



Incorporated on July 13, 2001, Matrimony.com Limited (“Matrimony”) is the leading provider of Online Matchmaking Services in India in terms of the average number of website pages viewed by unique visitors in March 2017. Matrimony is one of the first companies to provide online matchmaking services in India. Matrimony has an early mover advantage among consumers seeking online matchmaking services which has huge business opportunity in a fragmented industry. The online matchmaking industry is fragmented with ~2600 wedding portals. As of March 31, 2017, Matrimony had a large database of profiles comprising 3.03 million active profiles, which creates a network effect that attracts more users to register or subscribe through their websites, mobile sites and mobile apps.

Company’s business currently comprises two segments – (i) matchmaking services and (ii) marriage services and related sale of products. Matrimony delivers matchmaking services to their users in India and the Indian diaspora through their websites, mobile sites and mobile apps complemented by their on-the-ground network in India. As of June 30, 2017, the Company had 140 retail centers distributed across India where customers can walk in and register on their websites. Its flagship brand, Bharat Matrimony, has 15 language based domains under its umbrella. In addition, the Company has other portals like Elite Matrimony, Community Matrimony, Matrimony Directory, Matrimony Photography, Matrimony Bazaar, Matrimony Directory and Matrimony Mandaps. Company’s brand, BharatMatrimony.com, has been ranked as India’s most trusted online matrimony brand by The Brand Trust Report India Study 2014 and their other matchmaking brands such as CommunityMatrimony.com and EliteMatrimony.com are well-established in India.

Post IPO, Rs 130 crore worth of funds would be utilised towards advertising and promotional activities. Going forward, the company plans to expand its user base via continuous investments in its mobile platform and increasing its service offerings. Strong brand value, large database of profiles and micro market strategy are amongst its key strengths. In the past, the Company’s financials were weak as it reported losses and had a negative networth on account of settlement of litigation. The litigation amounted to Rs. 100 crores spread over the years. However on settling of the litigation, the financial performance of the Company has improved and turned profitable. The Company reported PAT of Rs. 438 mn in FY17 and Rs. 146 mn in Q1FY18,

#### Investment Rationale and Recommendation

At the upper end of the price band of Rs. 887 (after discount), the IPO is valued at 51x at FY17 EPS on post issue basis which is at a premium. We believe the pricing of IPO enjoys premium due to shortage of companies in Matchmaking and marriage related services in the listed space.

With due consideration to factors like a) low penetration of online matrimony business (accounts for ~6% of marriages in India), b) leadership and first mover advantage in a largely fragmented industry, c) large database of profiles and consequential network effect, d) micro-market strategy and customized services, e) strong consumer brand, f) wide on-the ground network for customer acquisition and support, g) robust technology and analytics, h) efficient business model, i) visibility of strong revenue growth and operating leverage, j) alternative revenue streams like marriage services segment, j) investors always fancy Companies with business models especially in internet space commanding high valuations, we recommend “SUBSCRIBE” to the issue.

Issue date	Sep. 11 – 13, 2017
Listing date	Sep. 18, 2017
Type of issue	Fresh Issue: Rs. 1,300 mn Offer for sale: 37,67,254 equity shares
Face Value	Rs. 5
Price Band	Rs. 983 – Rs. 985 per share
Discount	Rs. 98 per share
Issue allocation	QIB – 75% Retail – 15% NIB – 10%
Lot size	15 equity Shares & multiple of 15 equity shares thereafter
Listing date	Sep. 21, 2017
Post issue market cap	Rs. 22.2 bn at upper price band
Book Running Lead Managers	Axis Capital, ICICI Securities
Registrar to the issue	Karvy Computershare
Promoters	Murugavel Janakiraman Pre IPO Holding: 56 percent Post IPO Holding: 51 percent

Y/e 31 Mar (Rs. mn)	Q1FY18	FY17	FY16	FY15
Revenue	838	2,929	2,554	2,428
EBITDA	195	591	66	164
OPM (%)	23.3	20.2	2.6	6.8
PAT	146	438	(751)	(29)
PAT (%)	17.4	15.0	(29.5)	(1.2)
Equity Capital	106.3	106.2	91.93	91.93
Post issue EPS (Rs.)*	6.5	19.4	(33)	(1.3)
Networth (Rs. mn)	(161.65)	(311.3)	(761)	(9.30)
P/E (x) at Rs. 887	-	51	-	-
RoE (%)	90.4	141	(99)	(315)

Source: RHP, Ajcon Research



## Objects of the issue

The Issue comprises of a Fresh Issue by the Company and an Offer for Sale by the Selling Shareholder.

### The Offer for Sale – Details of selling shareholders

Name of selling shareholders	No. of shares to be sold
Bessemer India Capital Holdings II Ltd.	1,461,006
Mayfield XII, Mauritius	155,760
CMDBII	1,683,207
Indrani Janakiraman	82,834
Murugavel Janakiraman	384,447

### The Fresh Issue

**Rs. 1300 mn, which will be used for the following:**

Particulars	Amount
Advertising and business promotion	200
Purchase of land for construction of office premises in Chennai	425.79
Repayment of overdraft facilities	433.43
General Corporate Purposes	-

### Company and Promoters

Matrimony.com Limited was incorporated on July 13, 2001 at Chennai, Tamil Nadu as a private limited company. Subsequently, upon conversion to a public company pursuant to a special resolution of the shareholders of the company dated December 2, 2014 the name of the company was changed to Matrimony.com Limited and a fresh certificate of incorporation was issued by the RoC on January 2, 2015.

