

matrimony.com

Matrimony business currently comprises two segments – (i) matchmaking services and (ii) marriage services and related sale of products, Incorporated in 2001 In fiscal 2017, matchmaking services and marriage services in India and internationally. Currently, Matrimony has a huge database comprising of 3.08 million active profiles.

According to the comScore Report, 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. They deliver matchmaking services to all users in India and the Indian diaspora through websites, mobile sites and mobile apps complemented by their on-the ground network in India. It includes brand, BharatMatrimony.com, has been ranked as India's most trusted online matrimony brand by The Brand Trust Report India Study 2014 (a study covering 20,000 brands across 16 cities) and they also believe that their other matchmaking brands such as CommunityMatrimony.com and EliteMatrimony.com are well-established in India.

As one of the first companies to provide online matchmaking services in India, Company believes that we have an early mover advantage among consumers seeking online matchmaking services. As of March 31, 2017, They had a large database of profiles comprising 3.03 million active profiles (being profiles that have been published or logged in at least once during the prior 180-day period), which believe creates a network effect that attracts more users to register or subscribe through websites, mobile sites and mobile apps and also results in higher customer engagement, which in turn drives monetization of the user base and enables them, to maintain a leading position in the online matchmaking market in India.

According to the Key Business Metrics Report, in fiscal 2015, fiscal 2016 and fiscal 2017, they had 647,000, 678,000 and 702,000 paid subscriptions, respectively. Matrimony also believes that they have a high degree of brand recall and trust in India, as evidenced by the average number of website pages viewed by unique visitors in March 2017 in the comScore Report (Matrimony.com data does not include data from all sites under Matrimony.com), and an efficient business model with low credit risk which has allowed them to fund the growth of the business primarily through internal accruals since fiscal 2009. To focus on and grow matrimony matchmaking business to cater to the Indian diaspora for which subscription revenues were received in foreign currency (the —NRI Business), the Company has granted a nonexclusive, non-sub-licensable and non-assignable business license, of certain brand names and domain names owned by the Company to its wholly-owned subsidiary, Consim USA, to operate the NRI Business in all territories outside India with effect from December 15, 2015 until December 14, 2019.

In fiscal 2015, fiscal 2016 and fiscal 2017, they generated consolidated total revenue of ` 2,428.41 million, 2,554.29 million and ` 2,929.30 million respectively, of which ` 2,319.91 million, ` 2,440.31 million, and 2,807.63 million, respectively, was attributable to matchmaking services segment.

Restated consolidated profit before exceptional items, interest, tax, depreciation and amortization (EBITDA) was ` 178.08 million, ` 72.31 million and ` 592.04 million in fiscal 2015, fiscal 2016 and fiscal 2017,

respectively. Restated consolidated loss before minority interest was ` 29.04 million and ` 750.55 million in fiscal 2015 and fiscal 2016, respectively, which were largely attributable to certain exceptional item losses in these periods. Restated consolidated profit before minority interest was ` 437.83 million for fiscal 2017.

| | |
|---------------------------------------|--|
| Price Band | Rs. 983-985 per Equity Share |
| Issues Open | Monday, Sep 11, 2017 |
| Issue Close | Wednesday, Sep 13, 2017 |
| Issue Type | 100% Book Built Issue IPO |
| Bid Lot | 15 Equity share and multiple thereafter |
| Maximum Bid amount for Retail | Rs, 2 Lacs |
| Total Issue size | 3,767,254 Equity Shares of Rs. 5 aggregating up to Rs. 371.07 Cr. at upper price band Fresh issue Rs 130 Cr |
| QIB* | 75% of issue |
| NIB* | 15% of issue |
| Retail Individual Bidders | 10% of Issue |
| Promoter holding Pre-issue | 56.0% |
| Promoter holding Post-issue | 50.6% |
| Retail & Employee Discount | Rs. 98/- Per share |
| Mode of Payment | ASBA Mandatory (No cheque will be accepted) |
| Book Running Lead Managers | Axis Capital Limited, ICICI Securities Limited. |
| Face Value | Rs. 5 per Equity Share |
| Listing At | NSE, BSE |
| Registrar | Karvy Computershare Private Limited |

