis

- ▶ Licensing and merchandising revenue is expected to grow at 49% CAGR over the next four years as teams establish a fan base in the coming years
- ▶ Player salaries revenue is expected to grow at 77% CAGR over the next four years as more teams recruit players on a payroll
- ▶ Event management income revenue is expected to grow at 49% CAGR over the next few years and reach INR100 million as stadium / venue based esports gain traction in the country
- ▶ Tertiary revenue is expected to grow at 77% CAGR as the growth in the industry is expected to have a ripple impact onto other industries

7. Industry interviews

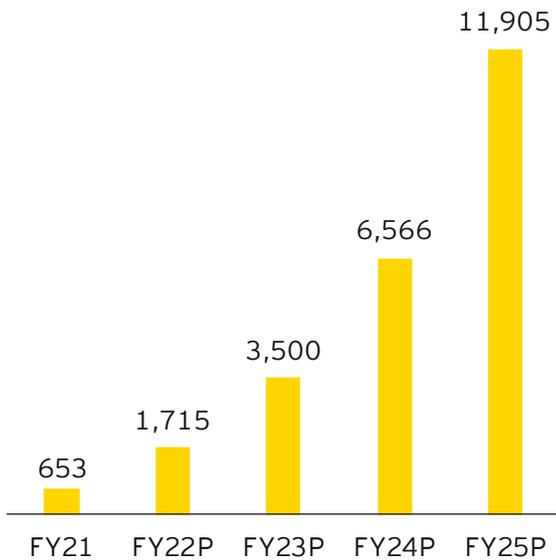
8. <https://www.sportskeeda.com/esports/why-pubg-became-the-blockbuster-hit-it-is-in-india>

9. EY estimates



By FY2025, esports will create over 11,000 jobs in India¹⁰

Cumulative jobs created (in 000s)



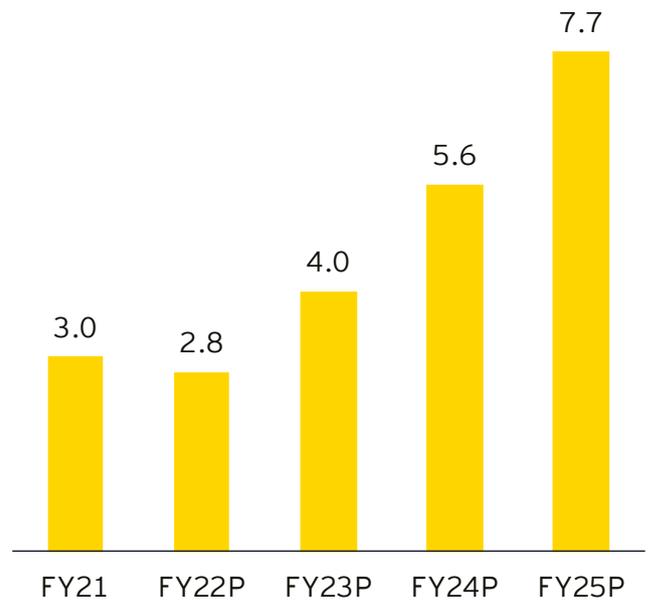
EY estimates

- ▶ The preference of the average Indian gamer has changed from social games to competitive multiplayer games¹¹
 - ▶ Developers are now changing their focus to cater to this audience
 - ▶ Investors have following this transition
 - ▶ New employment in form of software developers, product managers, game designers, graphic designers, testers, etc. is created in this transformation
- ▶ Many new Indian esports start-ups focus on physical esports and the groundwork for IPL style esports is already being done¹¹
 - ▶ This will create employment in the events space for many with specializes skills such as league management, event management, PR, etc. specifically for esports

10. EY estimates
 11. Industry interviews, EY analysis
 12. EY analysis

Tax revenue generated by the esports industry and its ancillaries is expected to near INR8 billion by FY2025¹²

Estimated tax collected by the government (in INR billion)



EY analysis

- ▶ A total of INR20 billion in tax revenues will be collected from esports industry revenue, in-app purchases, investments, and ancillary employment together in the next four years¹²



Abhishek Aggarwal
 Co-Founder & CEO
 Trinity Gaming Esports
 Talent Management

The esports and gaming industries have not only advanced the essence of gaming but have also started to offer full-fledged career opportunities for gamers and media professionals, network engineers and many others. To my surprise, this is something that makes this industry so diversified yet united.





