

## ISSUE DETAIL :

Type	100% Book Building
Issue Size	Rs. 500 Crore
Offer Price	*Rs (983 - 985) / Share
Min App Size	15 Shares
Issue Open	11-Sep-17
Issue Close	13-Sep-17
Shares Offer	0.50 Cr.
Face Value	Rs 5
Lead Mgrs	Axis Capital Limited, ICICI Securities Limited
Listing	BSE, NSE
Registrar	Karvy Computershare Pvt Ltd
Market Cap (Post Issue)	2224.4

## No of shares ( Post & Pre Issue)

Noof Shares(Pre Issue)	212,59,801
Offer for Sale	37,67,254
Fresh Issue made	1322484
No of Shares (Post Issue)	22582285

## Bid allocation pattern

QIB	75%
Non-Institutional	15%
Retail	10%

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## RECOMMENDATION :

Every year, 10mn marriages happen across India out of which mere 2% happen through online match making portals. Considering this there is huge potential for Bharat Matrimony which has established itself as one of the most trusted brands for online match making services. Matrimony .com has more than 7 lac paid subscriptions in Fy17 which has grown at CAGR of 4% over the last 3 years. This assures topline growth for the company in future. Moreover, the company is focussing on marriage services provider for booking of wedding venues, wedding planners, wedding cards, caterers, Photography, apparel, decorations and the whole bouquet of services. This allied business should add margins to the company going forward. We hence recommend SUSCRIBE with a long term perspective. Company is being offered at 14times FY18E P/B with RoE of 38% (10% discount to retail investors on issue price).

## COMPANY OVERVIEW:

Matrimony.com Limited was incorporated in 2001. Company is engaged in providing online matchmaking and marriage services. They 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.

Company had 140 retail centers 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 EliteMatrimony, CommunityMatrimony, MatrimonyDirectory, MatrimonyPhotography, Matrimony Bazaar, MatrimonyDirectory and MatrimonyMandaps.

## COMPANY STRATEGIES :

- ☒ Company business is in a nascent segment. Company has an early mover advantage among customers seeking online matchmaking services and this has enabled to build a large database of profiles over several years. As of June 2017, they had a large database of profiles comprising 3.08 mn active profiles, which creates a network effect that attracts more users to register or subscribe through their websites, mobile sites and mobile apps.
- ☒ Matrimony offers a variety of customized products and services to meet the customer's requirements based on their religious or caste preferences or other criteria such as marital status and age bracket. Company cater to the needs of various communities through CommunityMatrimony, a consortium of various matrimony portals comprising more than 300 community matrimony sites.
- ☒ Company leverage technology and analytics across all stages of the matchmaking process such as acquisition and registration of profiles, validation, mutual discovery process and member contact. This strong Technology and analytics are help to customer extensively to drive acquisition of profiles.
- ☒ Company has a high degree of brand recall and trust in India, as evidenced by the average number of website pages viewed by unique visitors in June 2017 in the comScore Report

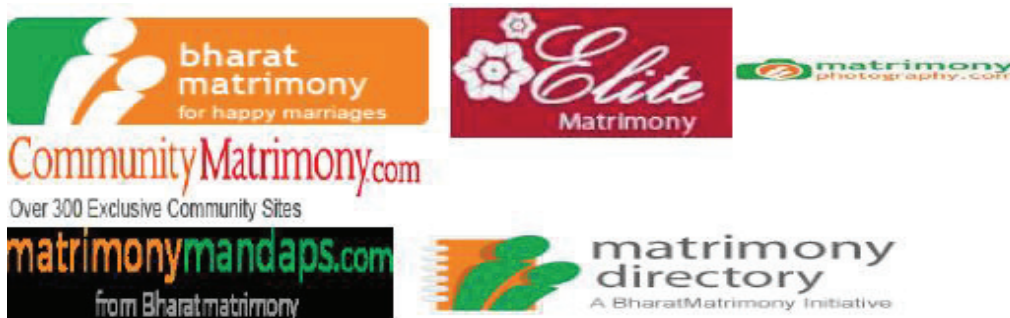
## OBJECTS OF ISSUE:

- ☒ Company is planning to construct an office in Chennai and Rs 40 crore to used for purchasing land.
- ☒ Another Rs 20 crore will be used for marketing expenses.
- ☒ Rs 40 crore towards an overdraft facility and the balance for contingency purposes
- ☒ General corporate purposes.

**Average number of website Page Viewed by unique visitors**

Website	Unique visitors ('000s)		Time spent (min) (millions)		Total pages viewed (millions)		Average pages per visitor		Average minutes per visitor		Unique visitors * Average pages per visitor ('000s)	
	Jun-17	Jun-16	Jun-17	Jun-16	Jun-17	Jun-16	Jun-17	Jun-16	Jun-17	Jun-16	Jun-17	Jun-16
Matrimony.com*	991	1220	149	91	459	289	463	237	150	74	459,242	289,320
Shaadi.com												
matrimonials**	420	852	26	40	46	75	111	87	61	47	46,459	74,521
Jeevansathi	348	481	33	23	48	45	137	94	95	48	47,655	44,983