Competitive Strengths:

- Large Database of Profiles and Consequential Network Effect.
- Micro-Market Strategy and Customized or Personalized Services
- Strong Consumer Brand
- Wide On-the-Ground Network for Customer Acquisition and Support
- Robust Technology and Analytics
- Efficient Business Model

Company Strategies

- Expand Our User Base
- Continue Investments in Mobile Platform
- Drive Monetization
- Further Strengthen Our Brands
- Continue to Expand into Marriage Services

Company Promoters:

Murugavel Janakiraman is the Promoter of the Company.

Objects of the Issue:

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable our Company to undertake its existing business activities and the activities for which funds are being raised by our Company through the Fresh Issue.

1. The Offer for Sale

Company will not receive any proceeds from the Offer for Sale.

2. The Fresh Issue

The proceeds from the fresh issue will be utilized towards the following objects:

1. Advertising and business promotion activities
2. Purchase of land for construction of office premises in Chennai
3. Repayment of our overdraft facilities and
4. General corporate purposes.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable Company to undertake its existing activities and the activities for which funds are being raised through the Fresh Issue.

Risks Relating to Business:

Internal Risk Factor

- Matrimony rely on telecommunications and information technology systems, networks and infrastructure to operate the business and any interruption or breakdown in such systems, networks or infrastructure or technical systems could impair the ability to effectively provide products and services.
- If third parties, including current or future competitors, or employees are able to circumvent the protection measures which are put in place for the protection of our database or systematically copy our online content or misappropriate confidential information, our business and reputation would be adversely affected.
- They face significant competition in online matchmaking business from Indian companies, and may be unsuccessful in competing against current and future competitors, which could have an adverse impact on the pricing of the services as well as increase the costs associated with growing customer base.
- They may fail to convert free members to paid members or fail to retain their existing base of paid members.
- Restated Consolidated Summary Statements reflect that company had a negative net worth of ₹ 311.32 million as of March 31, 2017.
- Business could be adversely affected if fail to keep pace with changing technology and evolving industry standards and norms or fail to develop and introduce new products and services in a timely manner.
- If the service platforms are misused, it could lead to user dissatisfaction and discourage the use of products and services and have a material adverse effect on business and reputation.

- Matrimony is vulnerable to liability for fraudulent activities on our websites, mobile sites and mobile apps
- Privacy and data protection legislation and regulations and public perception concerning security and privacy on the Internet may adversely affect our reputation, business and profitability.
- Infrastructure in India may not be upgraded in order to support higher Internet penetration, which may adversely affect to business and prospects and result in slower than expected growth for us.
- Companies' inability to build and maintain the brand names will adversely affect to business, prospects, financial condition and results of operation.
- The growth of the business depends on the growth of mobile Internet penetration and supporting infrastructure in India, and the steady emergence of mobile technology as a viable medium for receiving matchmaking and marriage services
- Certain changes in social trends may lead to a decrease in the number of customers subscribing for online matchmaking products and services.

External Risk Factor

- Changing laws, rules and regulations and legal uncertainties in India, including adverse application of corporate and tax laws, may adversely affect business and financial performance.
- The applicable competition law regime in India may adversely affect our business, prospects, financial condition and results of operations.
- Changes in rules promulgated by the SEBI, the various Indian stock exchanges and changes in the interpretation or enforcement of existing law and rules relating to the stock markets or investment in securities may adversely impact our business.
- Any future issuance of Equity Shares may dilute your shareholdings, and sales of Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.
- The Equity Shares may experience price and volume fluctuations
- The Price Band and the Offer Price will be determined based on various factors and may not be indicative of the market price of the Equity Shares after the Equity Shares are listed. Further, the market price of some securities listed pursuant to certain previous issues managed by the BRLMs appointed for the Offer is below their respective issue price
- There are no standard valuation methodologies or generally accepted accounting practices or standard of measure of the information technology and related industries.
- Terrorist attacks, communal disturbances and regional conflicts in South Asia may have a material adverse effect on our business and on the market for securities in India