Regulatory
environment

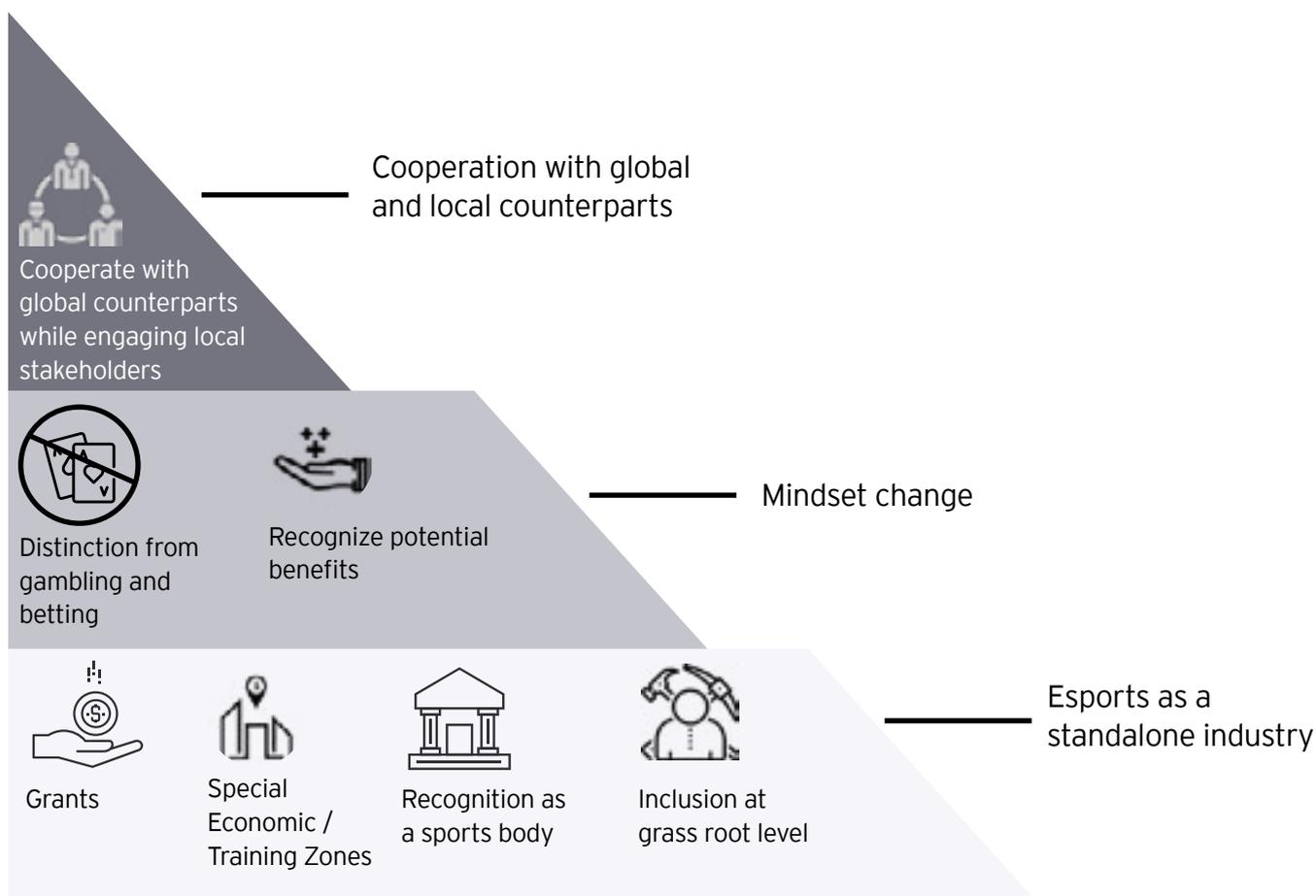


Regulatory support can help the Indian esports industry become truly global

- ▶ The Indian esports industry is paving its path to international recognition by:
 - ▶ Harnessing the talent and skills needed to create world class games
 - ▶ Bringing Indian culture and story telling to the world

- ▶ Honing the capability to win international tournaments
- ▶ The industry, however, faces regulatory challenges and uncertainty
 - ▶ Misconception that esports is gambling or a game of chance and its consequent banning by certain states
 - ▶ Lack of an industry nodal body, regulatory clarity and multiple ministries

Changes needed:





Cooperation: local esports industry creates an inroad for the government to the global esports opportunity

Creating and sponsoring esports teams can bring India onto the global esports map

- ▶ By organizing tournaments and cooperating with global counterparts, the government of India can generate esports player traffic into India
- ▶ Creating and sponsoring an Indian esports players and teams - just as it sponsors players and teams for other sports - will help players in India get easy access to international tournaments
- ▶ The government can help promote partnerships and exchange programmes with counterparts from leading countries of the world

Enabling local stakeholder representation

- ▶ When stakeholders are consulted for market behaviour, reach and impact, better insights and realities of the landscape can be unearthed that help formulate better policies¹
- ▶ A transparent bilateral communication will foster trust that will help stakeholders pursue the industry more fiercely, drawing in higher growth

1. Industry interviews
2. <https://inc42.com/buzz/karnataka-follows-tamil-nadu-set-to-impose-ban-on-online-games/>
3. <https://indianexpress.com/article/business/business-others/tamil-nadu-bans-online-games-gambling-joins-ap-telangana-7060679/>
4. <https://www.newindianexpress.com/sport/other/2020/nov/10/chess-players-forum-urges-andhra-govt-to-exclude-chesscom-from-banned-betting-sites-2222010.html>
5. <https://indianexpress.com/article/cities/chennai/tamil-nadu-bans-online-gaming-rs-5000-fine-six-months-jail-for-violators-7059893/>
6. Not used

