

India Leveling Up

State of India Gaming FY 2021-2022

Executive Summary


Lumikai

Knowledge Partner



India's gaming industry goes mainstream, registering strong monetisation and user growth

A fast-growing market, rise in paying users and ARPPU, improved engagement metrics, and a booming interest in investments and M&A, all paint an exciting picture for India's gaming industry



India's gaming market will grow at a CAGR of 27% to reach \$8.6 Bn in FY27

- India's gaming market hit \$2.6 Bn in FY22 and is projected to reach \$8.6 Bn in FY27
- RMG revenues currently constitute 57% of market size but future growth is projected to be driven by in-app purchases growing at a 34% CAGR



There are 507 Mn Indian gamers of which 120 Mn are paying users

- India crossed half a billion gamers in FY22, up from 450 Mn the year prior
- There were 120 Mn paying users in FY22, which represents a 24% conversion rate
- Revenue is on the rise with improving supply and higher propensity to pay



India accounted for 15 Bn game downloads in FY22

- India had the highest share of game downloads (17%) globally in FY22
- Games played in India had 2 Bn cumulative MAUs in FY22
- Cumulative India MAUs for top 10 games in FY22 was 358 Mn



The market is exhibiting promising monetization trends

- Average revenue per paying user grew 11% to \$20/year in FY22
- There were 2 Mn new paying users (NPU) being added monthly in FY22



Average weekly time spent by gamers was 8.5 hours during FY22

- Core titles like Free Fire, BGMI and Genshin Impact saw strong daily engagement with over 80 minutes average daily play time per user.
- More than 10% of midcore gamers played for more than 10 hours per week



Insights from a pan-India survey of 2,240 respondents

- Male: female ratio of surveyed gamers yielded a 60:40 ratio, equally split between metro and non-metro cities
- Relaxation, making money, and killing time emerged as the top 3 motivations to play games
- New content, better in game items and potential to make money are top 3 drivers for paying users