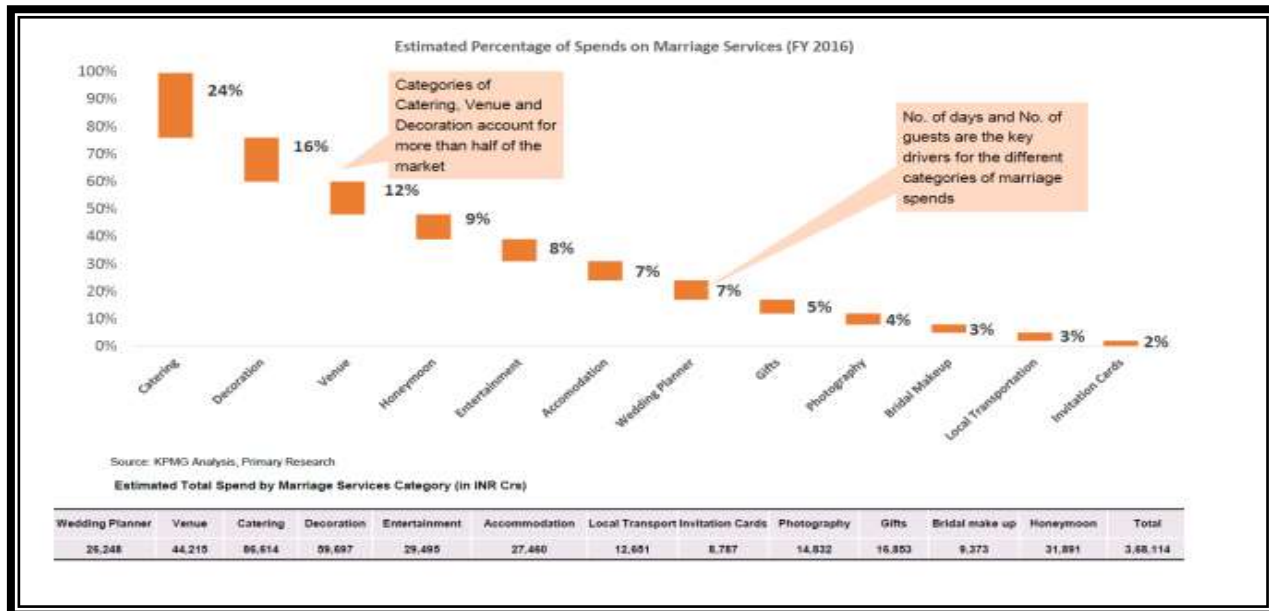
Industry Overview

India is one of the world's most populous countries with an estimated population of approximately 1.27 billion as of July 2016, which equates to 17.30% of the world population, according to the CIA Factbook.

Matchmaking has traditionally been a very fragmented and unorganized industry in India, with friends and family being the predominant channel of matchmaking. Other offline channels of matchmaking include traditional matchmakers/brokers, community marriage bureaus, pundits/maulvis/priests and classifieds (prints).

The online matchmaking industry is still at a nascent stage and accounts for approximately 6.00% of marriages in India. The online matchmaking industry in India is also a very fragmented market with over 2,600 wedding portals, only a handful of players of which have some scale and 700 of which are an extension of the community bodies which traditionally played a major role in alliance and matchmaking

According to the KPMG Report, the marriage services industry in India is estimated to be worth approximately ` 3,681 billion in fiscal 2016, with catering, decoration, venue, gifts and photography accounting for approximately 61.00% of marriage services spends in fiscal 2016.



