

November 14, 2018

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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 1st November 2018 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



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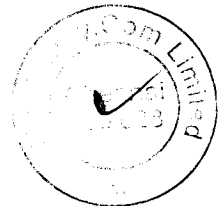
matrimony.com

**“Matrimony.com Q2FY2019
Earnings Conference Call”**

November 01, 2018

**Management: MR. MURUGA VEL JANAKIRAMAN PROMOTER &
MANAGING DIRECTOR**

**MR. BALASUBRAMANIAN K CHIEF FINANCIAL
OFFICER**



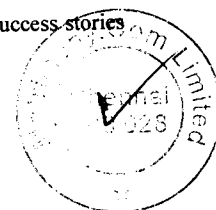
Moderator: Ladies and gentlemen, good day and welcome to the Matrimony.com Q2 FY2019 Earning Conference Call, hosted by Axis Capital. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by entering “*” 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 Melissa. A very good afternoon to all the participants on this call. I welcome you to the Q2 FY2019 earnings call for matrimony.com. We have with us Mr. Murugavel Janakiraman, Promoter & Managing Director and Mr. Balasubramanian, 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. Good evening and advance Happy Diwali wishes. Welcome all to our FY2019 Q2 investor call. Before I begin, I also want to share that I recently completed advanced management programme at Harvard, quite enjoyed the entire learning experience. I shall take you through initially the consolidated financial performance of the company and then we will cover the performance on each of the two segments we operate. In the end we will be happy to take questions.

Consolidated results matrimony.com, the leading online matrimony company has achieved consolidated revenue of Rs.87.58 Crores for the quarter, a growth of 5.4% against a corresponding quarter of the previous year. The gross margin before marketing expenses was at 41.0% as against 40.1% in the corresponding quarter of the previous year. The company has incurred higher marketing spend of Rs.5.8 Crores against the corresponding quarter of the previous year. The earning before interest tax and depreciation EBITDA for the quarter were at Rs.17.4 Crores as against Rs.20.6 Crores for the corresponding quarter of the previous year. The EBITDA margin for the quarter was at 19.7% as against 24.6% for the corresponding quarter of the previous year. The company's consolidated net profit before tax for the quarter was at Rs.18.2 Crores against Rs.18.8 Crores the corresponding quarter of the previous year. The PBT margin for the quarter was at 20.1% as against 22.5% for the corresponding quarter of the previous year. The income tax charge in the previous financial year is lower due to the availing of the carry forward loss and the recognition of previously unrecognized net deferred tax assets.

The company's consolidated net after tax for the quarter was at Rs.13.4 Crores against Rs.19.2 Crores the corresponding quarter of the previous year. Matrimony will continue to invest additionally in marketing and as a result the EBITDA margin will be lower than the earlier period. The talent pool has been strengthened across organization, which should result in higher performance in the coming quarter. Overall, profiles added for the quarter were at 10 lakhs of which 60% were posted by the prospects themselves, 17% of the profiles were added by parents, and 23% of profiles were added by siblings, relatives, and others. Around 55000 success stories have been reported to the company in H1 of the current financial year.



Moving on to segment results matchmaking, active profile grew by 12% and the average realization improved by 4.7% in the current quarter when compared to the corresponding quarter of the previous year. Matchmaking segment sales for the current quarter was at Rs.83.5 Crores as against Rs.77.0 Crores for the corresponding quarter of the previous year resulting in a growth of 8.5%. Segment revenue for the current quarter was at Rs.85.1 Crores as against Rs.79.0 Crores for the corresponding quarter of the previous year resulting in a growth of 7.7%. The gross margin before marketing expenses was at 49%, which is in line with the corresponding quarter of the previous year. Marketing spend in Q2 as percentage of revenue is higher by 6% over the Q2 of the previous year and consequently the EBITDA margin is at 27.7%. EBITDA for the quarter was at Rs.23.5 Crores as against Rs.26.7 Crores for the corresponding quarter of the previous year.

Moving onto marriage services, the marriage service revenue for the current quarter was at Rs.2.4 Crores as against Rs.4.6 Crores. The marriage service segment, which is in nascent state, has opportunities (Inaudible 5.24), which are being addressed. This segment expects a healthy growth from Q3 onwards as Q2 is historical lean quarter for marriage services. The cash burns for the quarter was Rs.3.5 Crores as compared to Rs.3.8 Crores for the corresponding quarter of the previous year. We are now open to take any questions that you may have. Thank you.