Funding and M&A trends show growing investor interest in the India market

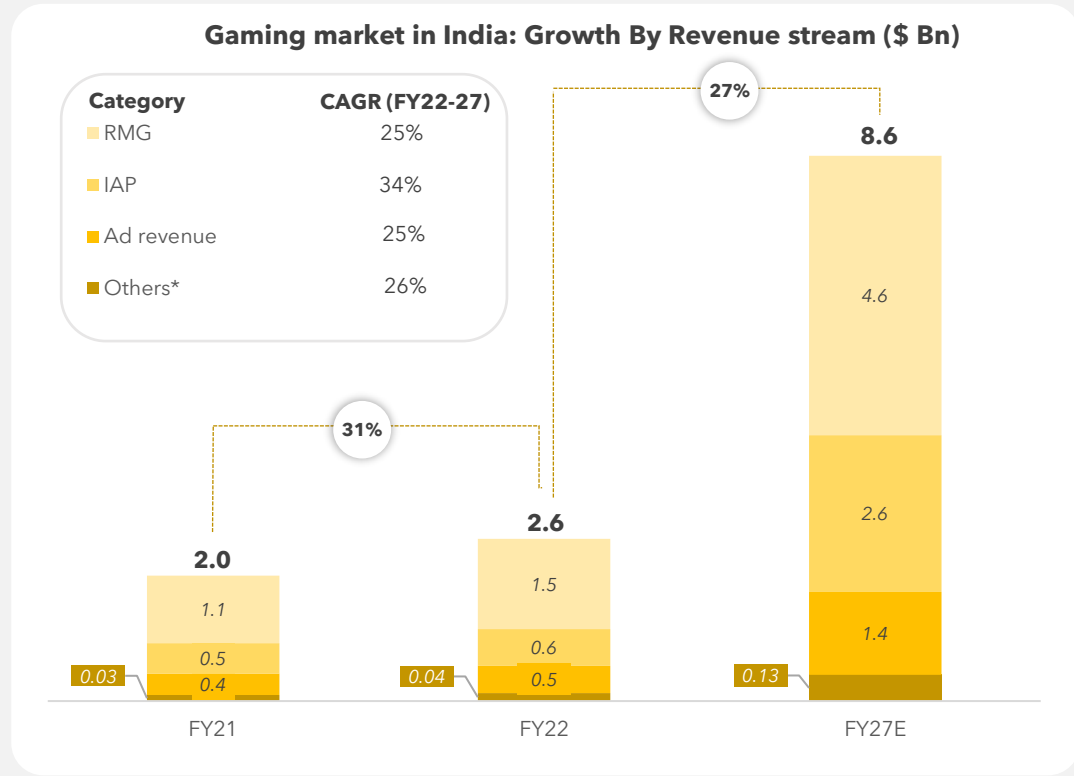
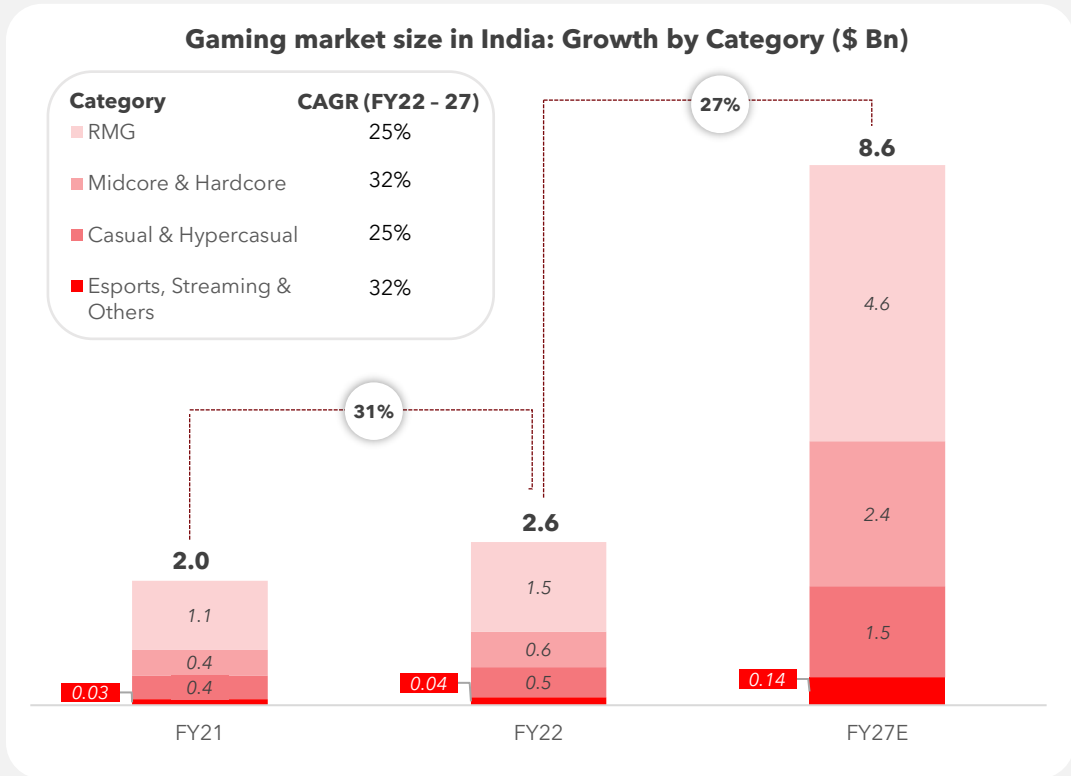
- Indian gaming companies have raised \$2.8 Bn from domestic and global investors in the last 5 years
- Indian gaming companies are on track to raise \$513 Mn by the end of CY '22
- Funding is up 380% from 2019 and up 23% from 2020
- Since 2021, India has seen 3 gaming unicorns, more than 6 strategic exits, and 1 successful IPO

The industry clocked \$2.6 Bn in FY22, and is set to cross \$8.6 Bn by FY27

RMG revenue constitutes 57% of current market but future growth in IAP revenues, particularly in midcore games, are forecasted to grow faster at a CAGR of 34% In FY22, midcore games (like BGMI, Free Fire) were the fastest growing category achieving growth of 32% , grossing combined revenues of ~\$550 Mn

Indian market hit \$2.6 Bn in FY22, and is projected to grow at 27% CAGR by 2027

Highest monetization growth in the future is expected to be driven by in-app purchases



Industry growth is expected to be fuelled by a rapidly increasing gamer base, higher conversion to paid users, and increasing sophistication of the Indian gamer