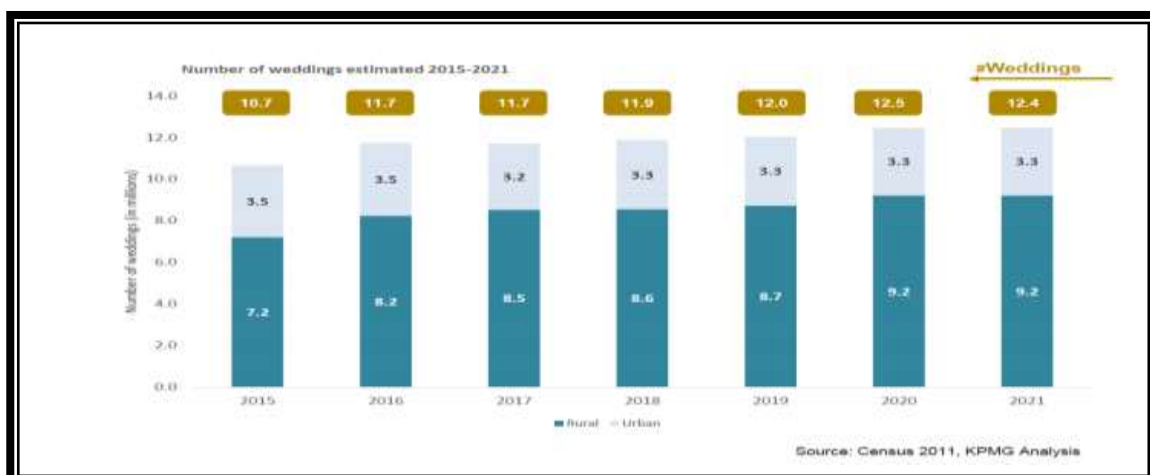
Key Drivers of Growth for Marriage Services in India

Rising disposable incomes: Marriages are the biggest event in families in India and are a crucial part of Indian tradition and culture. Indians spend a large part of their income and savings on the wedding of their children. As the disposable income rises, it is expected that wedding spend will also increase in time to come. GDP per capita is expected to reach US\$1,869.34 by 2018. In addition, Indian salaried professionals get a raise of between 10.00% and 15.00% every year and bonuses of between 5.00% and 10.00%.

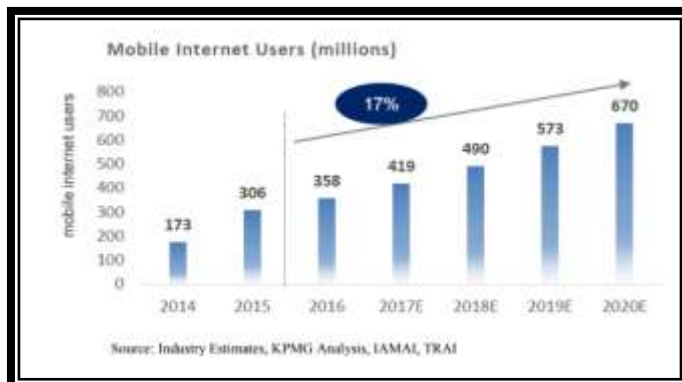
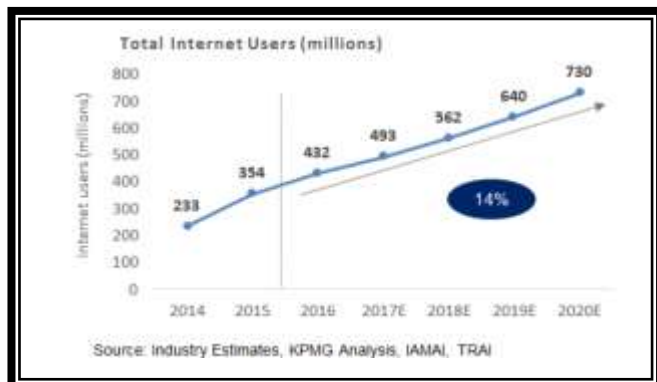
Demographic dividend : India’s demography benefits from a large young population. It is estimated that approximately 65.00% of the unmarried Indian population is less than 35 years. It is expected that this young base will get married over the next two decades, resulting in an average of 11 to 13 million weddings each year until 2021.