Chinni Krishnan Ranganathan is a Non-Executive Chairman and Independent Director of the company.

Murugavel Janakiraman is the Promoter and Managing Director of the company. He has been associated with the company w.e.f. September 5, 2001.

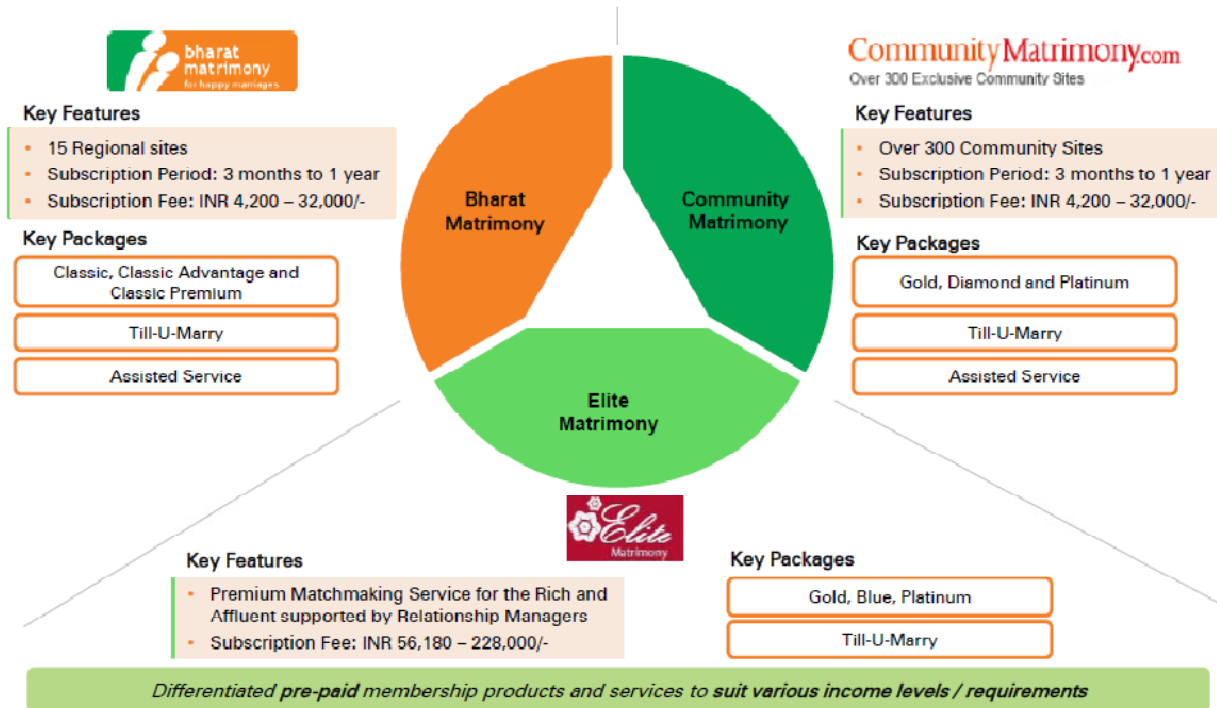
Deepa Murugavel is a Non-Executive Director of the company. She has been associated with the company w.e.f. March 26, 2006.

K Balasubramanian is the Chief Financial Officer. He has been associated with the company since August 22, 2016 and is responsible for finance, accounts and legal compliances.

Nikhil Khattau, Vishal Gupta, Avneet Singh Kochar are the non-executive nominee director of the company and George Zacharias and Milind Sarwate are the non-executive Independent director of the company.



**Business model – Bird’s eye view..**



**Marriage Services**

**MatrimonyDirectory.com**

MatrimonyDirectory.com is a wedding classified portal with more than 50,000 listings in India to facilitate and connect customers with the right service provider. It seeks to provide a comprehensive solution for customers to plan a wedding conveniently and professionally by providing information about a wide range of wedding-related services in one portal, including wedding venues, florists and flower decorations, wedding planners, wedding cards, caterers and bridal makeup artists.

**MatrimonyPhotography.com**

MatrimonyPhotography.com was launched to provide wedding photography and videography services. They also plan to enhance their wedding photography and videography services through the utilization of technology to allow customers and their guests to create photo albums and videos in an interactive manner online. The service has been launched in Tamil Nadu, Kerala, Andhra Pradesh and Telangana.