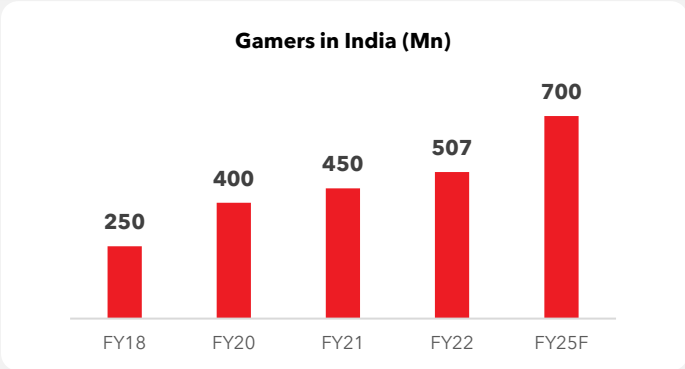
Source: Third party analytics data providers, secondary research, Lumikai proprietary data, primary survey & expert interviews

*Others' includes tipping, subscriptions, and game pass purchases

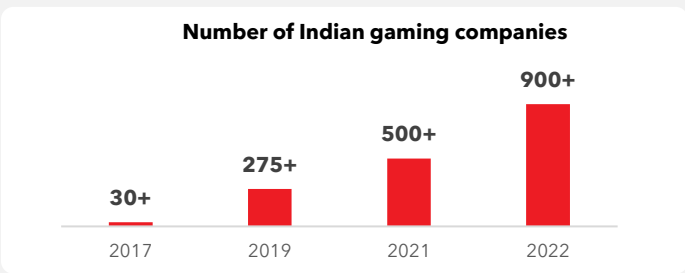
With 15 Bn downloads, India was the largest consumer of mobile games in the world in FY22

India's gamer population in FY22 was 507 Mn, up from 450 Mn the year prior, growing at a 12% CAGR
 There are 120 Mn paying gamers in the country, growing at a 25% CAGR

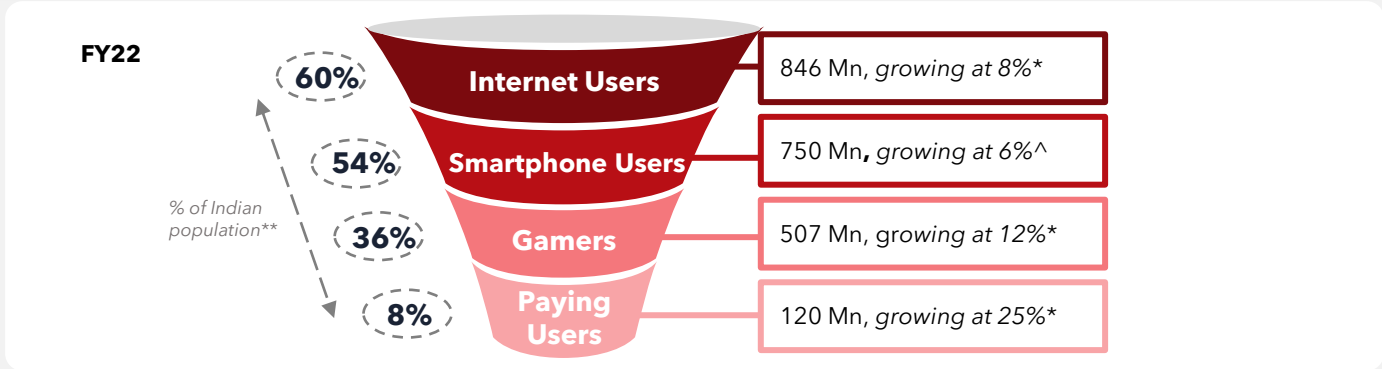
Number of gamers in India is growing at 12% CAGR



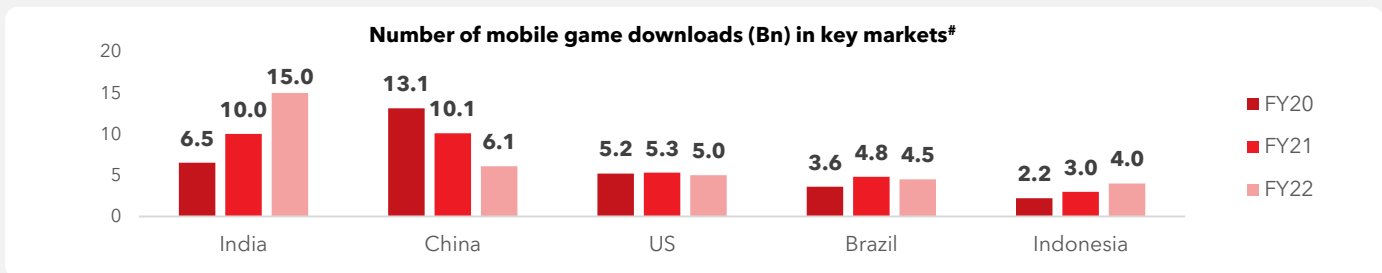
Number of Indian gaming companies continues to rise