Mindset change

Recognizing esports as a sport

Esports tournaments are games of skill - they need training and practice

- ▶ The outcome of these games depend on the response and reaction to stimuli and do not depend on chance in any manner
- ▶ These games need hours of practice, years of dedication and continuous investment in time, energy and interest to reach the level of competence needed to win any game

Esports is not gambling or betting

- ▶ In some cases, esports tends to get confused with gambling and betting, which relate to games of chance
- ▶ Karnataka, Telangana and Tamil Nadu - three states - have already banned online real money gaming on the grounds that online games adversely impact the local population²
- ▶ Andhra Pradesh has blocked 132 websites supposedly engaged in online real money gaming⁴
- ▶ Mind sports like chess are also banned in Andhra Pradesh for they involve the submission of an online fee to participate in tournaments⁴ while participation fees can be charged for physical sports without restriction
- ▶ In Tamil Nadu, any form of wager or online bets could lead to a fine of INR 5,000 with a six month jail sentence⁵



Sai Srinivas
Co-Founder & CEO
Mobile Premier League (MPL)

With clear and progressive regulations, esports has the potential to be the cornerstone of the Make in India initiative and fulfil the Hon'ble Prime Minister's vision of making India the digital gaming hub. We should work towards the inclusion of Indian-made mobile-first games in Asian Games and other sporting events in the esports category, and with proper recognition and support, Indian athletes will win multiple medals in these and bring laurels for the country.



Esports tournaments may require submission of a participation fee, as do many other sports tournaments

- ▶ Many competitive sports such as hockey, cricket, badminton, chess, etc. require the submission of participation fee to participate in tournaments
- ▶ These fees help defray the cost of conducting the tournament

Sport	Body	Tournament	Fee Type	Fee
Chess	AICF	National Championship	Participation	INR250-5,000 per person
Cricket	BCCI	Syed Mushtaq Ali Trophy	Participation	INR75,000 per team
Cricket	BCCI	IPL	Franchise fee	20% of the team's top line
Badminton	BAI	All India ranking tournaments	Participation	INR 750 for singles & INR1500 for doubles/mixed double

https://www.gujaratbadminton.org/webfiles/Resources/06042018100458BAI_Entry_Fee_to_Main_Draw_players.pdf | <http://aicf.in/assets/downloads/FinancialRegulation26.06.16.pdf> | <https://www.outlookindia.com/website/story/sports-news-bcci-increases-hosting-participation-fee-for-syed-mushtaq-ali-trophy/370105> | <https://timesofindia.indiatimes.com/sports/cricket/ipl/top-stories/ipl-2020-bcci-asks-franchises-to-keep-paying-states-20-of-top-line-revenue/articleshow/77425741.cms>

Recognize the benefits esports brings to India

Esports creates employment for many

- ▶ Many professionals come together to successfully put together an esports event ranging from producers, editors, designers, videographers, make up artists, casters, analysts and even statisticians⁷
- ▶ Presently, esports players in India are earning modest salaries compared to their counterparts in countries like US, EU, Japan, and Korea⁷

5% of esports players earned over INR50,000

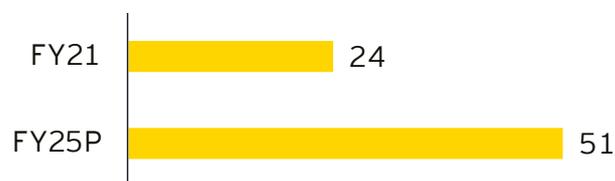
EY survey of over 1,000 gamers in 2021

Developing esports games creates an opportunity to showcase Indian culture to the world

- ▶ Esports is a tool to enhance India's soft-power in the global youth community - the leaders of tomorrow
- ▶ Game creators have an opportunity to present Indian culture, heritage, monuments and stories to the world by depicting India in their creations
- ▶ As seen in the case of Bollywood tourism, this can result in increased inbound travel and associated revenues

Winning international esports tournaments would create new revenue streams into the country

Global esports prize pool (in INR billion)



<https://esportsobserver.com/biggest-esports-2019-prize-pool/> | EY Estimates

- ▶ Winning teams and players earn significant revenues from esports tournaments
- ▶ The global prize pool for FY2021 for esports was over INR24 billion, which is over 150 times that of the prize pool in India⁸
- ▶ This is expected to reach INR51 billion by FY2025⁹

- <https://www.financialexpress.com/brandwagon/writers-alley/how-esports-is-emerging-as-a-career-option-for-indian-teenagers/2148467/>
- <https://esportsobserver.com/biggest-esports-2019-prize-pool/>
- FICCI-EY M&E report 2021, EY analysis
- EY estimate