Moderator: Thank you. Ladies and gentlemen we will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Rohan Advant from MultiAct. Please go ahead.

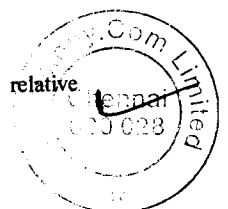
Rohan Advant: Thanks for the opportunity. My first question was regarding the advertising spend now that we are increasing the advertising intensity, I would have thought that the revenue growth should be higher, but if you see the paid subscription growth is quite low, so why is the advertising spend not translating into higher growth or is the competition only focused on volume growth and so its spends are for that volume growth only and so we are not being able to generate revenue growth out of this?

Murugavel J: Thank you Rohan. The increase in advertising spend has just started. The benefit of the increased spend will happen over a period of time. As you are aware post the increased advertising spend, the free profiles will increase which will translate into first time conversions and renewals. We have just started the higher spends in marketing and we will further stepup our marketing spend over the couple of quarters. This we believe that this effort will translate into better growth.

Rohan Advant: On the ad spends, we have done about Rs.18 Crores this quarter, generally the second half is higher ad spend, so can you guide us as to what would be the ad spends in the second half in amount?

Murugavel J: As said earlier, we will be embarking on higher marketing spend including roping a celebrity to achieve the higher growth. We are not in a position to quantify, however the marketing spend in H2 will be higher than H1. Consequently the EBITDA margins will have an impact.

Rohan Advant: Lastly we have an extremely strong competitive position in the South and lesser relative



competitive position in other geographies, so can we do differential pricing like have a higher revenue per customer in the South and lower in others where the competition is more, do we do that already or can we do it in the future?

Murugavel J: The management will continue to experiment different pricing strategies and look at the opportunities which can maximise the revenue .

Rohan Advant: Okay. Thanks for taking my questions and all the best.

Moderator: Thank you. We have the next question from the line of Pranav Kshatriya from Edelweiss. Please go ahead.

Pranav Kshatriya: Sir. Thanks for the opportunity. Sir we are aware that this space we are seeing increasing competitive intensity, can you just comment how the competition is reacting to your increase in advertisement spend or how we should see this and secondly if advertisement expenditure is one of the things, which is actually leading to lower EBITDA margin and if it is a response to the competitive intensity then how sure you are that it can get over in one or two quarters, can it not prolong for a longer period of time?

Murugavel J: The marketing strategy which we plan to adopt over the next two quarters will result in higher revenue with a lag. The growth in revenue will be higher than the growth in the marketing spend as a result of the strategy to be adopted, which will result in improved EBITDA margin from the current level.

Pranav Kshatriya: Sir can you also comment on the competition, how competition is reacting to higher spend?

Murugavel J: Our primary competition is from northern and western markets and we are seeing an increase in marketing spend by Competitors. We are the only profit making company in this space, operating at certain EBITDA margin and in a position to sustain higher marketing spends for a while.

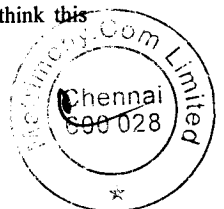
Pranav Kshatriya: Sir sorry to drill down a little bit on this, but is the competition reacting primarily with higher marketing budget or there are some price accents also, are they offering some discount or something and second point you alluded to some of the challenges, can you just discuss a bit what exactly you mean by some of the challenges?

Murugavel J: Yes. There is an increase in the advertising spend and discount by the competitors particularly in north and west. Since the majority of revenue what we get is from south, we are fairly insulated from any activity by competitors in those markets.

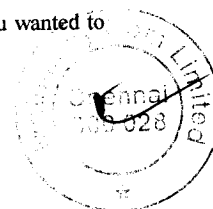
Pranav Kshatriya: Sir that is it, I will come back in the queue. Thank you so much.

Moderator: Thank you. We have the next question from the line of Nikhil Dawda from Motilal Oswal Securities Limited. Please go ahead.

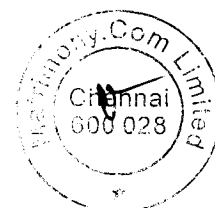
Nikhil Dawda: Thank you. Sir I have three questions, first one is on the EBITDA margin profile, given the marketing spends which we are increasing due to the competitive intensity, do you think this would be the new normal close to 20 and that is the first question?