India has more than half a billion gamers with a 24% conversion to paying user



India's mobile game downloads hit 15 Bn in FY22, growing at a 35% CAGR



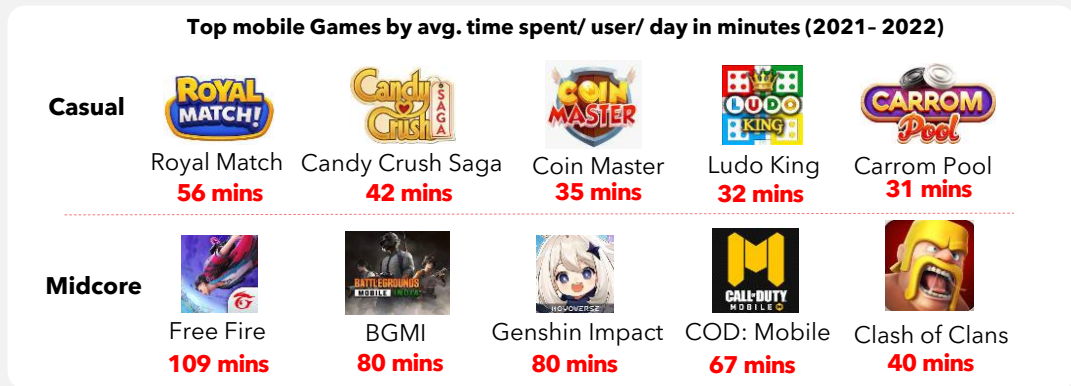
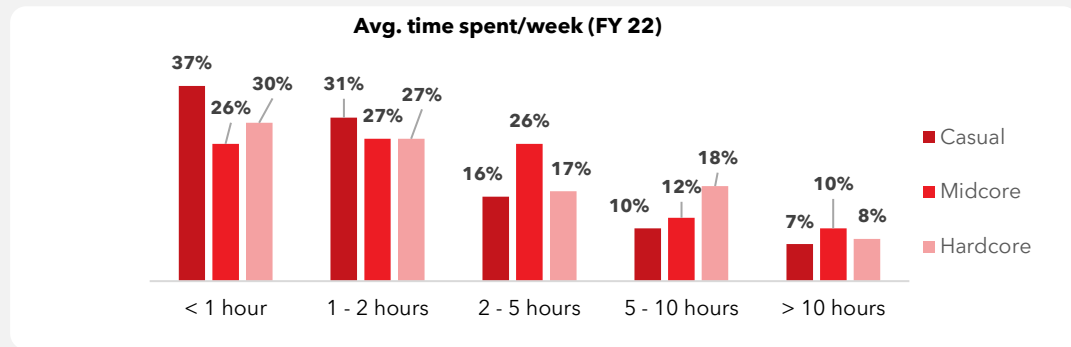
A young population with growing gaming-ready smartphone ownership and access to cheap data has led to sustained growth in gaming usage

Source: Third party analytics data providers, secondary research, Lumikai proprietary data, primary survey & expert interviews
 *CAGR from 2021-2025; ^CAGR from 2021-2026; ** Population-1.4 billion
 #China IOS downloads obtained from third-party data providers; China Android downloads estimated using relative market share of Android and IOS