Esports as a stand-alone industry ¹¹

Creating a sports body

- ▶ The Government of India should create an esports policy that defines esports and recognizes an appropriate body that has regulatory domain of the industry
- ▶ This body should be recognised by the Indian Olympic Association and Ministry of Youth Affairs and Sports
- ▶ A sports body would help give direction and support while keeping the industry in check
- ▶ The body would change in tandem with the global industry, therefore, keeping the Indian esports industry updated

Standardizing the regulatory framework

- ▶ A standardized regulatory framework and a single set of regulations would increase esports accessibility, participation and acknowledgement across states
- ▶ At the very least, it would remove the risk of different stands taken by state governments and provide an environment of clarity for growth

Offering game development grants

- ▶ New and small game studios face difficulty procuring funding for their projects
- ▶ Government grants up to a certain value could help kick start these development projects for many start-ups
- ▶ The evaluation of the projects should be evaluated on merit including creation of IP, spreading awareness around India and its culture, employment generation, potential for large tournaments, etc.

Creating development zones and training zones

- ▶ Players need infrastructure to train and participate in international tournaments. Creating such training infrastructure (akin to sports stadiums for physical sports) can help develop more talent
- ▶ Game development needs support. By providing expensive, hard to access infrastructure, such as Motion Capture technology (that captures human motion to produce life like motion) could help Indian developers render games that are more realistic and immersive for users worldwide

Creating inclusion at grass-root level

- ▶ The government could introduce esports into the school curriculum to educate youth about possible career opportunities associated with gaming, such as esports athletes, game developers, project managers and graphic designers
- ▶ Exposure to esports inspires entrepreneurship and initiative amongst youth while also emphasizing focus on STEM capabilities



Point of view

Technology has far outpaced regulation. Gaming laws in India remain dated, and as a result, application to online structures remains complex. **Dichotomy between the centre and states** coupled with **divergent views of various courts** in India make it difficult for companies to have clarity on permitted activities in the sector.

The **primary central legislations** dealing with gaming laws in India are the Public Gambling Act, 1867 ("**Gambling Act**") from as far back as the British rule in India and the Prize Competitions Act, 1955 ("**Prize Act**"). Current Indian jurisprudence builds on the anti-gambling rhetoric prevalent at the time of enactment of the Gambling Act. The Gambling Act, which is applicable in 16 states and union territories, also excludes games of skills from its purview. List II of the Seventh Schedule of the **Constitution of India empowers state governments to regulate** laws in relation to betting and gambling. Various states have mirrored the archaic provisions of the Gambling Act and a majority of states prohibiting betting on games of chance which is construed as gambling while permitting engagement in games of skill. Where state legislations exist, they override the provisions of the PGA. Courts have also mirrored this view discouraging society from taking part in games of skill and historically treated gambling as a sinful and pernicious vice.

Games such as rummy and betting for horse racing have been held to be games of skill and are permitted in India. However, currently there is **no objectively definable test** or regulatory guideline or administrative forum to assess and determine if a game will be characterized as a game of skill or game of chance. This determination relied entirely upon a dispute arising and being adjudicated on by the judiciary. This poses a problem for gaming companies as there is lack of clarity on what is permitted and what is prohibited. There are divergent views in both state legislations and different legal forums. Coupled with this, courts have

held that gambling is excluded from the ambit of Article 19 (1) (g) of the Constitution of India which provides that the freedom to conduct business is a fundamental right. The lack of certainty in permitted activities makes it extremely difficult for gaming companies to operate in India. Though there has been a **bourgeoning of growth** in the gaming sector, India does **not have a comprehensive legal framework** in place to promote the industry.

The gaming industry is witnessing a paradigm shift with the **evolution of television, digital and online gaming models**. Post demonetisation, **digital online payment systems** have provided a boost to the online gaming industry. Sikkim, Nagaland and Andhra Pradesh are the only states which have kept abreast and have introduced regulations pertaining to online gaming. Except for Odisha and Assam, games of skill are permitted in most Indian states. Further, playing certain games including poker, both online and offline, is permitted under the laws of West Bengal, subject to a licence from the appropriate State Authorities. In Goa, gambling is permitted only in government permitted places operated as casinos. In the absence of a specific regulatory framework, the distinction between online games, with prize money or otherwise, is often conflated with gambling and accordingly prosecuted in most Indian states. The Madras High Court has urged that it **is essential to have a regulatory framework to deal with online gaming**.¹²

The Punjab & Haryana High Court was the first court to rule **fantasy sports as a game of skill** akin to horse-racing¹³ in 2017 and this judgement was upheld by the Supreme Court of India. Online gaming companies finally had some certainty in the space. This view was upheld by the Bombay High Court in 2019.¹⁴ However, the Supreme Court by its order dated 6 March 2020¹⁵ stayed the operation of the impugned judgement and order passed by the Bombay High Court in the case of Gurdeep Singh Sachar vs. Union of India and Ors.¹⁶ creating uncertainty on the legality of fantasy gaming in India.

