May 20, 2019

National Stock Exchange of India Ltd

Exchange Plaza, 5th Floor

Plot No: C/1, G Block

Bandra Kurla Complex, Bandra (E)

Mumbai - 400 051

Corporate Relationship Department

BSE Ltd.,

Phiroze Jeejheebhoy Towers Dalal Street, Mumbai – 400 001

Dear Sir/Madam.

Sub: Call transcript of Investor/Analyst conference call under regulation 30(6) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Ref: BSE Scrip code: 540704 / NSE Symbol: MATRIMONY

Pursuant to Regulation 30(6) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the call transcript of Investor/Analyst Conference call with the Company held on 9th May 2019 is attached herewith.

The aforesaid information is also being hosted on the website of the Company viz., www.matrimony.com.

Submitted for your information and records.

Thanking you

Yours faithfully,

For Matrimony.com Limited

S.Vijayanand

Company Secretary & Compliance Officer

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matrimony.com ltd.

"Matrimony.com Q4FY2019 Earnings Conference Call"

May 09, 2019

MANAGEMENT: MR. MURUGAVEL JANAKIRAMAN - PROMOTER & MANAGING DIRECTOR - MATRIMONY.COM LIMITED MR. SUSHANTH PAI - CHIEF FINANCIAL OFFICER - MATRIMONY.COM LIMITED



Moderator:

Ladies and gentlemen, good day and welcome to the matrimony.com Q4 FY2019 Earning Conference Call, hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Santosh Sinha from Axis Capital. Thank you, and over to you Sir!

Santosh Sinha:

Thanks. A very good evening to all the participants on this call. I welcome you to the Q4 FY2019 earnings call for Matrimony.com. We have with us Mr. Murugavel Janakiraman, Promoter & Managing Director and Mr. Sushanth Pai, Chief Financial Officer. The call will begin with a brief management discussion on the performance for the quarter. This will be followed by a Q&A session. I will now hand over the floor to Mr. Murugavel Janakiraman. Over to you Sir!

Murugavel J:

Thank you Santosh. Good evening. I am happy to state on a consolidated basis, we have achieved strong billing growth of 10.9% quarter-on-quarter and 6.3% year-on-year, the best in the last eight quarters. Q4 billings were at Rs.94.8 Crores, revenues at Rs.86.1 Crores, a growth of 1% quarter-on-quarter and 2.1% year-on-year.

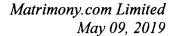
For the full year, billings were at Rs.356 Crores, a growth of 4.1%, revenue for the full year was Rs.348.40 Crores, a growth of 3.9%. Key highlights for the matchmaking business are as follows. In Q4, billing was at Rs.90.8 Crores, a strong growth of 10.3% quarter-on-quarter and 4.7% year-on-year. Revenue at Rs.82.2 Crores, were flattish quarter-on-quarter and a growth of 1% year-on-year.

For the full year, billings were at Rs.342.7 Crores, a growth of 4.9%, revenue at Rs.335.8 Crore, a growth of 5.2%. 3.72 million active profiles as of March, 2019, a growth of 9.5%. We added 1.1 million profiles in the quarter taking to the total 24.1 million profiles for the year FY2019.

Paid subscription of 180,000 added in the quarter taking the total to 731,000 paid subscription during the year. ATV for the matchmaking business had increased by 6.9% quarter-on-quarter and 11.9% year-on-year. For the full year, ATV increased by 7.4%.

We continue to track the impact we create for our customers. We are happy to state we have created about 104,000 success stories in FY2019. Some of the campaigns, we have undertaken are yielding a good traction in profile growth across all domains. The key highlight which I want to share is that we have a strong traction in the north with Hindi domain profile growing by 29% quarter-on-quarter and Punjabi domain profile growing by 41% quarter-on-quarter.

Now coming to the marriage services business, we have gained further traction in this area and happy to report strong growth numbers. Key highlight for Q4 are as follows: the billing at 4.1 Crore, a growth of 26.2% quarter-on-quarter and 61.2% year-on-year. The revenue was at Rs.3.95 Crores, a growth of 48.3% quarter-on-quarter and 32.6% year-on-year. The losses are at





Rs.3.6 Crores in Q4 as compared to Rs.3.9 Crores in Q3. The full year losses have come down from about Rs.17 Crores to about 14 Crores in FY2019.

