

## Matrimony.com Ltd

### Performance Update

Y/E March (₹ cr)	4QFY18	4QFY17	% yoy	3QFY18	% qoq
<b>Net sales</b>	<b>84</b>	<b>75</b>	<b>12</b>	<b>84</b>	<b>1</b>
EBITDA	20	11	78	17	15
EBITDA margin (%)	23.6	14.8	878bp	20.8	280bp
<b>Adjusted PAT</b>	<b>17</b>	<b>13</b>	<b>26</b>	<b>13</b>	<b>29</b>

Source: Company, Angel Research

For 4QFY2018, Matrimony.com Ltd (MCL) posted results in-line with our expectations on both top-line as well as bottom-line fronts. Consolidated revenues grew by ~12% yoy and operating margins were also higher yoy. On the bottom-line front, MCL reported growth of ~26% yoy to ₹17cr on the back of strong top-line growth and operating performance.

**Top-line driven by healthy volume growth:** The company's top-line grew by ~12% yoy to ₹84cr on the back of healthy growth in volumes and price hike. In the Matchmaking Services segment the company reported ~14% growth yoy and in Marriage Services segment the company reported ~20% de-growth yoy.

**Healthy revenues and strong operating performance aided overall profitability:** On the operating front, the company's margin improved by 878bps yoy on the back of strong growth in Matchmaking Services, which is a higher margin business. The company reported ~26% yoy rise in its net profit to ₹17cr on the back of healthy revenue growth and operating margin improvement.

**Outlook and Valuation:** We expect MCL to report net revenue CAGR of ~15% to ~₹450cr over FY2018-20E mainly due to strong growth in online matchmaking and marriage related services coupled by its strong brand recall and large user database. On the bottom-line front, we expect CAGR of ~15% to ₹83cr over the same period on the back of margin improvement. **We maintain our BUY rating on the stock with target price of ₹1,016.**

### Key Financials

Y/E March (₹ cr)	FY2017	FY2018E	FY2019E	FY2020E
<b>Net sales</b>	<b>293</b>	<b>335</b>	<b>388</b>	<b>450</b>
% chg	14.9	14.6	15.5	16.0
<b>Adj. Net profit</b>	<b>48</b>	<b>63</b>	<b>70</b>	<b>83</b>
% chg	-	30.8	11.2	18.0
EBITDA margin (%)	18.7	23.1	24.6	25.3
<b>EPS (₹)</b>	<b>21.3</b>	<b>27.9</b>	<b>31.0</b>	<b>36.6</b>
P/E (x)	39.9	30.5	27.4	23.3
P/BV (x)	-	11.9	8.3	6.1
RoE (%)	-	38.9	30.2	26.3
RoCE (%)	330.8	40.4	35.0	30.8
EV/Sales (x)	6.5	5.2	4.5	3.7
EV/EBITDA (x)	34.9	22.6	18.3	14.8

Source: Company, Angel Research Note: CMP as of May 04, 2018

### BUY

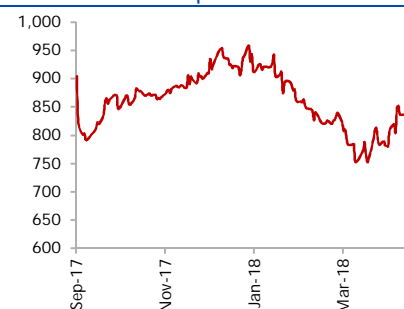
CMP	₹850
Target Price	₹1,016
Investment Period	12 month

Sector	Internet Services
Market Cap (Rs cr)	1,910
Net Debt	(167)
Beta	0.3
52 Week High / Low	1025/703
Avg. Daily Volume	36,577
Face Value (Rs)	10
BSE Sensex	35,025
Nifty	10,653
Reuters Code	NA
Bloomberg Code	MATRIM.IN

Shareholding Pattern (%)	
Promoters	50.6
MF / Banks / Indian FIs	24.1
FII / NRIs / OCBs	22.4
Indian Public / Others	2.9

Abs. (%)	3m	1yr	3yr
Sensex	0.5	15.9	27.0
MCL	(3.9)	NA	NA

### Historical share price chart



Source: Company, Angel Research

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**Exhibit 1: 4QFY2018 Performance**