12. D Siluvai Venance vs Inspector of Police CrI.OP.(MD)No.6568 of 2020 and CrI.MP.(MD)No.3340 of 2020



To further complicate matters, **states also have divergent views for online and physical versions of the real money games**, e.g. in Kerala betting with stakes for rummy is permitted in physical parlours but not online.

A step in the right direction - the Advertising Standards Council of India introduced guidelines to make real-money **gaming advertising** safer and more responsible including highlighting the financial risks associated with real-money gaming. Additionally, an advisory from the Ministry of Information and Broadcasting requires gaming advertisements to carry adequate disclaimers, not advertise to minors, and not pose gaming as an income opportunity. **Niti Aayog** has published a draft of the guiding principles for the uniform national-level **regulation of online fantasy sports** platforms in India and recommended that there should be uniformity and certainty in the legal framework in this sector.

The government must strike **a fine balance between the growth of the gaming industry and public interest**, i.e. the perils of losses made in money games which are a cause of many suicides in India whilst drafting a comprehensive clear regulatory framework for this sector. In addition, it must clearly differentiate between games of chance, games of skill, and sports.



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13. Varun Gumber vs. Union Territory of Chandigarh and Ors.C.W.P. No. 7559 of 2017
14. Gurdeep Singh Sachar vs. Union of India and Ors. Criminal PIL Stamp no. 22 of 2019 in the High Court of Bombay
15. Special Leave Petition (Criminal) Diary No (s). 42282/2019
16. Gurdeep Singh Sachar vs. Union of India and Ors. Criminal PIL Stamp no. 22 of 2019 in the High Court of Bombay



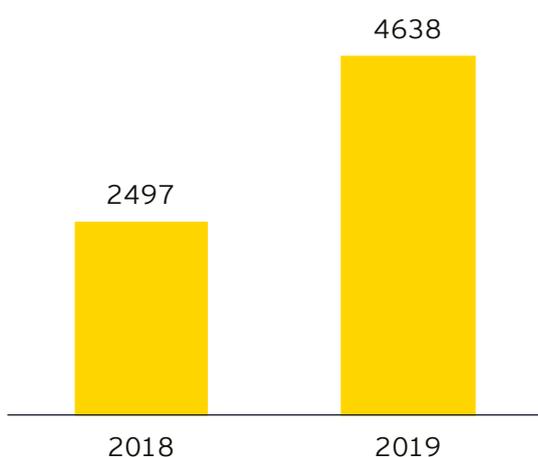
Many countries now look at esports as a stand alone industry

USA recognized esports players as professional athletes in 2013¹⁷

- ▶ Many international esports players from Asia, Europe and other continents could not enter the United States to participate in esports tournaments because the visas were tricky to obtain¹⁷
- ▶ In 2013, the USCIS (United States Citizenship and Immigration Services) for the first time recognized an esports players as athletes and granted them a P-1A visa¹⁸
- ▶ Prior to this, gamers could come to the U.S. on B visitor visas to compete because prize money was an exception to the "no U.S. remuneration rule"¹⁸
 - ▶ When the players earned a salary (prize money) from a U.S. business, it disqualified them from the B visitor visa¹⁸

Career opportunities up 185% in the first half of 2019¹⁹

Jobs (in absolute values)



<https://esportsinsider.com/2019/07/esports-jobs-growth-2019/>

17. <https://www.forbes.com/sites/insertcoin/2013/07/14/the-u-s-now-recognizes-esports-players-as-professional-athletes/#771561343ac9>

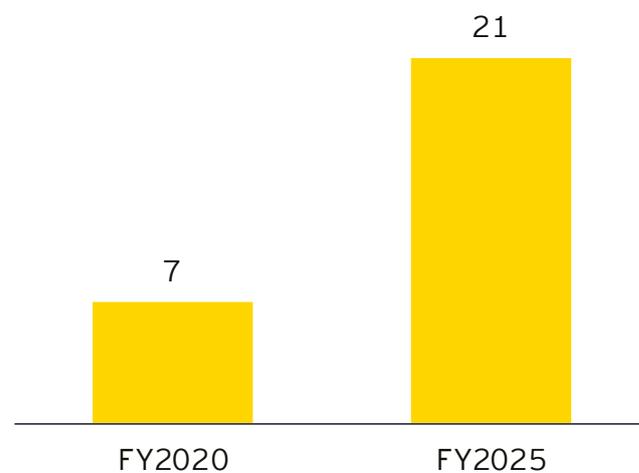
18. <https://www.lexology.com/library/detail.aspx?g=8627c380-f3ae-4945-af7f-5162ba4eff1e>

Germany recognized esports as a sport in 2018¹⁹

- ▶ Further, in 2019, Germany decided to give visiting esports athletes the same privileges as that of conventional sports players²⁰
 - ▶ In 2019, two Asian teams missed an INR22.5 million prize offering tournament, ESL One Hamburg, due to lack of visas
 - ▶ The new regulation enabled esports athletes to get residence permits without the approval of the German Federal Employment Agency
 - ▶ This residence permit allows them to practice their sport professionally in Germany for a specific time period