Now let me provide with some comments on the overall outlook. We have seen a strong growth in billings in Q4. We expect it to create a good revenue momentum to achieve a low double-digit growth in Q1. For the full year, FY2020, we expect that we will achieve a low double-digit growth, also driven by the strong growth in wedding services.

Now let me pass on to Sushanth to comment on the key profitability highlight Over to Sushanth.

Sushanth Pai:

Thanks, Muruga. Due to increased marketing spends our EBITDA margin for the matchmaking business in Q4 is at 18% as compared to 21.1% in Q3. So, if you exclude the marketing expenses the EBITDA margin for the matchmaking is at 47% and it is very similar levels over Q3 even though the marketing spends have increased which indicates operational stability.

For the full year for matchmaking, EBITDA margin for this business is at 24.8% compared to 32.7% in FY2018 mainly due to the same reason, which I explained which is marketing expenses excluding these EBITDA margins are stable at 48% levels for the full year.

On a consolidated basis, marketing cost in the quarter were about 24 Crores as compared to 22 Crores in Q3. For the full year, marketing cost increased from 56 Crores in FY2018 to 81 Crores in FY2019.

On a consolidated basis, our EBITDA margins in Q4 are at 9.3% compared to 11.7% in Q3. We had indicated that in Q3 itself that we will have a slight dip in margins at the EBITDA level and we are in line with the estimates that we have indicated in Q3. Excluding these marketing expenses, EBITDA margin is stable at 37%.

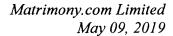
For the full year, EBITDA margins are at 16.2% as compared to 23.1% in FY2018. Our cash position has now increased to about 204 Crores. The EBITDA to operating cash flow conversion for the year has been robust at 87%.

The tax rate in Q4 is at 20.2% as compared to 37% in Q3. In Q3, it was high because of the deferred tax adjustments we did in Q3 based on the tax filing. Q4 PAT is at Rs.7.3 Crores increase of 6.5% quarter-on-quarter, PAT margin is at 8.4% compared to 8% in Q3. PAT for the full year is at Rs.43.1 Crores and has declined by 29% if we exclude the exceptional income of 12.8 Crores in FY2018.

The Board of Directors at its meeting held on May 9, 2019 have recommended a final dividend of 30% which is Rs.1.5 per equity share of par value of Rs.5 each subject to the approval of the shareholders.

Now some points on outlook, Q1 EBITDA margins is likely to be better than Q4 due to the better billing in Q4 that eventually will translate into better revenue in Q1 FY2020. Effective April

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2019, we will transition to the new accounting standard Ind-AS 116 on leases. We are in the process of evaluating its impact, but the initial assessment and indicators suggest that we will have 2% to 4% somewhere in that range benefit for the EBITDA margins for next year; however, there will be a negative impact to PAT margins by about 1%-2% for next year. The effective tax rate is expected to go up to normal tax rate levels from what it is currently.

I would like to end with the customary safe harbour statement. Certain statements during this call could be forward-looking statements on our business. These involve a number of risk and uncertainties that could cause the actual results to differ materially from such forward-looking statements. We do not undertake to update any such forward-looking statements that may be made from time-to-time by or on behalf of the company unless it is required by law. Santosh, I now turn it over to you for Q&A.

Moderator:

Thank you very much. We will now begin with the question and answer session. We have the first question from the line of Archit Singhal from Safe Enterprises. Please go ahead.

Archit Singhal

Thanks for the opportunity. For the matchmaking business, if I look at marketing expenses as a percentage of revenue, that number is around 28% for the fourth quarter, so just wanted to have a sense on this number has this number peaked or can this ratio reduce going forward?

Murugavel J:

No, we expect marketing for FY2020 would be definitely more than what we did in FY2019, so it will be more than even Q4. So we expect a marketing spend be slightly more than what happened in Q4, so again it all depends on the competitive environment and depends on how players are spending on marketing, but for this year definitely it will be more than what we spent in FY2019.

