

November 25, 2021

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Mumbai – 400 051

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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 11th November 2021 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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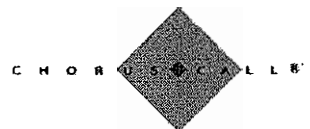
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**“Matrimony.com Limited's 2QFY22 Earnings Conference
Call”**

November 11, 2021



**MANAGEMENT: MR. MURUGAVEL JANAKIRAMAN – CHAIRMAN &
MANAGING DIRECTOR, MATRIMONY.COM
MR. SUSHANTH PAI – CHIEF FINANCIAL OFFICER,
MATRIMONY.COM**

MODERATOR: MR. VIVEKANAND SUBBARAMAN – AMBIT CAPITAL

Moderator:

Ladies and gentlemen, good day and welcome to Matrimony.com Limited 2QFY22 Results Conference Call hosted by Ambit Capital. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal for an operator by pressing 'star' then 'zero' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vivekanand Subbaraman from Ambit Capital. Thank you and over to you.

V Subbaraman:

Good evening, everyone. I hope everyone is safe and healthy. And we on behalf of Ambit Capital, I welcome the management of Matrimony represented by Mr. Murugavel Janakiraman -- Chairman and Managing Director and Mr. Sushanth Pai -- Chief Financial Officer. I hand over the call to Mr. Muruga and Sushanth for their opening remarks and then we shall move to the Q&A.

M Janakiraman:

Thank you, Vivekanand and good evening, everyone. I hope all of you are continuing to stay safe and healthy.

I am happy to report yet another good quarter for Matrimony with an all-round performance and delivering 5 consecutive quarters of double-digit y/y growth. With a new footprint in Bangladesh and a new vernacular app in Tamil called Jodii in matchmaking and the integration of ShaadiSaga into wedding services businesses we are opening new growth frontiers. These new initiatives combined with other ongoing improvements will help us to have better Q4. This also demonstrates our focus towards executing our strategic priorities efficiently and accelerate growth.

In Q2, on a consolidated basis, we have achieved Billing of Rs 106.8 crores (growth of 1.6% q/q and 10.5% y/y). Revenue was at Rs 110 crores (growth of 4.3 % q/q and 17.9% y/y) For matchmaking, the key highlights are as follows:

In Q2, Billing was at Rs 106.1 crores (growth of 1.3% q/q and growth of 10.3% y/y). Revenue at Rs 109.2 crores (growth of 4.1% q/q and 17.8% y/y). We added 2.2 lakhs paid subscriptions during the quarter (growth of 4.4% y/y). ATV for the matchmaking business was flat q/q but increased 5.7% y/y. We continue to track the impact we create for our customers. We are happy to state we have created 28,000+ success stories in Q2.

Now coming to the marriage services business. On Sep 15, we completed the acquisition of Boatman Tech Private Limited, promoters of Brand Shaadi Saga. We are now working on the integration to enable the brands to become the #1 wedding services brands pan India.

Revenue was Rs 0.8 cr, growth of 41.2% q/q and 35.1% y/y. Losses in the quarter was Rs 1.5 cr as against Rs 2.1 cr in Q1. Since the consolidation was only for 15 days in this quarter, ShaadiSaga contribution was insignificant

On the billing and revenue outlook for Q3

- Matchmaking billings may be touch and go of double digit y/y growth due to some bit of seasonality but however we expect double digit y/y growth on revenue.
- Wedding services is expected to grow triple-digit y/y but on a smaller base and due to ShaadiSaga consolidation effect for a full quarter. Losses will increase from Q2 levels due to ShaadiSaga integration

Let me now pass on to Sushanth to comment on the key profitability highlights.

Sushanth Pai:

Thanks Muruga. Our EBITDA margin for the match making business in Q2 has improved strongly to 29% from 27.7% in Q1 and 23.7% a year ago. Marketing expenses are at Rs 39.9 cr as compared to Rs 37.3 cr in Q1. Excluding marketing expenses, our margins in matchmaking are at 66% in Q2 as compared to 63% in Q1 and 60% a year ago.

On a consolidated basis, our EBITDA margins in Q2 are at 24% compared to 21.6% in Q1 and 18.8%, a year ago. On an absolute basis EBITDA has grown by 15.5% q/q and 48.5% y/y. Tax rate is at 24.5% for the quarter. PAT (excluding Astro) is at Rs 16.8 Cr, a growth of 19% q/q and 59.3% y/y. Share of loss from Astro is Rs 19.9 lakhs. Our operating cash generation for the quarter has been robust at Rs 21.6 cr and our cash balance is at Rs 304 cr. ROCE is at 28%.