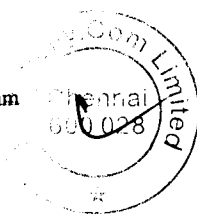
- Murugavel J:** You want me to respond for the first question okay. Yes. the EBIDTA margin can slightly go down , but again we see that it will be for a couple of quarters and post that the margin will start improving.
- Nikhil Dawda:** But what gives us is confidence of bouncing back?
- Murugavel J:** I think we definitely see that the steps what we are taking in terms of increasing marketing spend will result in higher profile . We are taking certain steps to increase the conversion and we are confident of higher growth with all the revised approach in match making.
- Nikhil Dawda:** Yes Sir, so second question being given south being our forte, given better services, do you think any inorganic growth opportunities make sense in the north to capture market share or organic is the best way?
- Murugavel J:** In southern market, we are strong. We have a fairly strong market penetration in the north as well .If inorganic growth opportunities exists, we will evaluate and take appropriate action..
- Nikhil Dawda:** My point is, are there any opportunities, are enough good players to acquire or it is too fragmented a market where you see organically you may be able to grow better?
- Murugavel J:** Considering the market opportunities, there is a scope for higher organic growth. Will evaluate inorganic opportunities as well.
- Nikhil Dawda:** Okay, third and last question is, if you can throw some light on new areas of growth, any new areas of growth that you may be seeing?
- Murugavel J:** Our wedding services segment has considerable market opportunity and will grow from Q3 onwards. All necessary steps in this regard including hiring of business heads with adequate experiences have been taken which will result in higher growth rate over the coming quarters.
- Nikhil Dawda:** Thank you.
- Moderator:** Thank you. We have the next question from the line of Prajwal Gote from Batlivala & Karani Securities. Please go ahead.
- Prajwal Gote:** Thanks for taking my question. Just wanted to understand on marriage services part, you had guided that you would be doing topline of Rs.3.5 Crores to Rs.4 Crores on a quarterly basis, just wanted to understand on that can you please throw out numbers for marriage services number of eventual than in the photography and the other part of business for marriage services, this is my first question.
- Murugavel J:** The number of events probably may be around 600.
- Prajwal Gote:** So that was on the photography Sir, other part of business which you said that it is scaling up how is that going and you said you are trying to expand it out of the South India, you wanted to add other regions also, how is that going Sir?



- Murugavel J:** The matrimony bazaar business definitely we are seeing better traction. We have three businesses which you know as a part of wedding services, one in matrimony photography and second is matrimony bazaar and third is matrimony mandaps. We see a good growth in Matrimony bazaar in the coming quarters and would like to operate only in south for some more time before we decide to get into other market.
- Prajwal Gote:** Understood Sir and how about the pricing part you said that you had bought of flat pricing, so the weakness in revenue of marriage services basically there are two weakness in events is that correct understanding Sir?
- Murugavel J:** Definitely there is an increase in the ARPU in photography division since we have tightened the prices.
- Prajwal Gote:** Exactly, so declining number of events basically coming down to...
- Murugavel J:** Q2 has inauspicious months and as a result the volumes will be lower.
- Prajwal Gote:** Understood Sir, my last question is basically on pricing for matchmaking Sir. As you said that you are trying to penetrate more in the north Indian market which is a faster growing market, but as I could see that the pricing had increased in fact perform in the base guidance of flat with decline in pricing, I just wanted to understand on that part, what has changed there and what would be the pricing in the coming period?
- Murugavel J:** The ATV has moved up, in Q2 which is, 4542, a growth of 4.7%. ATV is a result of product mix and price realization.
- Prajwal Gote:** Understood, thanks for giving me the opportunity.
- Moderator:** Thank you. We have the next question from the line of Shiv Kumar from Unifi Capital. Please go ahead.
- Shiv Kumar:** Thank you for the opportunity. Can you give us a sense as to how the ATV will trend in a typical year, is it like going by last year you typically take a hike during Q2 or what is the in-house strategy with respect to the ATV, how do you drive it and how should we forecast going forward?
- Murugavel J:** As said earlier, ATV is a result of multiple drivers. One being the product mix - Standard Package which has three months, six months, one year etc and other personalized packages like assisted matchmaking, elite matrimony which operate at a higher ARPU. Any change in the mix of the above packages will have an impact on ATV. We also tighten the discounts resulting in higher realization and ATV. The other being the base price increase. Over the period, the ATV has been on the increase as a result of better product mix tightening the discount and increase in base price. The growth is largely coming as a result of, increase in profile or increase in the conversions or increase in the average transaction value, . We believe that o the increase in marketing spend will help us in acquiring more profiles which will lead to better conversions.