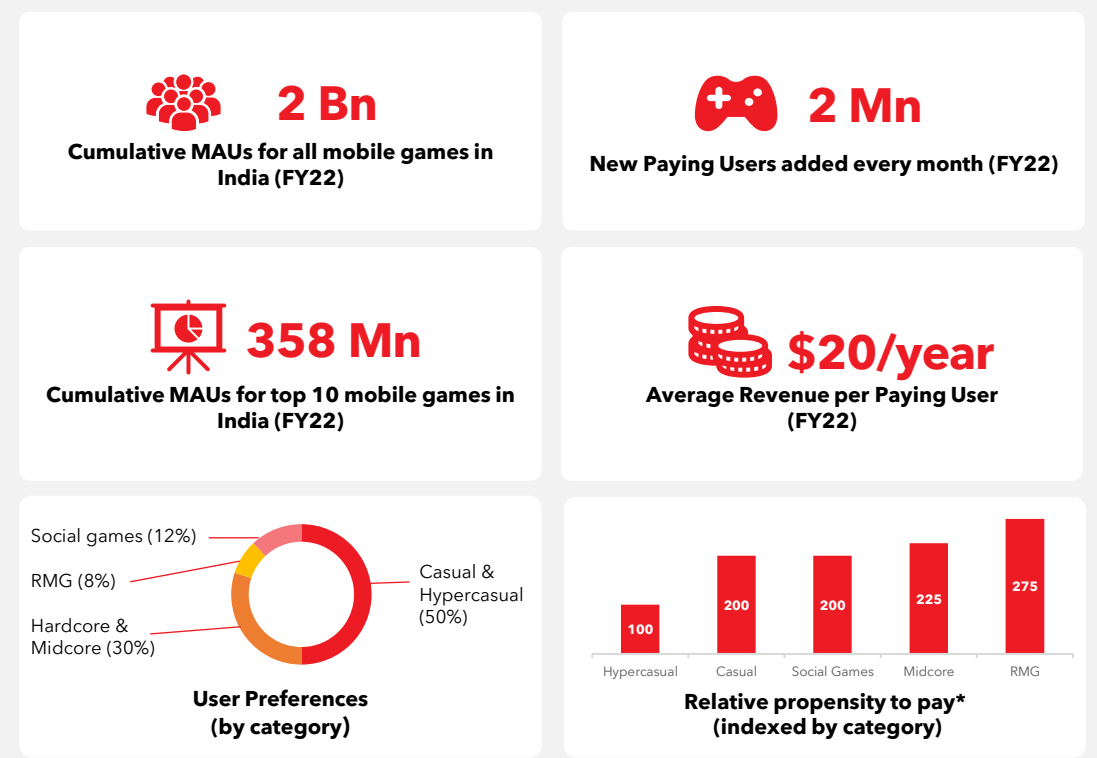
Indian gamers spent an average of 8.5 hours per week on mobile games in FY22

Time spent on top midcore games is approximately double that of top casual games, with Free Fire leading the pack with average of 109 minutes spent/user/day
 Average revenue per paying user grew 11% to \$20/year, with 2 Mn New Paying Users (NPU's) added per month

Time spent on mobile games in India



Engagement and monetization trends in India



Increased time expenditure on midcore titles and growth in ARPPU over the last year suggest a user base primed for more mature game experiences

Source: Third party analytics data providers, secondary research, Lumikai proprietary data, primary survey & expert interviews
 *Calculated based on primary survey responses on propensity to pay for each of the categories; indexed from least propensity to most propensity

Ecosystem forces and changing consumer behaviour are moulding industry growth

Key market inflection points such as 5G, Web3 and Google’s RMG pilot are opening new opportunities for growth
 80% of gamers in India show a propensity and preference for culturally resonant gaming content

Key market inflection points	Increasing payment propensity	India-based content	Live game streaming	Emergence of web3.0
<p>20ms → 5ms Reduced latency</p> <p>~10Gbps Computational power</p> <p>V! airtel Jio Top telcos look to enter gaming</p> <p>5G to transform gaming</p>	<p>\$ 20 / year Average revenue per paying user (FY22) is up 11% YoY</p>	<p>India-based content growing in popularity</p>	<p>52 Mn Total Users (Mar'22)</p> <p>45K Creators (2021) 60 mins Spent/user/day</p> <p>The Loco story</p>	<p>30%</p> <p>30% of the 450 Indian Web3 companies operate in gaming</p>
<p>54%</p> <p>Smartphone penetration</p> <p>750 (FY21) 1000 (FY26)</p> <p>Smartphone Users (Mn)</p> <p>Smartphone usage on the rise</p>	<p>48% of gamers say they spend money in midcore games, with certain instances of spending as high as US\$30 per month</p>	<p>80%</p> <p>80% of gamers show a proclivity to play games based on Indian IP</p>	<p>43%</p> <p>43% of gamers claim they have watched live game-streams</p>	<p>~USD 400 Mn</p> <p>~ USD 400 Mn funding raised by Web3 games in India (2019-22)</p>
<p>Sept. 28 2022 - Sept. 28 2023 application-only pilot for FS & Rummy</p> <p>FS & Rummy apps to be distributed via Play Store</p> <p>Other apps permitted to promote FS & Rummy</p> <p>Google Play pilot program for Fantasy Sports and Rummy apps</p>	<p>65% of paying gamers claim they have engaged in in-app purchases at least once</p>	<p>69%</p> <p>69% of non-gamers claim they would play an Indian IP-based game</p>	<p>68%</p> <p>68% of livestream viewers claim they have tipped streamers at least once</p>	<p>Prominent India-based Web3 gaming companies</p>