On the outlook for Q3 margins, we expect EBITDA and PAT to grow double digit on a y/y basis but decline on a q/q basis due to seasonality, newer expansion and increase in marriage services losses due to ShaadiSaga integration.

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 risks 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.

Moderator:

Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of (Akash Kapadia) from Anived PMS. Please go ahead.

Prakash Kapadia:

This is Prakash Kapadia. I have two questions. As we are seeing vaccination and unlock happening across the country, how do we look at some of the OPEX cost in the second half of the year? Obviously ad spend with revenue growth has come down as a percentage of sales. Can you give some color on the other operating costs? And secondly, if you could highlight some of the productivity measures, where are we in the journey on the employees, what kind of targets have we set in in terms of revenue per employee or profit per employee? And one directional question, in India, the online matchmaking market is at such a nascent stage. So, what's the intention of scaling that outside India as of now?

M Janakiraman:

One is on the operation cost. OPEX cost for us primarily that the office infrastructures and some of the running costs. And since the country has kind of opened up and associates started coming to office. So as far as rental and employee cost is concerned, whether the people are working from home or otherwise also, that's continuing. We had a second wave of COVID in the months of April, May, June, but for Q2, it's more or less you can assume that the cost is sort of almost back to normal. Maybe some increase may happen in Q3, but those things may be marginal because we have been operating sort of on a full-fledged basis from Q2 onwards and other people continue to work from home. So we don't see that they are coming full-fledged in this quarter, that maybe happen possibly next quarter; however, those numbers are very marginal. So in terms of OPEX cost, maybe only slight increase can happen on account of people coming back to office. However, you may expect some costs going up on account of you migrate with the Amazon Cloud, some cost may increase in Q3, but again we expect some full-fledged cost happening from Q4 onwards. On account of ongoing operations, the impact will be marginal in this quarter. Coming to productivity per employee, again, we don't know the specific employee target; however, because we have various calling segments because it's not that a tele-caller or a relationship manager on working on a single segment, there are various segments where we have the various benchmarking, we continue to drive those benchmarking productivity, just to give an example we have a fresh customer and the first time payment as well as renewal. We are working for these segments and we continue try those benchmark. It's more on the conversion side rather than absolute number because we continue to also look at increasing the ARPU also. So for us internally that we continue to look at the way to target productivity in terms of conversions moving up. In terms of the growth plans beyond India, definitely, we are looking outside of India as a growth opportunity; we have Bangladeshi matrimony which we started the operations. We have the team, but we have not commenced full-fledged operation on account of some of the payment gateway integration, those things are happening. We expect the full-fledged operations to start probably maybe sometime next month. With respect to other countries, we are looking at Sri Lanka an opportunity; we are working on setting our operations there. Beyond Sri Lanka and Bangladesh, we are also looking at muslimmatch.com, the matchmaking service for the global Muslim and which we try to grow that revenue as well. So, we continue to look for opportunity beyond India, both on matrimony space and some niche segment which we are looking at those opportunities as well. So, we are not only looking at India, we are also looking at outside of India both on the matchmaking space as well as in the matrimony space.

Prakash Kapadia:

If you could just give some color on any change in consumer behavior, because COVID was one off kind of an event, so, are we seeing more traction, is it now easier for conversion, is it more difficult now things are mobile and people are moving out, any major change at a consumer level in the southern market?

M Janakiraman:

We do not see significant change; however, during the COVID time, we saw an increase of number of people signing because when people are at home and people who are otherwise focused on the professional priorities, that to kind of to get married, we saw the spike in the registration. Those thing has come to a regular level. So I think we see that happening.

Moderator: Next question is from the line of Mohit Motwani from HDFC Securities. Please go ahead.

Mohit Motwani: I have two questions. One is on the employee expenses, which have come down from over Rs.34 crores in the first quarter to about Rs.31 crores. So, what is the reason for this decline? And second question is on the paid subscription profiles. So, they have remained almost flattish compared to the last quarter and we are doing about Rs.40 crores of advertising expenses, we are running at an annualized rate of about 150 crores to 160 crores and that has been a target. So, do you feel that you will be planning to increase the advertising expenses in order to chase growth or the focus will be always on profitability rather than growth?

M Janakiraman: On employee cost, yes, that has come down in Q2; however, we expect the employee cost to start moving up from Q3. In Q2 because of some reduction in the people size, some efficiency, some reduction has happened; however, we expect that to change from Q3 onwards. Marketing cost will continue to move up while it's almost Rs.40 crores, continue to move up because one thing that we are opening a new growth frontier as well as also the competition continue to remain high. However, growth will be only marginal; from Rs.40 crores level, slightly move up. We are not seeing any substantial increase in marketing cost. The marketing cost is not going to come down, maybe a slight increase in marketing cost may happen on a quarter-to-quarter basis.