Archit Singhal:

So, actual in terms of revenue for this marketing expense, when do we expect that.

Murugavel J:

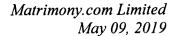
We have already seen that in Q4, we had one of the best billing growth, we had 10.9% quarter-on-quarter, is one of the best growth what we have had in the last eight quarters. So, we already see the impact of the increase in at marketing and having Dhoni as brand ambassador, in some of the market we had a strong profile growth, so we expect the benefits of the marketing on ongoing basis, we expect that to continue. This is one of the reason, you can expect a double-digit growth in matchmaking business. While the marketing spends will be more, the growth will be better in the coming year.

Archit Singhal:

It is fair to assume that this matchmaking EBITDA margin which was around 18% for fourth quarter that should increase to between 20% and 25% level going forward next year?

Sushanth Pai:

What we are saying is yes it will enter the 20% level range whether it will reach 23%, 24%, we will need to see quarter-on-quarter on how the revenue momentum goes, but from the 18% levels now, it will enter the 20% plus sort out of range.



Archit Singhal: The next question is on the ATV, so there is a sharp growth in fourth quarter, both QoQ and YoY

basis so what is the outlook on this number, is this growth sustainable.

Murugavel J: Basically, the ATV is a function of various thing including higher packages, we have premium

packages as well, so this is a combination of various things. Our objective is to tie the growth with the combination of ATV and volume growth. So it depends on various scenarios, while our objective is to try both, it depends on a quarter-on-quarter. We expect that there will be increase in the number of transactions and there will be a straight increase in ATV as well. So again, the

idea is to maximize and overall revenue.

Archit Singhal: Final question is on marriage services, there is an uptick seen in the fourth quarter as well as in

the third quarter, so if you can give any outlook on this number going forward in FY2020,

marriage services revenue I mean?

Murugavel J: We definitely expect very high growth in wedding services because the momentum has been

good, so the corrective step what we have taken in the FY2019 we have already started seeing the

result, we definitely expect the wedding services will have a very strong growth in FY2020.

Archit Singhal: But in terms of run rate can you quantify anything?

Sushanth Pai: We are not giving any particular guidance on the run rate. All we are saying is you see the

growth quarter-on-quarter and you see the full year achievement, the marriage services business

will be much stronger than what we achieved for the full year.

Archit Singhal: Thank you.

Moderator: Thank you. The next question is from Shashi Bhusan from Axis Capital. Please go ahead.

Shashi Bhusan: Thanks for taking my question. We have seen increase in S&M over the last few quarters, how is

the growth opportunity in each of these geographies shaping up and do you think there is

correlation in gaining market share with this increased S&M expense?

Murugavel J: Definitely, so with increasing marketing spend, we definitely see a strong profile growth in the

the leading players. Our objective is to be in a strong leadership position in the north and it is actually demonstrating that. We are able to grow well on profile in north. But having said that with increasing profile growth in some of the dominant markets, we can yield a good revenue growth. In the north, , increase in profile, will definitely contribute to increase in conversion, but

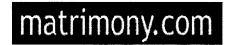
north market while you have a strong leadership in most of the market, the north we are one of

again in terms of yield, similar level itself may not be there. Increase in profile in the long run will definitely help us to achieve a leadership in those market. So, definitely there is a correlation

between the profile growth and revenue growth actually.

Sushanth Pai: So just to add Shashi, you have already seen that some of this have already been taking shape, so

if you have seen this quarter, the Hindi domain profiles, the Punjabi domain profiles have grown



very well. So, on this basis, we need to see how well they convert into paid profile as well, so that is part of the thing. But apart from this, I think our focus will also be on how to capitalize on our dominance in the south and eastern markets. So, there is a huge opportunity in driving monetization there and therefore the marketing initiatives as well will be towards these markets as well. So, it is not only just to increase our presence and increase traction in north and west, but it is also to target the south and east where we are in top position, now dominant position there. Because there is also an opportunity in Tier-II and Tier-III cities, we need to strategize better there and increase traction there, so these are some of the things we are working on for the south and east markets as well.