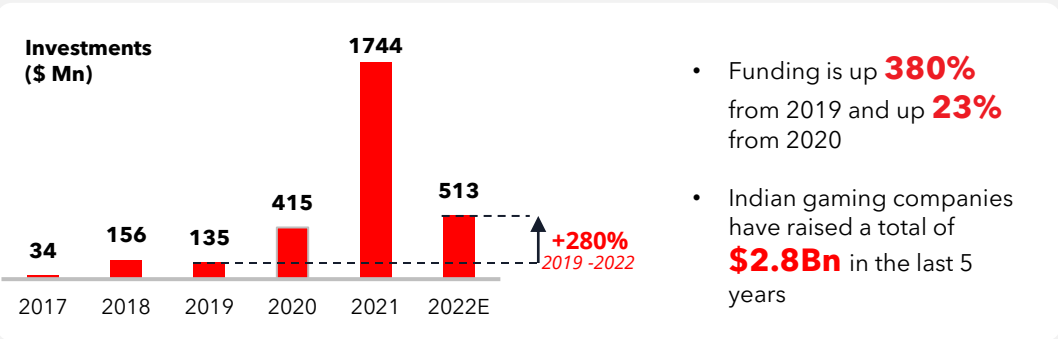
Technological and structural evolutions combined with growing appetite for domestic content and live game streaming are catalysing industry change

Source: Third party analytics data providers, secondary research, Lumikai proprietary data, primary survey & expert interviews

A majority of the \$2.8 Bn invested in the Indian gaming landscape came in the last 2.5 years

In the last 2 years, the market has already yielded 6+ strategic exits amounting to \$775M, 3 unicorns, and the public listing of Nazara Technologies

2020 opened the floodgates for investing in India attracting \$2.6Bn in just 2.5 years



India has seen 3 unicorns in the gaming space with more waiting in the pipeline

Company	Month	Total raised	Valuation
GAMES 24 SEVEN	Mar 2022	\$75 Mn	\$2.5 Bn
DREAM11	Nov 2021	\$1.2 Bn	\$8.0 Bn
MPL	Sept 2021	\$380 Mn	\$2.3 Bn

Leading global and domestic funds are actively investing in Indian gaming

Global Funds	Notable Investments	Domestic Funds	Notable Investments
MAKERS FUND	WinZo, Loco, Stellar Play	SEQUOIA	Fanclash, Lila Games, MPL, Octro
TIGERGLOBAL	Games 24X7, Dream 11	kalaari capital	Eloelo, Bombay Play, All Star Games, Outscal, Winzo
PLAY VENTURES	MPL, All Star Games, Stellar Play	Accel	Get Mega, Mech Mocha
GRIFFIN GAMING PARTNERS	WinZo	ELEVATION	Playsimple, Turnip