Sushanth Pai: This is Sushanth here. On the people cost, one more addition that will happen next quarter is on due to ShaadiSaga. In the Q2, we only had 15 days of consolidation, in Q3 you will have the full quarter. So therefore, people cost will increase because of that as well.

Moderator: Next question is from the line of Prateek Kumar from Antique Stock Broking. Please go ahead.

Prateek Kumar: My first question is on your billing. I think you partly answered in prior question, but billing and paid subscription numbers, all of these numbers seems to be very flattish in past four quarters, while relatively it was a big jump prior to that, that is showing up in deferred revenues also probably softening while your revenue growth is there. So how should we look at it another step jump from here, is something which will happen, as you already mentioned, that billing growth in 3Q might be touch and go double digit, because the base will catch up, but what are what happens after like, now, we are at 100, 105 crores kind of billing, so, what is the growth outlook?

M Janakiraman: Typically, the way we see that, Q4 normally is a better quarter that set the trend for the entire year whatever we are seeing in Q4, we try to more or less, because after that Q2 FY'22 there is some bit of seasonality, Q3 also festival, other things impact the business once again. So basically, we set the new benchmark on Q4, and try to maintain the number more or less, or try to grow the number on a quarter-over-quarter basis. So will a big jump happen on a quarter-over-quarter basis? No, but between Q3 and Q4, definitely we see that moving to the next level. So, we see that in Q4 we have moved on the thing that we see the jump that happens. We expect the similar kind of growth happening from Q3 to Q4. However, we want to continue maintain year-on-year double-digit basis. Again, based on October we are talking about, it may

be a touch and go double digit growth, but post-diwali we see the increase in number happening. At this point of time, based on October, we had some bit of seasonality and IPL or other thing some kind of impact, but however we still hope that we will be able to have that double digit, but our revenue side will have the double digit growth on matrimony. So basically, this business in Q4 will have the better benchmark, and try to maintain that number or try to grow that number for the rest of the quarters, but still, we look at on year-on-year basis, that is double digit growth. In the last five quarters, we had a year-on-year double-digit growth, which is 10-plus percentage, in Q1 obviously, one of the quarters; we had a good growth, because the last Q1 was COVID quarter and all. Basically, we're working on various initiatives, taking steps to grow from the 10%-plus to 15% or 20%. We have initiated a lot of the new things we talk on Bangladesh or launch of vernacular app but at enterprise level, the plan is to move to from 10-plus percentage. Even this quarter also, the enterprise level, Q3 we had double digit growth on the billing as well as revenue side. Yes, we are looking at various initiatives taking us from the 10-plus or 11% growth into 15% on the billing side as the immediate period, which we are working on. Hope that it happens, if not at Q3 level, probably Q4. So basically, some of the initiatives would take time to yield results. So to answer your question, Q4 is the benchmark, try to emulate that number or try to grow the number marginally for the rest of the quarter, once again set a new benchmark in Q4. That's the way by and large we expect that.

Prateek Kumar:

Is there something which we should learn like over the COVID situation seems to normalize, how is the competitive activity in terms of marketing spend, has it increased, or is it remaining at same level or going down, because all corporates are doing higher expenses now?

M Janakiraman:

In terms of competitors, the marketing spend continue to remain high. However, what we see is that we definitely were able to widen the gap between us and the competitors that we definitely see that's happening, if you look at absolute basis on the revenue side, if you look at a quarter-on-quarter we are able to widen the gap. So overall as a leader, they are not able to grow because as the large player is able to grow, we're able to widen the gap between the players. So in fact, we are having a higher base growing better. So that means as a company we're able to execute well, we're able to strategize and be able to prioritize our things. So basically we're widening the gap on absolute basis. But again, however the competitive intensity remains high and spending is continuing. We don't know how long it is going to continue. The thing is that we are focusing on our strategic priority, we're focusing on launching new initiatives, and we're focusing on higher growth. We will continue widening the gap and hopefully things in the future probably when the competitors realize that they are fighting a losing battle probably that may change.

Prateek Kumar:

You said the normalization of employee expense in ShaadiSaga-led will hit Q3, So this will take more spends than 1Q number of Rs.34 crores or should come back to that number?

M Janakiraman:

So the employee cost won't be at the level of Rs.34 crores and all. It will definitely move up compared to Q2 level. And so we are adding some 1, 1.5 crores.