Move towards convenience/outsourcing : As Indian weddings become more elaborate, personalized and tailored, it requires more effort from the family and community of the marrying couple. In this regard, there is a gradual shift towards convenience and outsourcing of activities pertaining to marriage services. This will also result in an increase in marriage services spend.

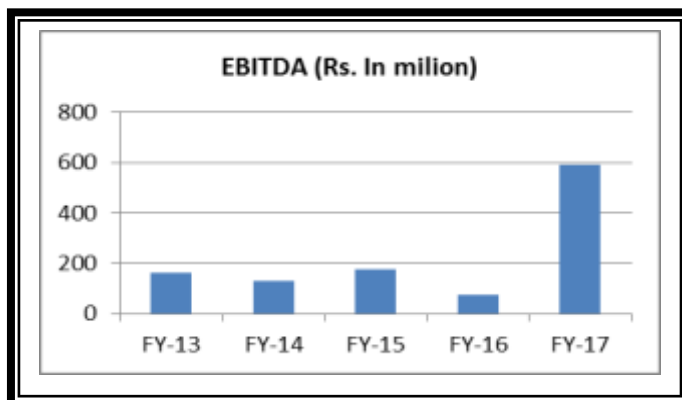
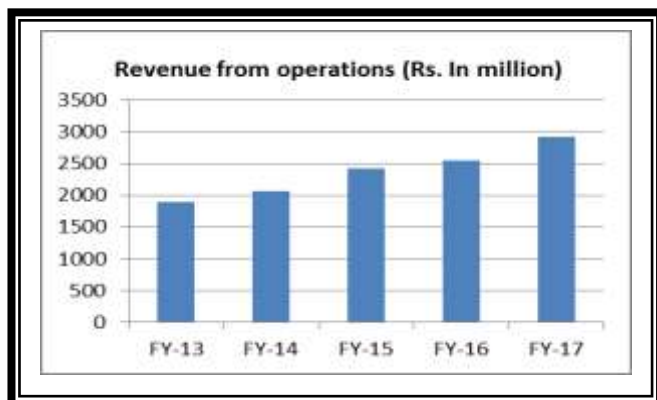
Based on the KPMG Report, the population within the marriageable age bracket in India will grow at an average rate of 0.84% until 2021 and that approximately 60.5 million weddings will take place in India from 2017 to 2021 (both years included).



The number of Internet users in India is expected to reach over 730 million users by fiscal 2020, which would increase the penetration level to approximately 54.00% of the Indian population. By comparison, as of July 1, 2016 the penetration level was approximately 88.50% in the United States and 52.20% in China (source: <http://www.internetlivestats.com/>). In addition, according to the KPMG Report, it is estimated that mobile Internet penetration in India will grow at an average CAGR of 17.00% to reach 670 million users by fiscal 2020



Graphical Representation of Performance



Management:

| <u>Name of board members</u> | <u>Designation</u> |
|------------------------------|---|
| Chinni Krishnan Ranganathan | Non-Executive Chairman & Independent Director |
| Marugavel Janakiraman | Managing Director |
| Deepa Murugavel | Non-Executive Director |
| Nikhil Nirvan Khattau | Nominee Non-Executive Director |
| Vishal Vijay Gupta | Nominee Non-Executive Director |
| Avneet Singh Kochar | Nominee Non-Executive Director |
| George Zacharias | Non-Executive Independent Director |
| Millind Shripad Sarwate | Non-Executive Independent Director |