- Shiv Kumar:** While the active profiles have grown by about 12% year-on-year, the paid subscriptions, which have been on boarded on this particular quarter grew by only 4%, so what needs to be done to actually match the growth in active profiles?
- Murugavel J:** In a quarter, around 184000 profiles have become paid members. The free profile growth as you rightly point out is around 12% year on year. On an annual basis, out of 100 free profiles registered around 13 % become a paid member. As the members do take time to convert from free to paid, it is appropriate to review the conversion rate on an annual basis instead of quarterly basis.
- Shiv Kumar:** How was the trend over the last one year Sir, what was it in Q2 last year this 13% number?
- Murugavel J:** Number wise, it is pretty much the same.
- Shiv Kumar:** One more question with regards to the ATV, typically I notice from the little research that I did you have almost the package levels are the same across the portals whether it be a Tamil Matrimony or Telugu Matrimony why are you not customizing depending on your market leadership in that particular domain?
- Murugavel J:** We continue to look at various ways to maximize the revenue opportunity. At this point of time, we have a standard pricing across all domains. Since we have various sales channels, at this point of time we have adopted standard pricing package. While the price of the package may be the same across regions, in terms of discount what we offer vary from market-to-market.
- Shiv Kumar:** One last question with regards to the statement you made in the press release you said the talent pool has been strengthened, so what particular segment has been strengthened in this quarter?
- Murugavel J:** Recently we have recruited a business head for photography, matrimony bazaar and also a COO for our matchmaking business which strengthens our leadership team.
- Shiv Kumar:** Thank you Sir. That is it from my side.
- Moderator:** Thank you. We have the next question from the line of Imran Khan from Ratnatraya Capital. Please go ahead.
- Imran Khan:** Thanks for the opportunity. I have one question on the marriage services business, so how do you guys get to know if somebody is about to get married let us say in a month or two, so that you can sell the marriage services?
- Murugavel J:** Members delete their profiles post finding their match. We capture the reasons for deletion which triggers the opportunity for marriage services.
- Imran Khan:** I get it, but you get to know it after they got married right, once the guy is married there is no point tracking that right?
- Murugavel J:** As said earlier, based on the deleted database of the registered members, the marriage services team



do connect with the members constantly and firm up the opportunities in the marriage services space. We also have tieup with various agencies connected with wedding like marriage hall, wedding card designers etc. Based on the above, the services team keep track and monitor the same.

Imran Khan: Thank you. Next question is you have earned some 24 million in revenues from the marriage services business and spends some 35 million INR, so can you please tell us what is the salary part out of this 35 million?

Murugavel J: We are not giving the breakup, but majority will be salary.

Imran Khan: Majority would be salary, no problem. Just one small question on the matchmaking side, can you please tell us what percentage of the volume comes from the Tier-II and Tier-III cities?

Murugavel J: We are not giving the breakup of Tier-I or Tier-II, Tier-III, but there is definitely an increase in the number of people creating a profile from Tier-III due to internet growth and penetration.

Imran Khan: Thanks a lot. Best of luck. Thank you.

Moderator: Thank you. We have the next question from the line of Deep Shah from Ambit Capital. Please go ahead.

Deep Shah: Yes. Thank you for the opportunity. I just had one question, Sir could you please throw some light on the UAE part of business?

Murugavel J: We are in the process of setting up of an office in UAE, so probably sometime end of this month or may be early next month we will commence our operation in UAE because it is primarily targeting Indians living in that part of the world .

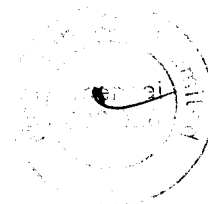
Deep Shah: Thank you.

Moderator: Thank you. We have the next question from the line of Miten Lathia from HDFC Mutual Fund. Please go ahead.

Miten Lathia: The ad spend per profile acquired was very flattish for the last seven quarters and it has certainly gone up by about 20%, so is the industry in aggregate spending much more money to acquire the same number of profiles or would our share of profile acquisitions have gone down?