Y/E March (₹ cr)	4QFY18	4QFY17	% yoy	3QFY18	% qoq	FY2018	FY2017	% chg
<b>Net Sales</b>	<b>84</b>	<b>75</b>	<b>11.9</b>	<b>84</b>	<b>0.8</b>	<b>335</b>	<b>293</b>	<b>14.6</b>
Staff Costs	34	29	17.3	34	(0.2)	133	116	14.2
(% of Sales)	40.2	38.4		40.6		39.6	39.8	
Selling & Adm Expenses	15	14	3.9	15	(1.0)	56	52	7.3
(% of Sales)	17.2	18.6		17.5		16.7	17.8	
Other Expenses	16	21	(25.0)	18	(9.3)	69	70	(1.1)
(% of Sales)	18.9	28.3		21.1		20.6	23.8	
<b>Total Expenditure</b>	<b>64</b>	<b>64</b>	<b>0.3</b>	<b>66</b>	<b>(2.8)</b>	<b>258</b>	<b>238</b>	<b>8.2</b>
<b>Operating Profit</b>	<b>20</b>	<b>11</b>	<b>78.1</b>	<b>17</b>	<b>14.6</b>	<b>78</b>	<b>54</b>	<b>42.4</b>
OPM	23.6	14.8		20.8		23.1	18.6	
Interest	0.0	1.1	(98.1)	0.1	(81.8)	1.5	6	(72.6)
Depreciation	2.2	2.4	(7.8)	2.5	(11.5)	9.6	10	(7.8)
Other Income	2	1		15		19.3	4	
<b>PBT (excl. Ext Items)</b>	<b>20</b>	<b>9</b>	<b>126.3</b>	<b>30</b>	<b>(32.4)</b>	<b>86</b>	<b>43</b>	<b>99.5</b>
Ext (Income)/Expense								
<b>PBT (incl. Ext Items)</b>	<b>20</b>	<b>9</b>	<b>126.3</b>	<b>30</b>	<b>(32.4)</b>	<b>86</b>	<b>43</b>	<b>99.5</b>
(% of Sales)	23.6	11.7		35.3		25.6	14.7	
Provision for Taxation	3	-		7		12	0	
(% of PBT)	15.7	-		22.1		13.9	0.0	
<b>Reported PAT</b>	<b>17</b>	<b>9</b>	<b>90.8</b>	<b>23</b>	<b>(26.9)</b>	<b>74</b>	<b>43</b>	<b>71.9</b>
PATM	19.9	11.7		27.5		22.0	14.7	
Minority Interest After NP		(4.5)		10.0		10.9	(4.2)	
Extra-ordinary Items								
<b>Adj. PAT</b>	<b>17</b>	<b>13</b>	<b>26.3</b>	<b>13</b>	<b>29.3</b>	<b>63</b>	<b>47</b>	<b>33.4</b>

Source: Company, Angel Research

### Key investment arguments

**Huge untapped market opportunity:** Unmarried population in CY2016 was 107mn, out of which active seekers were 63mn. However, active users of the online matrimony segment were only 6mn in CY2016, according to KPMG report. Currently, MCL has 3.08mn active profiles on Matrimony.com. Hence, there is a huge untapped market opportunity for the company.

**Leading provider of online matchmaking services in India:** According to the comScore Report for June 2017, Matrimony.com is the leader for online matchmaking services in India in terms of the average number of website pages viewed by unique visitors, time spent and total pages viewed mainly due to the company's large database of profiles.

**Strong consumer brand recall:** Matrimony.com has 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 (comScore Report). BharatMatrimony.com has been ranked as India's most trusted online matrimony brand by The Brand Trust Report India Study 2014. MCL spends 17-18% (% of sales) on ad spends every year.

**Foray into marriage services:** MCL's key strategy for driving monetization is to increase the length of relationship with customers and increase the amount of revenue earned from customers by offering additional wedding related services such as photography & videography, wedding apparel, venue, stage decorations, make-up, catering and honeymoon packages from various vendors to meet customers' wedding needs.