Restated Consolidated Summary statement of Balance Sheet**Matrimony.com Limited****Annexure I - Restated Consolidated Summary Statement of Assets and Liabilities***(All amounts are in INR million unless otherwise stated)*

| Particulars | Annexure No. | As at | | | | |
|--|--------------|-----------------|-----------------|-----------------|---------------|---------------|
| | | 31-Mar-17 | 31-Mar-16 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 |
| Equity and liabilities | | | | | | |
| A Shareholders' funds | | | | | | |
| Share capital | V | 106.21 | 91.93 | 91.93 | 59.38 | 59.38 |
| Reserves and surplus | VI | (417.53) | (852.84) | (101.23) | (81.28) | 10.31 |
| | | (311.32) | (760.91) | (9.30) | (21.90) | 69.69 |
| B Minority Interest | | - | 2.63 | 2.49 | 2.24 | 2.00 |
| C Non-current liabilities | | | | | | |
| Long term borrowings | VII (A) | • | 1.56 | 5.07 | • | • |
| Other long term liabilities | VIII (A) | 7.51 | 709.47 | 34.87 | 57.44 | 0.75 |
| Long term provisions | VIII (B) | 19.51 | 16.30 | 15.01 | 12.29 | 11.10 |
| | | 22.02 | 227.33 | 54.85 | 64.73 | 11.35 |
| D Current liabilities | | | | | | |
| Short-term borrowings | VII (B) | 443.76 | 481.93 | 267.27 | 148.13 | 254.98 |
| Trade payables | IX (A) | • | • | • | • | • |
| Total outstanding dues of micro enterprises and small enterprises | IVA (7) | • | • | • | • | • |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 163.06 | 352.16 | 226.49 | 229.82 | 194.90 |
| Other current liabilities | IX (B) | 817.36 | 883.05 | 443.20 | 381.07 | 318.16 |
| Short term provisions | IX (C) | 58.14 | 57.77 | 46.90 | 75.77 | 51.89 |
| | | 1,487.92 | 1,769.41 | 983.86 | 785.69 | 819.93 |
| Total Equity and liabilities (A+B+C+D) | | 1,193.62 | 1,238.46 | 1,031.90 | 830.76 | 902.97 |
| Assets | | | | | | |
| E Non-current assets | | | | | | |
| Fixed assets | | | | | | |
| Property, Plant and Equipment | | 177.68 | 192.03 | 162.28 | 158.39 | 152.22 |
| Intangible assets | | 64.68 | 92.03 | 74.45 | 34.61 | 24.64 |
| Intangible assets under Development | | • | • | 2.87 | 43.14 | 2.26 |
| Goodwill | | - | 0.39 | 0.39 | 0.39 | 0.39 |
| Non-current investments | X | - | - | - | 0.30 | 0.30 |
| Long term loans and advances | XI | 190.43 | 111.68 | 123.63 | 145.91 | 137.52 |
| | | 432.79 | 396.13 | 363.62 | 382.74 | 317.33 |
| F Current assets | | | | | | |
| Inventory | | • | • | • | 3.85 | 1.78 |
| Trade receivables | XII | 21.57 | 18.96 | 10.20 | 15.52 | 13.15 |
| Cash and bank balances | XIII | 580.13 | 583.84 | 531.24 | 373.04 | 318.29 |
| Short term loans and advances | XIV (A) | 39.06 | 109.72 | 92.11 | 51.87 | 249.45 |
| Other current assets | XIV (B) | 120.07 | 129.81 | 34.73 | 3.74 | 3.47 |
| | | 760.83 | 842.33 | 668.28 | 448.02 | 585.64 |
| Total Assets (E+F) | | 1,193.62 | 1,238.46 | 1,031.90 | 830.76 | 902.97 |