- Sushanth Pai:** Maybe close to a couple of crores higher than Q2.
- Prateek Kumar:** So in spite of integration of the other company we will still not cross 1Q level of employee cost in Q3 or will still remain lower with Q1 because Q1 cost was quite high.
- M Janakiraman:** I think more or less will be a similar level of Q1 because Q2 has taken a hit, and we expect probably the cost will move back close to Q1 level.
- Sushanth Pai:** So Yes, Q1, the employee benefit at the consolidated level was 33.7 or 33.8 crores, right. So, it will not exceed that.
- Moderator:** Next question is from the line of Nilesh Shah from Envision Capital. Please go ahead.
- Nilesh Shah:** I was curious to know why the vernacular app that we have launched, we're calling it "Jodii" and it's not like matrimony or something like that, any specific reason for a very separate and a distinct brand?
- M Janakiraman:** Matrimony is by and large for people looking for a life partner. And again, it's pretty much targeting the people who are at certain level of socio-economic status, the people who are by and large degree holders. We believe that we thought it's better to have a new name, because we are targeting completely different segment, and completely different audience base. We don't want people to see it's kind of the matrimony service. "Jodii," which we mainly thought we could be able to connect well with that segment of the population, what we are already targeting. Primary reason is we don't want the people to see that as another matrimony because there are other players. So that's the reason.
- Nilesh Shah:** Will this vernacular app itself become a pan India thing, In the sense I don't know if I understood correctly, but this currently is restricted to the Tamil language?
- M Janakiraman:** Yes, it's currently at early stage, just 20-days into launch. So, it's too early to comment. Yes, we launched in one market just to get some kind of understanding and insights and to figure out how this entire segment behave, whether it will progress as per our plan. However, we are able to get our strategy right, we are able to get our play right, launching in other languages will happen. So at this point of time, the focus is to get the strategy and execution right in one market before going to other languages. In the future, we will take to other languages which works well, that's the easy thing to do.
- Nilesh Shah:** Could you share some perspective on the competitive scenario in Bangladesh, are there other players who are already there, what's the nature of the market, how competitive it is and things of that kind?
- M Janakiraman:** It's completely a virgin market in our view. We just set up the operations recently. But in terms of the metrics, other things, we are a number one player though we have not launched any TV campaign, operating out of India we are able to reach a second scale in terms of number of

people coming onto the platform on a daily basis; however, we are not able to maximize or not able to drive the revenue, because in the absence of payment gateway. Since we set up operations, we have the local payment gateway, we believe that we are able to kind of promote better. That's now team in place with the TV campaign and other things, we're able to grow that market. At this point of time, the market is probably 10 years behind, like how India was 10-years ago. But that's the way it is. So no serious competition, so we believe that we have good opportunities. However, again, it's a very, very early stage. But as far as the competition is concerned, no serious competition which you need to worry about. Obviously, we are a number one player, though we are very small at this point of time, we hope we will be able to maximize or capitalize on the opportunities being a player with good reach in local operations.

Nilesh Shah:

And last year on ShaadiSaga, now that we've done the acquisition, and we started the integration process, what is essentially the outlook on ShaadiSaga, in the sense that any key milestones that we intend to achieve in terms of number of listings, and probably today we are in select cities, how soon do we want to kind of spread to other cities and things of that kind if you can share in terms of what's the outlook there on ShaadiSaga?

M Janakiraman:

With the ShaadiSaga integration, we've become a pan India number one player. We have a strong reach in South India in terms of number of listings. ShaadiSaga has a very good reach in terms of number of listings in the north and west. Combining both entities on a pan India basis, we are number one in the listings, right, because in a two-sided marketplace listings are very important because they also build a good platform. So what we are looking at achieving is, one, the listing side we will be the largest player both on WeddingBazaar.com as well as Mandap.com, that's the first thing. And also, the other thing is about increasing number of people, because it's subscription-based business model, increase the number of people signing up for our paid subscription, because some of the categories, ShaadiSaga has a good penetration, things like photography, makeup artist, on other hand, WeddingBazaar has a good reach in some of the categories, like jewellers and some other categories. So basically, there's a strong synergy between North and South under different categories plus, some more things ShaadiSaga has done a great job in terms of insights based selling and all. Basically what we're looking at as a key metrics, listing is one thing, and driving the free to the paid subscription, that is driving more for subscription package and third is about delivering the value for the vendors, because it's important that the vendor signing up gets the number of leads. So for us, it is the number of leads, listings and also revenue. These are the three things we're looking at. And again, we will be a strong number one in both the categories. So, we are definitely quite excited. As I said, starting this quarter, we expect wedding services combining both entities will move on to a triple digit basis. Our base is small, Again, we expect not only for this quarter, for the years to come, we expect on year-on-year basis, we can grow at a triple digit because it's large opportunities, with the combining, we definitely are getting some important leadership bandwidth and we believe that we could be able to drive the business well without losing too much of money. I think that's the important thing.