Shashi Bhusan:

How is the competitive intensity in northern and western market and when we can expect things easing off a bit?

Murugavel J:

At this point the competitive intensity is definitely high. We see that competitors continue spend money, so we do not know how long this is going to continue, so the good thing is that we stepped up our marketing and we are seeing traction, so we continue to do what is right for Matrimony.com and we will continue to watch how the competitors are doing on a marketing things and we will take appropriate action accordingly.

Sushanth Pai:

One of the focus area irrespective of the north and west markets is also to see how we can invest in differentiated product offering, so I think our continuous focus is also to see, how do we improvise on product day-by-day such that some of these competition intensity measures can also be addressed to other means as well.

Murugavel J:

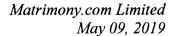
We recently launched a product called Secured Connect where female can receive a call without even seeing the phone number. That is one of the unique feature we have launched. We are continuously looking at what are the differentiated and unique feature that we can add to our customers or we can provide to our customers.

Shashi Bhusan:

We have guided for some improvement in EBIDTA margin, one is obviously the accounting part, but do you think the sustainable improvement in the EBITDA margin is contingent to the fact that how competitive intensity shapes up in some of the select few markets?

Murugavel J:

It is for a while, we have already accounted for the increasing marketing thing. With the increasing marketing spend, as Sushant said, the matchmaking EBITDA will move to 20 plus percentage range. We see that we are moving to that range because the billing what happen in the Q4 would translate to revenue in Q1, so we will expect that momentum to continue, that will drive in the EBITDA margin about 20% plus in matchmaking. From there, 20% plus range, how we can further drive the market, the EBITDA margin, it depends on growth and the other things whether you need to continue marketing, but definitely we are moving to 20% plus range on, the matchmaking EBIDTA margin and we are also expecting next year, we have to move to double-digit growth on the business. So, we see that the growth is back, margins are coming to 20% plus, the EBITDA margin enterprise will also move as well. I think this year we expect definitely to be one of the best years, despite increasing marketing spend.



Sushanth Pai:

I just wanted to clarify the guidance that we gave that we will move into 20 plus for matchmaking, so that does not take into account the benefit of Ind-AS transition. So, the Ind-AS 116 transition benefit will be over and above that whatever that impact will come, we are still evaluating that, but the improvement in margins that we discussed does not take into account any accounting benefit. It is more benefit of operational.

Shashi Bhusan:

You highlighted nice point that we are investing in platform, so one question related to that what are the other investment that we may need to do to attract more customers, like platform or user experience and do we see any impact on margin due to the same?

Murugavel J:

You are asking about the products, it is about experience and again it is the marketing. There are the multiple things, again the brand is one of the most structured and the millions have got married. So, it is not the one thing which drives the customers, there are various other things. We continue to do right thing in various fronts. So, the focus is to continue to drive more profile and focus on how to provide a differentiated product offering and focus on increasing conversion we continue to look on how to get better in all these areas.

Sushanth Pai:

So apart from that Shashi if you look at our investment overall like Muruga said one is product, how do you increase talent in these areas, how do we drive emerging technologies for better paid profile, so all these are factored in when I said whatever margins we want to achieve, so whatever we see as of today what we believe that it will help us in our growth has been factored in. Apart from that we are also seeing that the benefit of sometimes increasing even on the ground network, so we are also seeing that can we optimize certain retail centers, can we look at some retail centers which can be positioned in a better way, so some investment will go there even on the, on the ground network as such as well. So we are looking at all sorts of angles where some investments go in and these sorts of investments are sort of factored in the way we see as of today.

Shashi Bhusan:

Thanks a lot and all the best for FY2020.

Moderator:

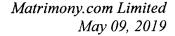
Thank you. The next question is from Sahil Desai from Hombill Capital. Please go ahead.

Sahil Desai:

Thanks for taking the question. I just wanted to get a sense whatever information you can provide in terms of the split in the performance of our core south market and north and west market, so what kind of divergence are we seeing and what is the momentum in the south versus the north and west. We are seeing the overall billings growth, but if you can give us some granularity on that and my second question is on the ATV increase if you can give us some sense of how much of that is coming from actual price increases that you may have taken in south?