**Matching brands and Marriage Services offering brand**



**COMPETITIVE RISKS**

- ☒ Company incurred losses for 3 out of 5 financial year . Investors should invest in profit making companies so that are awarded with dividends and share price appreciation . Share price appreciation would be less in case of loss making companies.
- ☒ Company rely on telecommunications and information technology systems, networks and infrastructure to operate business and any interruption or breakdown in such systems, networks or infrastructure or our technical systems could impair ability to effectively provide products and services.
- ☒ If third parties, including current or future competitors, or employees are able to circumvent protection measures which are put in place for the protection of our database or systematically copy online content or misappropriate confidential information, business and reputation would be adversely affected.
- ☒ The business could be adversely affected if company 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
- ☒ The Promoter, Subsidiaries and Directors are party to certain legal proceedings that, if decided against us or Promoter, Subsidiaries and Directors could have a material adverse effect on reputation, business, prospects, financial condition and results of operations.
- ☒ The Company has incurred substantial legal expenses in recent years on account of litigation with Rajan Desai, Real Soft Inc and its settlement. Consim US (or the company if Consim US fails to do so) is required to make each settlement payment by a certain due date. Any failure and/or delay in making the settlement payments or failure adversely impact its financial condition,

## Financials Snap Shot

### Income Statement

Rs in Crores

Y/E March	FY15	FY16	FY17	Q1FY18
Matchmaking services	232	244	281	79
Marriage services	9	11	12	5
<b>Revenue from Operation</b>	<b>241</b>	<b>255</b>	<b>293</b>	<b>84</b>
Change (%)		6%	15%	
Total Operating Expense	225	248	234	64
EBITDA	16	7	59	20
Change (%)		-59%	792%	
<b>Margin (%)</b>	<b>7%</b>	<b>3%</b>	<b>20%</b>	<b>23%</b>
Dep & Amortization	8	10	10	2
EBIT	8	(3)	49	17
Interest & other finance cost	(2)	(1)	1	(0)
Other Income	1.4	0.6	0.1	0.0
EBT	11	(1)	48	17
Exceptional Item	14	74	4	-
Tax	0	0	0	3
Minority Int & P/L share of Ass.				
Reported PAT	(3)	(75)	44	15
Change (%)		-2441%	158%	
Margin(%)	-1%	-29%	15%	17%

### Key Ratios

Y/E March	FY15	FY16	FY17
EPS	-1.31	-33.36	19.46
Book Value Per share	-0.30	-33.70	-13.84
<b>Valuation(x)</b>			
P/E ( Upper Band )	-750.25	-29.53	50.62
P/E ( Lower Band )	-748.73	-29.47	50.52
Price / Book Value	N/A	N/A	N/A
EV	2198	2214	2210
EV/Sales	9.11	8.69	7.55
EV/EBITDA	134.61	334.33	37.40
<b>Profitability Ratios</b>			
RoE	N/A	N/A	N/A
RoCE	N/A	N/A	N/A
<b>Liquidity Ratios</b>			
Net Debt/Equity	N/A	N/A	N/A
Interest Coverage Ratio	-4.97	2.53	74.48
Current Ratio	1.47	2.10	1.95

### Balance Sheet

Rs in Crores

Y/E March	FY15	FY16	FY17	Q1FY18
Share Capital	9	9	11	11
Reserves	(10)	(85)	(42)	(27)
<b>Minority Interest</b>	<b>0.25</b>	<b>0.26</b>	<b>-</b>	<b>-</b>
<b>Networth</b>	<b>(0.68)</b>	<b>(75.83)</b>	<b>(31.13)</b>	<b>(16.17)</b>
<b>Non Current Liabilities</b>				
Long term borrowing	0.5	0.2	-	-
Other long term liabilities	3	21	0	0
Long term Provision	1.5	1.6	2.0	2.2
<b>Current Liabilities</b>				
Short term borrowing	27	48	44	43
Creditors	23	35	16	15
Other Current Liabilities	44	88	82	78
Short Term Provision	5	5	6	6
<b>Total Liabilities</b>	<b>103</b>	<b>124</b>	<b>119</b>	<b>129</b>
Fixed Asset	24	28	24	24
Long term loan & Advances	12	11	19	18
<b>Non Current Assets</b>	<b>36</b>	<b>40</b>	<b>43</b>	<b>42</b>
Trade Receivable	1	2	2	3
Cash & Cash equivalent	53	58	58	65
Short term loans & Advances	9	11	4	5
Other Current assets	3	13	12	14
<b>Total Asset</b>	<b>103</b>	<b>124</b>	<b>119</b>	<b>129</b>

### Cash Flow Statement

Rs in Crores

Y/E March	FY15	FY16	FY17	Q1FY18
PBT	11	(1)	48	17
<b>Adjustments</b>				
Depreciation and amortization	8	10	10	2
Provision for doubtful debts an	3	1	1	0
Unrealised foreign exchange	(0)	(0)	0	-
Interest expense & Income	(2)	(1)	8	(0)
<b>Operating profit before WC</b>	<b>21</b>	<b>8</b>	<b>68</b>	<b>20</b>
Trade receivables	(0.5)	(1.5)	(0.8)	(1.09)
Long term loans and advances	3	2	(6)	0
Short term loans and advance:	(4)	(2)	7	(1)
Other current assets	(2)	(9)	(2)	(3)
Trade payables	(0.1)	10.0	(12.2)	(1)
Long / short term provisions	2.8	0.7	0.7	0.5
Other current liabilities	2	13	5	3
Other non-current liabilities	1	(0)	(1)	0
<b>Cash flow from operations</b>	<b>23</b>	<b>21</b>	<b>59</b>	<b>18</b>
Income taxes paid	0	1	2	2
Exceptional items	(15)	(28)	(35)	(7)
<b>Net cash operating activities</b>	<b>8</b>	<b>(7)</b>	<b>22</b>	<b>10</b>
<b>Net cash investing activitie</b>	<b>(15)</b>	<b>1</b>	<b>1</b>	<b>(16)</b>
<b>Net cash financing activities</b>	<b>15</b>	<b>18</b>	<b>(8)</b>	<b>(2)</b>
<b>Net cash and cash equivaler</b>	<b>11</b>	<b>23</b>	<b>37</b>	<b>22</b>