**Outlook & Valuation:** We expect MCL to report net revenue CAGR of ~15% to ~`450cr over FY2018-20E mainly due to strong growth in online matchmaking and marriage related services coupled by its strong brand recall and large user database. On the bottom-line front, we expect CAGR of ~15% to ~`83cr over the same period on the back of margin improvement (due to strong operating leverage & reduction in losses of marriage service business). **We maintain our BUY rating on the stock with target price of `1,016.**

### Downside risks to our estimates

- Any increase in competition from online and offline companies could impact MCL's earnings.
- If MCL is unable to keep pace with changing technology, evolving industry standards and does not develop new products for business, its profitability could be impacted.
- The company is dependent on telecommunications and information technology systems, networks and infrastructure to operate its business. Any interruption or breakdown in such systems, networks or infrastructure or its technical systems could impair MCL's products and services.

### Company Background

Incorporated in 2001, Matrimony.com is engaged in providing online matchmaking and marriage services. They offer their services through Internet and mobile platforms in India and internationally. MCL is one of the first companies to provide online matchmaking services in India, having database comprising of 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. Currently, they have 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, MatrimonyBazaar, MatrimonyDirectory and MatrimonyMandaps.

**Consolidated Profit & Loss Statement**

Y/E March ( ` cr)	FY2016	FY2017	FY2018	FY2019E	FY2020E
<b>Total operating income</b>	<b>255</b>	<b>293</b>	<b>335</b>	<b>388</b>	<b>450</b>
% chg	5.6	14.9	14.6	15.5	16.0
<b>Total Expenditure</b>	<b>322</b>	<b>238</b>	<b>258</b>	<b>292</b>	<b>336</b>
Employee	125	117	133	147	171
Selling & Administrative Expenses	54	52	56	59	65
Others Expenses	143	69	69	86	100
<b>EBITDA</b>	<b>(67)</b>	<b>55</b>	<b>78</b>	<b>95</b>	<b>114</b>
% chg			41.8	22.9	19.3
(% of Net Sales)	(26.4)	18.7	23.1	24.6	25.3
Depreciation& Amortisation	10	10	10	12	15
<b>EBIT</b>	<b>(77)</b>	<b>44</b>	<b>68</b>	<b>83</b>	<b>99</b>
% chg			53.4	22.8	18.3
(% of Net Sales)	(30.2)	15.1	20.3	21.5	22.0
Interest & other Charges	3	4	2	1	1
Other Income	5	4	19	5	5
(% of PBT)	(6.4)	8.9	22.5	5.7	4.8
Share in profit of Associates	-	-	-	-	-
<b>Recurring PBT</b>	<b>(75)</b>	<b>44</b>	<b>86</b>	<b>87</b>	<b>103</b>
% chg			95.8	2.0	18.0
Tax	-	0	12	17	21
(% of PBT)	-	0.0	13.9	20.0	20.0
<b>PAT (reported)</b>	<b>(75)</b>	<b>44</b>	<b>74</b>	<b>70</b>	<b>83</b>
Minority Interest (after tax)	0	-	-	-	-
Extraordinary Items	(74)	(4)	11	-	-
<b>ADJ. PAT</b>	<b>(1)</b>	<b>48</b>	<b>63</b>	<b>70</b>	<b>83</b>
% chg			30.8	11.2	18.0
(% of Net Sales)	(0.5)	16.4	18.8	18.1	18.4
<b>Basic &amp; Fully Diluted EPS ( `)</b>	<b>(0.6)</b>	<b>21.3</b>	<b>27.9</b>	<b>31.0</b>	<b>36.6</b>
% chg			30.8	11.2	18.0

**Consolidated Balance Sheet**

Y/E March ( ` cr)	FY2016	FY2017	FY2018	FY2019E	FY2019E
<b>SOURCES OF FUNDS</b>					
Equity Share Capital	9	11	11	11	11
Reserves & Surplus	(85)	(42)	151	221	303
<b>Shareholders Funds</b>	<b>(76)</b>	<b>(31)</b>	<b>162</b>	<b>232</b>	<b>314</b>
Minority Interest	0	-	-	-	-
Total Loans	49	45	6	6	6
Deferred Tax Liability	23	2	2	2	2
<b>Total Liabilities</b>	<b>(5)</b>	<b>16</b>	<b>170</b>	<b>240</b>	<b>323</b>
<b>APPLICATION OF FUNDS</b>					
Gross Block	63	24	77	120	130
Less: Acc. Depreciation	34	-	10	21	36
Net Block	<b>28</b>	<b>24</b>	<b>68</b>	<b>99</b>	<b>94</b>
Capital Work-in-Progress	-	-	-	-	-
Investments	-	-	74	74	74
Current Assets	95	95	165	212	315
Inventories	-	-	-	-	-
Sundry Debtors	2	2	17	21	31
Cash	58	58	98	113	167
Loans & Advances	24	16	17	27	45
Other Assets	11	19	34	50	72
Current liabilities	128	104	136	144	159
<b>Net Current Assets</b>	<b>(33)</b>	<b>(9)</b>	<b>29</b>	<b>68</b>	<b>156</b>
<b>Deferred Tax Asset</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Mis. Exp. not written off	-	-	-	-	-
<b>Total Assets</b>	<b>(5)</b>	<b>16</b>	<b>170</b>	<b>240</b>	<b>323</b>