Murugavel J:

Basically, the north and west contribution in terms of revenue, is much less than the what contribution we are getting from south and east put together. The thing is that we are not giving the breakup now including exact growth rate in south due to competitive reasons.



Sahil Desai: I understand, but if you can just give us some directional information in the sense that has it

turned positive or it is still negative and is the momentum continuing in south or are you seeing

some deceleration?

Murugavel J: It is positive in north, and obviously in north we are investing, so that is going to continue

growing,. In terms of the ATV growth, we have not done any price change, it is actually to do with the way you are optimized. ATV is a function of packages, premium package and the pricing, the various combinations. It is not one factor, there our objectives to try both how to maximize the yield and also again increase the conversion. So, we continue to do combination of

both the thing to attain the growth.

Sahil Desai: So, there is a component of price increase in this 12% ATV increase?

Murugavel J: No, it is not the price, obviously the yield has increased, so it is not an increase in price.

Sahil Desai: Okay, you did not increase the price.

Sushanth Pai: To some extent, some price increases will be there.

Murugavel J: That's on the bottom price.

Sahil Desai: So lower discounts basically. Thanks so much.

Moderator: Thank you. The next question is from the line of Nilesh Shah from Finvision Capital. Please go

ahead.

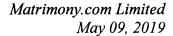
Nilesh Shah: Thank you for the opportunity. I just want to ask a question, there is recently some new startup,

which is coming to the space by the name of Dil Ke Rishte, Jaipur based firm which is now kind of introducing videos in matchmaking whether a self-introductory videos and believes that just putting out there your bio-data, your profile is not good enough and any thoughts on this? Do you

think this is disruptive or could cause some change in the entire space?

Murugavel J: It is not that, it is one of the feature, how we can allow customer to add photos and tomorrow if

you wanted to say how we do, we can do that, at this point of time video adoption of profile, it is not there at all. If tomorrow we see that can get traction or people wanted it, it is easy for us to provide the feature. So, we do not think that is the challenge. It is easy for the people to come up with the differentiated product offerings, the issue is getting the traction because that is where most startups will say they will struggle. While we may come up with some differentiated based on AI and other thing, the biggest challenge for all those business are that they are not able to attract user to sign up. And for us we have large members, for us it is very easy to add the product feature and if at all find it useful or relevant. We do not see that people coming with the differentiated product as an issue. It will be difficult for them to attract large number of users because when comes to matchmaking the people sign up with the dependable and trusted player,





so normally they do not sign up with the new sites. So that is a challenge that some of these new

sites will have.

Nilesh Shah:

Thank you so much and all the best.

Moderator:

Participants who wish to ask question at this time, please press * and 1 on your touchtone telephone. The next question is from the line of Rohit Balakrishnan from Vriddhi Capital. Please

go ahead.

Rohit Balakrishnan:

Thank you for the opportunity. Do you have any product estimates in terms of your market share divided by the regions so north and what is your market share in south and then also in east and

west?

Murugavel J:

We do not have exact percentage because considering that we do not have the full information about all the players, but definitely we can say that we are strong player in south and east. We are one of the leaders in the north and west, so that is again in terms of exact percentage it is very difficult to say.

Rohit Balakrishnan:

What portion of the revenue is coming from north?

Murugavel J:

Again, it is not a very high percentage, but again we are not doing the exact percentage of how much revenue is from north, but I believe south and east contribute large part of our revenue.

Rohit Balakrishnan:

Thank you. That is all from my side.

Moderator:

There are no further questions. Now I would like to hand the conference back to Mr. Sushanth

Pai for closing comments.

Sushanth Pai:

Thank you Raymond. Thank you, Santosh as well. Thank you all for joining this call. We look forward to staying in touch in the coming days. If you have any questions, please do write to us and we will be happy to interact with you. Thank you once again.

Moderator:

Thank you. On behalf of Axis Capital that concludes this conference call. Thank you for joining

us ladies and gentlemen. You may now disconnect your lines.

(This document has been edited for readability)



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