Restated Consolidated Summary statement of Profit & Loss**Matrimony.com Limited****Annexure II - Restated Consolidated Summary Statement of Profits and Losses***(All amounts are in INR million unless otherwise stated)*

| Particulars | Annexure No. | Year ended | | | | |
|--|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 31-Mar-17 | 31-Mar-16 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 |
| Income from operations | | | | | | |
| Revenue from operations | | | | | | |
| Matchmaking services | | 2,807.63 | 2,440.31 | 2,319.91 | 1,988.55 | 1,873.22 |
| Marriage services | | 120.56 | 107.89 | 73.50 | 50.74 | 9.93 |
| Sale of products – return gifts | | - | - | 20.71 | 15.09 | 2.92 |
| Other income | XV | 1.11 | 6.09 | 14.29 | 18.76 | 1.76 |
| Total revenue | | 2,929.30 | 2,554.29 | 2,428.41 | 2,073.14 | 1,887.83 |
| Expenses | | | | | | |
| Purchase of traded goods | | - | - | 15.10 | 12.78 | 3.40 |
| Increase / (decrease) in inventories of traded goods | | - | - | 3.85 | (2.57) | (0.95) |
| Employee benefit expenses | XVI (A) | 1,165.85 | 1,252.52 | 1,059.28 | 878.89 | 750.91 |
| Advertisement and business promotion expenses | XVI (B) | 522.30 | 538.60 | 532.52 | 481.38 | 462.40 |
| Other expenses | XVI (C) | 649.11 | 690.86 | 639.58 | 572.20 | 510.08 |
| Total expenses | | 2,337.26 | 2,481.98 | 2,250.33 | 1,942.68 | 1,725.84 |
| Restated earnings before exceptional items, interest, tax, depreciation and amortisation (EBITDA) | | 592.04 | 72.31 | 178.08 | 130.46 | 161.99 |
| Depreciation and amortisation expense | | 103.81 | 97.54 | 81.67 | 56.36 | 64.69 |
| Finance cost | | 44.28 | 29.86 | 15.71 | 8.22 | 14.01 |
| Finance income | | (37.74) | (42.24) | (32.14) | (31.78) | (39.66) |
| Restated earnings before exceptional items, tax and minority interest | | 481.69 | (12.85) | 112.84 | 97.66 | 122.95 |
| Less: Exceptional items | XVII | 43.72 | 737.66 | 141.78 | 188.97 | 18.58 |
| Restated profit / (loss) before tax and minority interest | | 437.97 | (750.51) | (28.94) | (91.31) | 104.37 |
| Tax expense | | | | | | |
| Current tax | | 15.14 | 0.04 | 0.10 | 0.04 | 0.02 |
| MAT Credit Entitlement | | (15.00) | - | - | - | - |
| Deferred tax | | - | - | - | - | - |
| Total tax expense | | 0.14 | 0.04 | 0.10 | 0.04 | 0.02 |
| Restated profit / (loss) before minority interest (A) | | 437.83 | (750.55) | (29.04) | (91.35) | 104.35 |
| Minority interest (B) | | 0.02 | 0.14 | 0.25 | 0.24 | 0.25 |
| Restated profit / (loss) for the year (A-B) | | 437.81 | (750.69) | (29.29) | (91.59) | 104.10 |

Published on: - 08th August 2017. © Just Trade Securities Limited Just Trade Securities Limited (Formerly “Bajaj Capital Investor Services Limited), CIN No.: U67120DL2004PLC130803, Regd Office: Bajaj House 97, Nehru Place, New Delhi – 110019 Tel: (91-11) 41693000. Fax: (91-11) 66608888 E-mail: info@justtrade.in Website: www.justtrade.in; National Stock Exchange of India Ltd. SEBI Regn. No. : INB 231269334/ INB 231269334, Bombay Stock Exchange Ltd. SEBI Regn. No.:INB011269330/ INF011269330; SEBI RA Regn.:- INH000002862. For Research related queries, write to: Mr. Raj Bardhan Kumar Singh at research@rajbks@bajajcapital.com For Account related information, write to customer care: customer@justtrade.in or call on 1800-3000-9000