**Consolidated Cashflow Statement**

Y/E March (Rs cr)	FY2016	FY2017	FY2018	FY2019E	FY2019E
Profit before tax	(1)	48	86	87	103
Depreciation	10	10	10	12	15
Change in Working Capital	13	(9)	3	(24)	(33)
Interest / Dividend (Net)	(1)	1	0	0	0
Direct taxes paid	(1)	(2)	(12)	(17)	(21)
Others	(27)	(34)	0	0	0
<b>Cash Flow from Operations</b>	<b>(8)</b>	<b>14</b>	<b>86</b>	<b>57</b>	<b>64</b>
(Inc.)/ Dec. in Fixed Assets	(10)	(10)	(53)	(43)	(10)
(Inc.)/ Dec. in Investments	11	11	(74)	0	0
<b>Cash Flow from Investing</b>	<b>1</b>	<b>1</b>	<b>(127)</b>	<b>(43)</b>	<b>(10)</b>
Issue of Equity	0	1	130	0	0
Inc./(Dec.) in loans	21	0	(38)	0	0
Dividend Paid (Incl. Tax)	0	0	0	0	0
Interest / Dividend (Net)	(3)	(9)	17	0	0
<b>Cash Flow from Financing</b>	<b>18</b>	<b>(8)</b>	<b>109</b>	<b>0</b>	<b>0</b>
Inc./(Dec.) in Cash	12	7	68	14	54
<b>Opening Cash balances</b>	<b>11</b>	<b>23</b>	<b>30</b>	<b>98</b>	<b>113</b>
<b>Closing Cash balances</b>	<b>23</b>	<b>30</b>	<b>98</b>	<b>113</b>	<b>167</b>

### Key Ratios

Y/E March	FY2016	FY2017	FY2018	FY2019E	FY2019E
<b>Valuation Ratio (x)</b>					
P/E (on FDEPS)	-	39.9	30.5	27.4	23.3
P/CEPS	-	35.5	23.0	23.5	19.7
P/BV	-	(61.7)	11.9	8.3	6.1
EV/Sales	7.5	6.5	5.2	4.5	3.7
EV/EBITDA	-	34.9	22.6	18.3	14.8
EV / Total Assets	-)	122.3	10.3	7.2	5.2
<b>Per Share Data (Rs)</b>					
EPS (Basic)	(0.6)	21.3	27.9	31.0	36.6
EPS (fully diluted)	(0.6)	21.3	27.9	31.0	36.6
Cash EPS	(28.9)	24.0	36.9	36.2	43.2
Book Value	(33.7)	(13.8)	71.6	102.6	139.1
<b>Returns (%)</b>					
ROCE	280.8	330.8	40.4	35.0	30.8
Angel ROIC (Pre-tax)	89.7	(99.4)	(1,758.7)	161.3	123.5
ROE	1.7	(154.7)	38.9	30.2	26.3
<b>Turnover ratios (x)</b>					
Asset Turnover (Gross Block)	4.1	12.1	4.3	3.2	3.5
Inventory / Sales (days)	-	-	-	-	-
Receivables (days)	3	3	18	20	25
Payables (days)	58	22	20	18	16
Working capital cycle (ex-cash) (days)	(55)	(19)	(2)	2	9

Source: Company, Angel Research



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Disclosure of Interest Statement	Century Plyboards India
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

*Note: We have not considered any Exposure below ₹ 1 lakh for Angel, its Group companies and Directors*

<b>Ratings (Returns):</b>	Buy (> 15%) Reduce (-5% to -15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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