**MatrimonyBazaar.com**

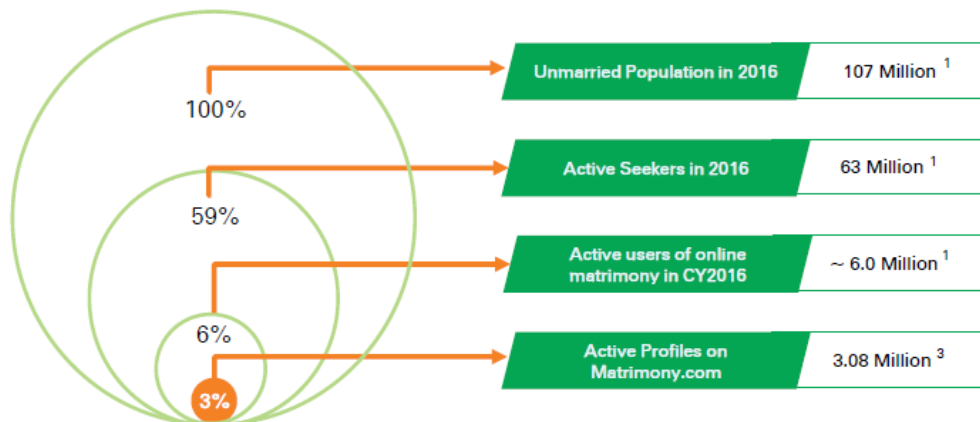
MatrimonyBazaar.com was launched to help customers in availing wedding-related services. A relationship manager meets each customer to understand their needs and recommend suitable vendors. The company has partnered with more than 500 wedding vendors from different categories such as wedding apparel, venue, stage decorations, photography, make-up, catering and honeymoon packages to meet customers’ wedding needs. These services are currently available in Chennai, Coimbatore, Madurai and Trichy.

**MatrimonyMandaps.com**

MatrimonyMandaps.com, a wedding venue discovery platform, was launched recently to help customers find the right venue for their wedding. A relationship manager reach out to customers to understand their needs and recommend suitable wedding venues. The company has detailed information of more than 500 wedding venues which include kalyana mandapams and banquet halls across Tamil Nadu. Detailed information of facilities available at the wedding venue as well as high quality photographs are provided to help customers choose the perfect venue for the wedding. These services are currently available in Chennai, Coimbatore, Madurai Trichy, Hyderabad, Secundrabad, Bangalore and Kochi.

## Industry Potential

### Huge untapped opportunity marriage matchmaking industry..

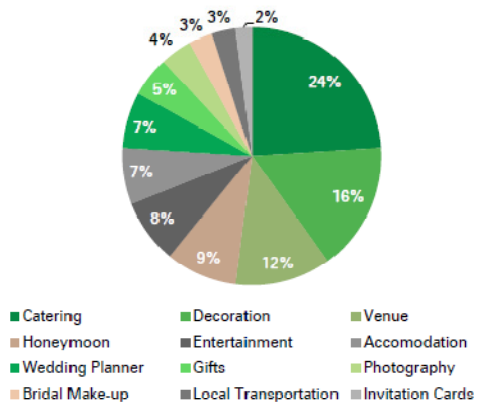


Large Addressable Market <sup>1</sup>	Cultural receptivity to arranged marriages	Increasing Mobile and Internet Usage <sup>1</sup>	Shift to Organized Sector
<ul style="list-style-type: none"> <li>59% of the unmarried population falls within the ages of 18 to 24 years in which majority of Indian population gets married</li> <li>11.7 mn weddings in 2016 with ~60.5 mn weddings expected from 2017 to 2021 (both years included)</li> </ul>	<ul style="list-style-type: none"> <li>As on 2016, ~88.4% of marriages in India are arranged<sup>2</sup> and parents tend to be the primary decision makers</li> </ul>	<ul style="list-style-type: none"> <li>Internet penetration is expected to grow from 462 mn internet users as of July 1, 2016 to 730 mn users by FY20</li> <li>Mobile Internet users are expected to grow from 358mn in 2016 to 670mn by FY20</li> </ul>	<ul style="list-style-type: none"> <li>Increasing mobility leading to shift from local media to matrimonial portals</li> <li>Increased freedom of choice over life decisions by young generation today</li> </ul>

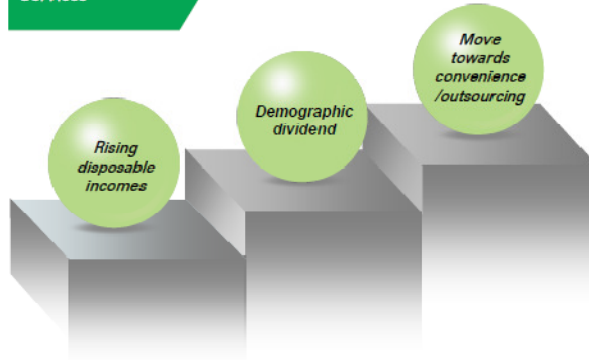
### Huge untapped marriage services industry..

Marriage Services Industry is estimated to be INR 3,681 bn offering an opportunity for an organized player to cater to this fragmented market

Break-up of Estimated Percentage of Spends on Marriage Services (FY 2016)



Key growth drivers for Marriage Services



- ✓ Opportunity to leverage database of Matchmaking users
- ✓ Marriage services in India have traditionally been unorganized
- ✓ Increasing trend towards outsourcing of various services to structured participants
- ✓ Potential for aggregators and online players to expand into marriage services



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