

## Matrimony.com Limited

9<sup>th</sup> Sep, 2017

### Rating:



### Issue Summary:

Price band (Rs)	983-985
Face Value (Rs)	10
Bid Lot	15 shares
Opens	11 <sup>th</sup> -Sep, 2017
Closes	13 <sup>th</sup> - Sep, 2017
Issue type	Book built issue IPO
OFS	3,767,254 No. of shares
Fresh Issue (Rs)	130 cr
Listing	NSE,BSE

### Issue Break Up:

QIB portion	75%
NIB portion	15%
Retail portion	10%

### Book Running Lead Managers:

➤ Axis Capital Limited
➤ ICICI Securities Limited

### Registrar

➤ Karvy Computershare Private Limited
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### Company & Business Profile

Incorporated in 2001, Matrimony.com is engaged in providing online matchmaking and marriage services. Company offers their services through Internet and mobile platforms in India and internationally.

They are one of the first companies to provide online matchmaking services in India, having database comprising 3.08 million active profiles (being profiles that have been published or logged in at least once during the prior 180 day period). They offer a range of targeted and customized products and services that are tailored to meet the specific requirements of customers based on their religious or caste preferences or other criteria such as marital status and age bracket.

As of June 30, 2017, they had 140 retail centres distributed across India where customers can walk in and register on their websites. Its flagship brand, BharatMatrimony, has 15 language based domains under its umbrella. They also have other portals like Elite Matrimony, Community Matrimony, Matrimony Directory, Matrimony Photography, Matrimony Bazaar, Matrimony Directory and Matrimony Mandaps.

### Objects of the Fresh Issue

- Advertising and business promotion activities and will spend Rs 20 cr.
- Purchase of land for construction of office premises in Chennai and will invest Rs 43 cr.
- Repayment of overdraft facilities.
- General corporate purposes.

### Outlook & View

- With IPO Proceeds Company is expected to increase its revenue from increased brand awareness and lower rental and interest expense.
- Focused expansion of its marriage service through cross selling and also help company to move up value chain.
- Leadership positioning in Online Matchmaking Services in India.
- Diversification from single product online matchmaking Company to marriage services provider.
- Following Micro-market Strategy and personalized services.

**At upper price band, the issue is Available at PE of 48x FY17 pre issue EPS and 50.8x post issue capital.**



## Revenue Model

Business comprises three segments – matchmaking services, marriage services and related sale of products and other services which include mobile-only relationship app, “Matchify”.

### Matchmaking Services

- Matchmaking brands include Bharat Matrimony.com, Community Matrimony.com, Assisted Matrimony.com and EliteMatrimony.com. While profile registration on matchmaking websites, mobile sites and mobile apps is free and company offer certain services to both free and paid members on websites, mobile sites and mobile apps, the ability to access contact information of prospective matches and certain other features and functionalities is only reserved for paid members.

### Marriage Services

- Related Sale of Products to complement company’s online matchmaking services and to take advantage of the lack of organized services market in India. Company launched various services like matrimonydirectory.com, fetching revenue in form of vendor listing fees. In MatrimonyPhotography.com the company charges transaction fees for photography and videography services.

## Strengths

### Large Database of Profiles and Consequential Network Effect

- Total 63 million active users and database comprising 3.08 million active profiles on matrimony and subscription growth is 14% Y.O.Y

### Micro-Market Strategy and Customized or Personalized Service

- Company offer a range of targeted and customized products and services that are tailored to meet the specific requirements of customers based on their religious or caste preferences or other criteria such as marital status and age bracket.

## Financials

Particulars (In Cr)	FY17	FY16	FY15	FY14	FY13
Total assets	119	123	103	83	90
Revenue	293	255	239	204	188
EBITDA	59	7	18	13	16
EBITDA Margin	20.2%	2.8%	7.4%	6.4%	8.6%
PAT	43.7	-75	-2.9	-9.1	10.4

- Company’s consolidated revenue grew by 12% during last 5 years.
- EBITDA this year increased to Rs 59 cr from Rs 7 cr last year.
- Operating margin increased to 20% where last year it was at just 2.8%.
- PAT reported at Rs 43.7 cr which is positive for the first time in last four years.



## Concern

Any breakdown or interruption in telecommunication or IT related system would lead to business disruption.

Technology is evolving at much faster pace than anticipated and hence if company fail to keep pace with changing technology it could adversely Impact Company's growth.

## Valuation

The issue has been offered at a price band of Rs 983-985 per equity share. At the upper price band of Rs 985 the stock is available at P/E of 48 (x) based on FY17 annualized EPS. **We have "3 star" rating for the issue.**



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