The esports industry in Germany is expected grow at 21% CAGR over the next few years

Esports industry revenue (in INR billion)



<https://www.pwc.de/en/technology-media-and-telecommunication/digital-trend-outlook-esport-2020.html> | <https://www.bdo.global/en-gb/blogs/tech-media-watch-blog/december-2020/how-europe%E2%80%99s-tech-hubs-are-pushing-esports-to-the-next-level> | EY estimate

19. <http://thesportdigest.com/2018/02/germany-recognizes-esports-as-an-official-sport/>

20. <https://www.germany-visa.org/news/everything-athletes-and-teams-should-know-about-the-new-german-esports-visa/>



As China recognizes esports as an official sport, investors are drawn to the esports industry²¹

- ▶ China identified esports as a profession in the year 2019²²
- ▶ The Chinese government hands out cash, subsidies to encourage esports development²³
 - ▶ The resort island of Hainan is setting up an INR11 billion development fund and giving as much as INR11 million in subsidies for international esports tournaments
 - ▶ Shanghai's Yangpu district offers a 30% rental discount to businesses in the sector
 - ▶ The Xia Cheng district is hoping that a new esports park – along with the tourism and tech jobs it can generate – will bring in more than INR11 billion, more than 10% of the fiscal revenue it collected in 2018
- ▶ It is estimated that more than 330,000 people work in esports-related jobs in the country, with an average salary of INR 1 million²⁴
- ▶ As of July 2019, more than 100,000 people registered themselves as professional gamers²⁵
- ▶ The Ministry of Human Resources and Social Security estimates that 2 million athletes will enrol in this profession in the next five years

21. <https://www.sportspromedia.com/opinion/china-esports-trends-tencent-league-of-legends-media-rights-sponsorship>

22. <https://www.gizmochina.com/2019/04/03/china-officially-recognises-video-gaming-e-sports-as-an-occupation/>

23. <https://www.latimes.com/business/story/2019-07-19/beijing-pushing-esports-could-cause-culture-clashes>

24. <https://www.pocketgamer.biz/asia/comment-and-opinion/72500/china-has-a-big-plan-to-become-the-global-centre-of-the-games-industry/>

25. <https://gurugamer.com/esports/a-milestone-for-esports-in-sri-lanka-now-becomes-an-official-sport-in-the-nation-6870>

26. <https://esportsinsider.com/2019/10/sri-lanka-recognises-esports/#>

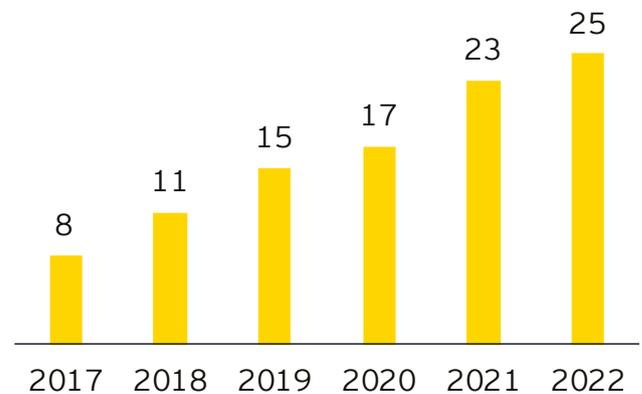
27. <https://www.esportznetwork.com/sri-lanka-declares-esports-are-sports/>

28. <https://www.dailynews.lk/2019/11/20/sports/203272/esports-gazetted-national-sport-sri-lanka>

29. <https://newsin.asia/the-rise-of-e-sports-in-sri-lanka>

Chinese esports industry is growing at an 27% CAGR

Esports revenue (in INR billion)