Murugavel J: In North and west market, there are multiple players spending substantial amount on ad spends coupled with lower realization and as a result the profitability of those players will be lower. Currently we are not spending sufficiently in the north market as the advertisement in Hindi through GEC channels is very expensive. Now we are changing our approach to our marketing effort in the northern market by appointing a celebrity as a brand ambassador to leverage the opportunity. As a result of this, our spend towards marketing in these areas will increase in the next few quarters.

Miten Lathia: Sure Sir. Understood. Thank you Sir.

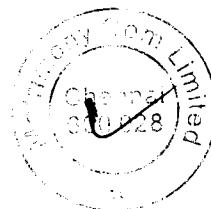


- Moderator:** Thank you. We have the next question from the line of Prajwal Gote from Batlivala & Karani Securities India Private Limited. Please go ahead.
- Prajwal Gote:** Just wanted to understand on the advertisement part, the last time you had guided for Rs.70 Crores of advertisement spend for FY2019 and you have already done 35 in the first half and you have been adding that you are trying to acquire celebrities and all in the second half, so just wanted to understand what would be your guidance for that in the coming period, so will it cross 70 or what would be the range for the year 2019 and for the year 2020 as well?
- Murugavel J:** The marketing spend will further move up in the second half, definitely which will impact EBITDA margin. . We are not giving the exact number, but definitely it will be more than the first half.
- Prajwal Gote:** Thanks for the clarification. That is all from my side.
- Moderator:** Thank you. We have the next question from the line of Nilesh Shah from Envision Capital. Please go ahead.
- Nilesh Shah:** Yes. Thank you for taking my call. In between I think sometime in last month there is a startup called better half, which got some funding, which is an artificial intelligence powered matchmaking platform, so I just wanted to understand that, in case if you are aware that what they are doing or what they intend to do is that anything disruptive, is this a threat for players like us who have been around for so long leader, so if you could just kind of really spend sometime in terms of helping us understand if this is a fresh form of competition, which is coming up?
- Murugavel J:** We do not think so because as a company we believe that AI is an enabler for better conversion and continue to improve our matching algorithm to show the relevant profiles. As we have stronger brand and large database of profiles, we believe AI can only be an enabler.
- Nilesh Shah:** Just in terms of the technological capabilities, would it be that they would have of course yes we kind of way ahead of them in all the other areas, but in terms of technology do you believe that they have some extra capability or some better competency versus us?
- Murugavel J:** We don't have information on their technological competencies. However, we as a Company continue to invest behind artificial intelligence and many machine learning for better algorithm,
- Nilesh Shah:** That is very helpful. The second question I have is on the marriage services business, so first of all clarification that in that space we are into the transaction based business and not the listing based business is that understanding correct?
- Murugavel J:** No, Photography business is transaction based. But revenue from Matrimony bazaar and Mandaps will be from both transaction and listing.
- Nilesh Shah:** So we will charge, in case if it is a listing model we will charge a listing fee as well?



- Murugavel J:** Yes there is a listing fee and a transaction fee
- Nilesh Shah:** Thank you so much and all the best.
- Moderator:** Thank you. We have the next question from the line of Pranav Kshatriya from Edelweiss. Please go ahead.
- Pranav Kshatriya:** Thanks for the opportunity. Sir you talked about differential spending by different operators in the north and the western market, has there been any market share shift visible at this point of time or any pattern in the spend of number one, two, three operators?
- Murugavel J:** In terms of number three they have been flat for the last so many quarters. So that way with the incremental revenue from that market, we believe we have been growing. Since we do not have any data about number two, we are not in a position to comment on that one.
- Pranav Kshatriya:** But looking at the overall activity you think that the number two player and I am referring specifically to the northern and the western market is there has been any shift in the spending pattern per se, is the number two player advertising as much as number three and number one player?
- Murugavel J:** Definitely at this point of time the other players are definitely spending more money than what we are spending in the northern market, so that is one of the reasons we are going to step up our marketing in the northern market because north as a market we are not being so well penetrated.
- Pranav Kshatriya:** Thank you. That is it from my side. Thank you so much.
- Moderator:** Thank you. As we have no further questions I would like to hand the floor back to the management for closing comments. Please go ahead.
- Murugavel J:** Thank you so much. The impact on the EBIDTA margins due to higher ad spends, we believe it is temporary in nature. With our revised approach, we are positive and bullish on the future performance of both match making and marriage services.
- Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of Axis Capital that concludes this conference call. Thank you for joining us. You may now disconnect your lines.

(This document has been edited for readability)



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