Liquidity events since 2021: Notable Exits and IPOs

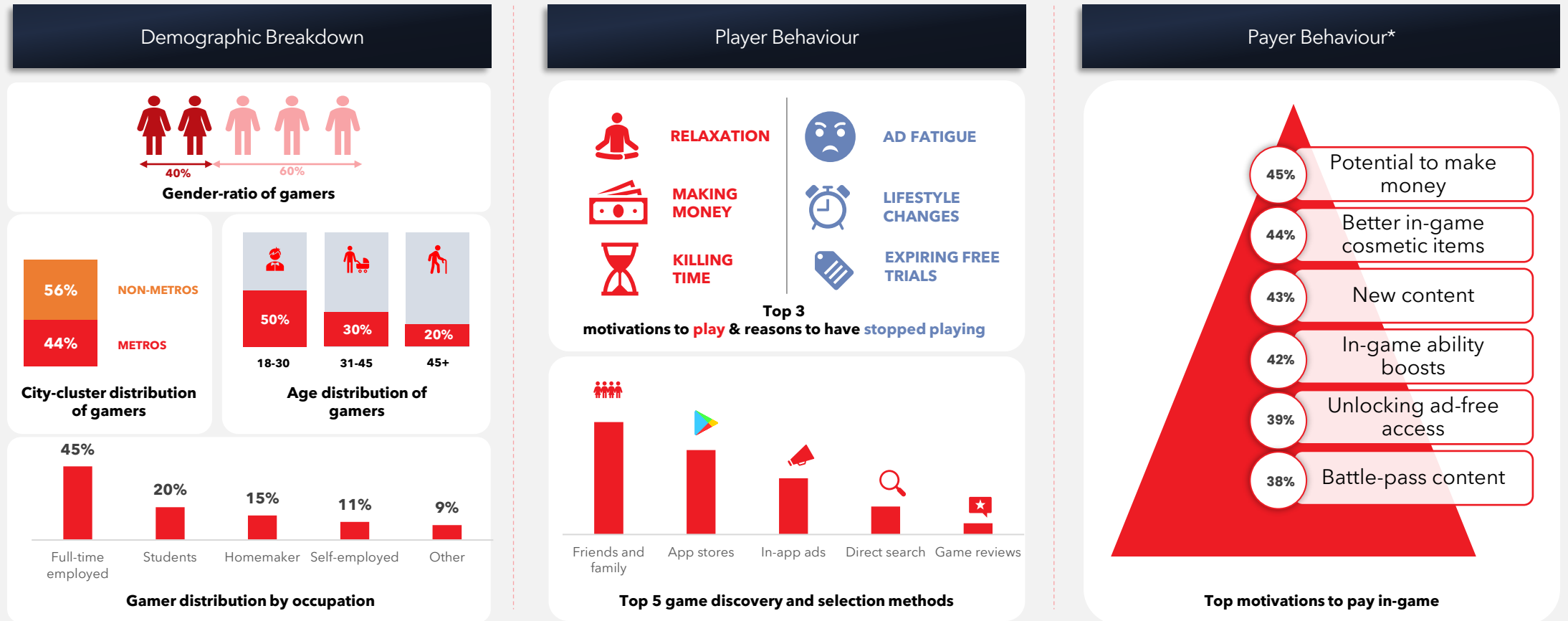
Company	Investors	Acquirer	Deal Value	Key IPOs
PLAYSIMPLE	Elevation Capital, Chiratae Venture, Angels	MTG	\$510 Mn	Nazara Technologies (2021) \$ 33 Mn raise
MOONFROG	Sequoia, Tiger Global	STILLFRONT GROUP	\$90 Mn	Deltatech Gaming (Upcoming) \$ 69 Mn raise
JUNGLEE	Velo Partners, Bay Partners, 500 Global Angels	Flutter	\$66 Mn	

Sustained capital infusion into the Indian gaming sector will encourage continued entrepreneurship and innovation, ultimately leading to a robust pipeline for future liquidity events

Source: Third party analytics data providers, secondary research, Lumikai proprietary data, primary survey & expert interviews

Insights from the pan-India survey

A sample of 2,240 respondents were surveyed across different demographics to gain insight into gamer and non-gamer motivations, behaviours, preferences, and monetisation propensity



Full results and analysis of the survey data will be released with the final report

Source: Third party analytics data providers, secondary research, Lumikai proprietary data, primary survey & expert interviews
 *Percentages represent proportion of survey respondents



Thank You!

For further queries, please reach out at hello@lumikai.com

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Glossary

ARPPU	Average Revenue per Paying User
Bn	Billion
CAGR	Compounded Annual Growth Rate
CY	Calendar Year
FS	Fantasy Sports
FY	India Financial Year
IAP	In-app Purchase
IP	Intellectual Property
IPO	Initial Public Offering

K	Thousand
M&A	Mergers and Acquisition
MAU	Monthly Active User
Mins	Minutes
Mn	Million
ms	Milli-seconds
NPU	New Paying User
RMG	Real Money Games