

Matrimony. Com Ltd : Average Issue

IPO Note: High Asking Price, Negative Net Worth, Rs 98 discount(10%) to Retail Investors

: Ranking**

matrimony.com

Issue details

Price band (Rs)	Rs.983-985
IPO Opening Date	11/09/17
IPO Closing Date	13/09/17
Issue Size	Rs. 501 Cr.

Recommendation

Total revenue grew at a CAGR of 11.61% from Rs.188.78 Cr for the FY 2013 to Rs.292.93 Cr for FY 2017. For Q1 ended on 30.06.17 of current fiscal, it has earned net profit of Rs. 14.62 crore on total revenue of Rs. 83.89 crore. As on 30.06.17 it's paid up equity capital of Rs. 10.63 crore had a **negative reserves of Rs. - (26.80 crore)**. If we annualize the latest earnings and attribute it on its equity then asking price is at a P/E of 37 plus. As it has a negative book value as on 30.06.17, P/BV cannot be ascertained. It has no listed peers to compare with. Negative book value as on 30.06.17 makes this issue an aggressively priced offer. Company is offering Rs. 98 per share (approx. 10%) discount to retail investors. However, considering recent workings, risks savvy cash surplus investors may consider moderate investment in this IPO.

Highlights

- Matrimony.com is engaged in providing online matchmaking and marriage services
- One of the first companies to provide online matchmaking services in India, having database comprising 3.08 million active profiles
- A discount of Rs 98 is offered to investors in retail category
- The firm had negative net worth of Rs 31.13 crore as of March 31, 2017
- The firm also restated losses in three of the past five fiscal years.
- It has total debt of Rs.44 crore as on 31 March 2017

Company Introduction

Incorporated in 2001, Matrimony.com 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. As of June 30, 2017, they 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 Elite Matrimony, Community Matrimony, Matrimony Directory, Matrimony Photography, Matrimony Bazaar, Matrimony Directory and Matrimony Mandaps.

Its business currently comprises two segments – (i)

matrimony.com

www.matrimony.com

Financial Summary (Rs. In Crore)

Particulars	Qtr. End 30 June 2017	FY2017	FY2016	FY2015
Total Income	83.88	292.93	255.43	242.84
Net Profit	14.61	43.78	-75.07	-2.93
EPS (Rs)	6.49	19.45	-	-

Source: RHP and ACE Equity

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

matchmaking services and (ii) marriage services and related sale of products. In fiscal 2017 and the three months ended June 30, 2017, matchmaking services and marriage services accounted for all of revenue and there was no revenue from the related sale of products.

Company Promoters:

Murugavel Janakiraman is the Promoter of the Company.

The object of the issue

Company will not receive any proceeds from the Offer for Sale

Objects of the Fresh Issue

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

IPO Issue Proceed

To part finance its advertising and business promotion activities, purchase of land for construction of office premises in Chennai, repayment of overdraft facility and general corpus fund needs, the company is coming out with a maiden IPO to mobilize Rs. 500.32 to Rs. 501.07 crore (based on lower and upper price bands) by way of primary issue worth Rs. 130 crore (approx. 1319796 equity share of Rs. 5 each) and offer for sale of 3767254 shares of Rs. 5 each in a price band of Rs. 983-985. Company is offering Rs. 98 per share (approx. 10%) discount to retail investors. Issue opens for subscription on 11.09.17 and will close on 13.09.17. Minimum application is to be made for 15 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. Net of discount to retail category, net issue size is approx. Rs. 497 crore. Post issue its current paid up equity capital of Rs. 10.63 crore will stand enhanced to Rs. 11.29 crore.

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