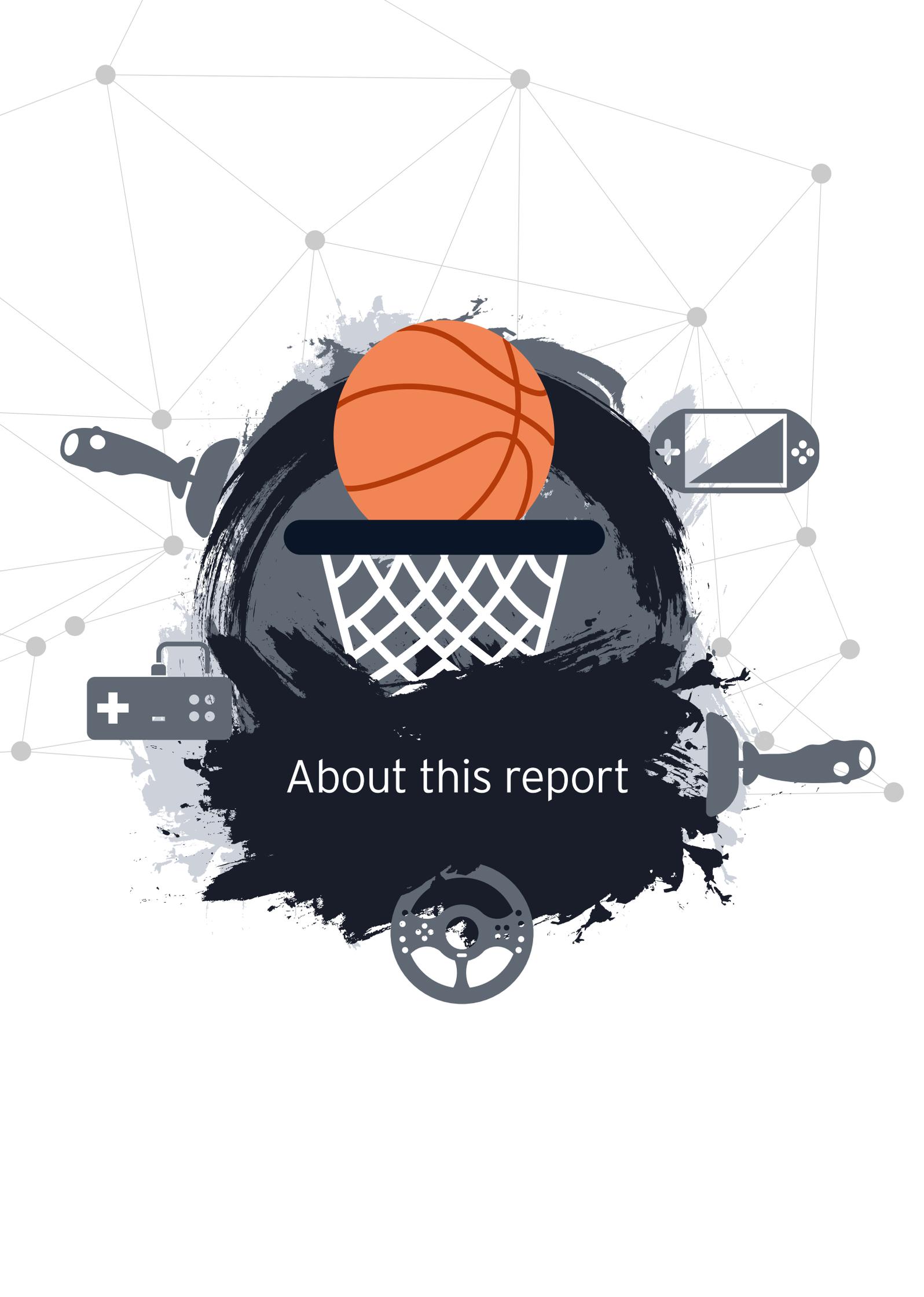


<https://www.pwccn.com/en/industries/telecommunications-media-and-technology/entertainment-and-media/global-entertainment-and-media-outlook-2018-2022/video-games-esports.html>

Sri Lanka has become the first nation in South Asia to recognize esports as a sport²⁶

- ▶ Official recognition of esports as an official sport on 2nd October 2019²⁷
- ▶ The National Olympic Committee of Sri Lanka is supporting the promotion of esports in the country²⁸
 - ▶ The department has endorsed the inter-school esports Championship between 150 schools, drawing over 1,000 students to witness the best of Sri Lankan esports talent
- ▶ The Sri Lanka Esports Association partnered with the IGE South Asia Cup to host a 5-nation League of Legends championship with a prize pool of INR350,000²⁹
 - ▶ The association also received support from Sri Lanka's National Olympic Committee and the ICT Agency of Sri Lanka in its endeavour
 - ▶ The Ingame esports South Asia Cup brought a regional event to Sri Lanka
- ▶ The Sri Lankan esports industry is governed by the Sri Lanka Esports Association (SLESA). SLESA consists of 10 esports clans and organizations working together to establish and enforce rules and regulations for the sport²⁹





About this report



Acknowledgements

Industry insights and data

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Ankit Rajpara
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Rathanvel VS
Individual - Gamer

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Methodology

Research sources

The report analyzes the growth, consumption trends and market size of the esports industry in India. Data has been sourced from both primary and secondary sources upon which we performed analysis.

1. Secondary research

▶ Published industry reports including:

- ▶ “Online Gaming in India: Reaching a new pinnacle”
- ▶ “The evolving landscape of sports gaming in India”
- ▶ “Playing by new rules - India's Media & Entertainment sector reboots in 2020” - FICCI

▶ Data shared by MPL, NODWIN Gaming and other esports companies

▶ Articles from credible news websites and market research firms including:

- | | | |
|--------------------|---------------------|-----------------------------|
| ▶ exchange4media | ▶ Times of India | ▶ Gadgets Now |
| ▶ Inside Sport | ▶ esports observer | ▶ Live mint |
| ▶ inc42 | ▶ limelight | ▶ GoodFirms |
| ▶ statista | ▶ First Post | ▶ Digital information world |
| ▶ Economic Times | ▶ Venture Beat | ▶ New gen apps |
| ▶ Business of Apps | ▶ Iron src | |
| ▶ Game Analytics | ▶ Financial Express | |

▶ Industry webinars

- ▶ FICCI

2. Online survey of gamers

- ▶ Respondents: 1,108 respondents across various states, gender and age groups
- ▶ Male: 810
- ▶ Female: 298

3. Primary Interviews

- ▶ Over 10 industry experts from gaming companies and gaming policy agencies
- ▶ One-on-one interviews and focus group discussions with game developers and esports players



Methodology

Market size and economic impact

- ▶ The market size for casual games was calculated via growth projection of various elements that constituted the market size based on industry discussions
- ▶ Investments were forecast on the historical pattern adjusted for recent investment trends
- ▶ Ancillary jobs created were estimated to be a portion of the jobs created in the events space and game development industry over the next few years
- ▶ Taxes were estimated based on industry revenues, salaries of the employees and other economic impact created, using current tax rates
- ▶ Cricket market size and prize money were forecast on the historical growth pattern
- ▶ Economic impact includes both the direct impact (revenue of the industry) and indirect impact (consumption, salaries and taxes) of esports

Disclaimers:

Since most esports players are private companies and do not share data, we have relied on secondary research and interviews for sizing the industry. This report has been developed by conducting primary and secondary research, discussions with several companies and industry stakeholders, and cross referencing of available data points. To the extent possible, the data has been verified and validated. However, there can be no guarantee that such information is correct as of the date it is received or that it will continue to be correct in the future. EY does not take any responsibility for the veracity of the underlying data. Use of this report is at the discretion of the reader, and neither FICCI nor EY take any responsibility for the same in any manner. Please obtain professional guidance prior to using the information provided in this report for any decision making.

Forward estimates assume that there will be no further pandemic-related lock-downs or major restrictions. Forward estimates have been provided on best effort basis and are subject to change to reflect environmental, regulatory, technological and other macro economic factors.

There is no tax, operating, regulatory or other business advice provided in this report. By reading this report, the reader shall be deemed to have accepted the terms and conditions of use mentioned in this paragraph. All INR amounts are gross of taxes.

Esports includes only those sports as defined in this report and excludes fantasy sports, games of chance, card games of skill, etc.

There are several statements in this report which refer to certain media companies. Where sources for these statements have not been specifically mentioned, these statements have been sourced from news articles available in the public domain.

In addition, several industry stakeholders have supported by reviewing various sections of this report and providing their time, data and perspectives. Editorial decisions were in sole control of the authors. This report does not take any legal stance on the legality or otherwise of esports.



Glossary

2D	2 Dimension	FPS	First-person shooter (game format)
3D	3 Dimension	FY	Financial year
AICF	All India Chess Federation	GDP	Gross domestic product
APAC	Asia-pacific	IAP	In-app purchases
App	Application	ICT	Information and Communication Technology
AR	Augmented reality	IGE	InGame Entertainment
AVOD	Advertisement Video-on-demand	INR	Indian Rupees
BBNL	Bharat Broadband Network Limited	IOA	Indian Olympic Association
BCCI	Board of Control for Cricket in India	IP	Intellectual property
BN / bn	Billion	IP	Intellectual property
CAGR	Compounded Annual Growth Rate	IPL	Indian Premiere League
CCV	Concurrent viewers	k	1,000
CEO	Chief Executive Officer	KM / km	Kilometer (1 km = 1,000 m or 1,000 meters)
COVID	COVID-19 virus	LoL	League of Legends - a game
CSGO	Counter Strike Go	MeitY	Ministry of Electronics & Information Technology
CY	Calendar year	MN / mn	Million
Eg	Example given	MOBA	Multiplayer Online Battle Arena (game format)
ESDM	Electronics System Design & Manufacturing	MPL	Mobile Premiere League (esports gaming platform)
ESL	Electronic Sports League, is an esports organizer	MYAS	Ministry of Youth Affairs and Sports
EY	Ernst & Young LLP, India	NSCI	National Sports Club of India
FDI	Foreign direct investment	OTT	Over-the-top, content delivered via an internet connection via platforms Like Facebook, YouTube, Netflix, etc.
FICCI	Federation of Indian Chambers of Commerce & Industry		
FIFA	Fédération Internationale de Football Association		



PB	Petabyte (1PB = 1,024 Terabyte or TB)
PC	Personal Computers
PMCO	PUBG Mobile Club Open
PMPL	PUBG Mobile Pro League
PR	public relations
PS4	Play Station 4
PUBG	PlayerUnknown's Battlegrounds
RTS	Real-time strategy (game format)
SEZ	Special economic zone
SLESA	Sri Lanka Esports Association
STEM	An approach to learning and development that integrates the areas of Science, Technology, Engineering and Mathematics
TDS	Tax deducted at source
TV	Television
U.S.	United States of America
USCIS	United States Citizenship and Immigration Services
USD	United States Dollar (US\$1 = ~INR74)
VFX	Visual effects
VR	Virtual reality
WCC	World Cricket Championship



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YVD, TD

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Established in 1927, FICCI is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies.

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FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community.

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