- Nilesh Shah:** Given that the opportunity is larger, the revenues for us at Matrimony from marriage services, which ShaadiSaga would be a lot higher at some point of time in future versus the matchmaking services, is that a fair assumption to make and if so how long would it take for marriage services to basically become as big as the matchmaking side in terms of revenues?
- M Janakiraman:** We don't see, because in Matchmaking we are 400-plus crores, so we expect actually Rs.500 crores revenue on the Matchmaking. Wedding Services for us, the immediate milestone for the next couple of years reaching Rs.100 crores, that's we're looking at. So that's our immediate goal which we can achieve probably even sooner than later. When can that wedding service become larger and whether it can go to Rs.500 crores like Matchmaking? So I don't know, maybe take little longer, but again, let's first get to the milestone of Rs.100 crores, then probably we will have a better clarity of when we can compete that kind of number. But opportunities as I said is definitely the humungous, but for us critical milestone is reaching Rs.100 crores, then we can work on the next phase of growth strategies.
- Moderator:** Next question is from the line of Kush Goswami from InCred AMC. Please go ahead.
- Kush Goswami:** I just wanted to understand the competitive intensity. Are the players getting more aggressive post the second lockdown or are we seeing some signs of receding?
- M Janakiraman:** Whether it's going higher or not going down, it remain at a similar level as it was earlier, but spend wise it's fine.
- Kush Goswami:** So do you foresee in near future, they can come down or they could stay elevated as well?
- M Janakiraman:** Very difficult to say how competitors behave, but the thing is that, as I said, we continue to focus on our growth strategy. So, I don't know how long it's going to continue, but we continue to invest and grow our business. At this point of time, yes, marketing spend at higher level which is much more than what is really required and all.
- Kush Goswami:** So if the intensity stays elevated or increases from here, are we willing to spend more than Rs.150 crores of advertising?
- M Janakiraman:** If the need is there, and if there is an opportunity for growth, we will continue to invest. Some of the markets, yes, in northern market our investment can further move up. On quarter-on-quarter we are investing in marketing, growing the business. So if there is a need to invest, yes, we can invest because we are the only profit making company. If you look at Matchmaking, if you look at excluding marketing, our gross margin on Matchmaking in Q2, we're operating at almost 66% gross margin, including marketing, Matchmaking almost at 29%. So we still have a desire if we want to. So we are trying to balance between meaningfully manage the competition and grow the business. Again, there are new initiatives as well. So we will continue to grow the business? Would there be a further increase in marketing spend if from the competitors what will be the reaction? Beyond a point it doesn't make a sense to invest too

much money on. We aren't just kind of putting money for the sake of putting at all. We are trying to balance between managing at a certain level and invest where it will be good and manage the growth.

Kush Goswami: How much investments you're going to be in Bangladesh venture and expected margins?

M Janakiraman: It's only going to be a gradual thing, so it won't be significant, there is some kind of investment, but again, it's very early stage, it won't be a substantial at this point of time.

Kush Goswami: In terms of wedding services, how are we seeing? We are seeing revenue growth picking up as well and spend also coming down. Any particular milestone that you would like to highlight other than the Rs.100 crores you just pointed out?

M Janakiraman: Yes, Rs.100 crores is what we expect in next few years, but at this point of time, we expect starting this quarter we will move to a triple digit growth combining both the entities. So again, this quarter, the cost will move up on account of the integration that's happening and we will probably a better clarity thing on Q4 outlook what is happening. This quarter the revenue is on triple digit, but the loss will increase. So a couple of crores of revenue on a quarterly basis, that's what we see, but again, it's very small, we need to accelerate the growth path. Because integration is happening, by next call, you will have better clarity on growth prospects of wedding services, but however as we said, we will have a double digit growth for the quarters to come, we see that definite visibility for the years to come. What kind of percentage and other things and all? Once the integration done, then we will have better clarity on that.

Moderator: Next question is from line of Vivekanand Subbaraman from Ambit Capital. Please go ahead.

V Subbaraman: So, the question I had was basically the strategy that we had pivoted to customizing our pricing to drive the volume of transactions and therefore, that was resulting in demand elasticity. We saw this for the last four, five quarters. So was there any change in the current quarter that resulted in transactions not growing so sharply in the current quarter? I also see that ATV has gone up in the current quarter after many quarters of decline. Any thoughts on that and how should one look at the billing growth in the online Matchmaking segment?

M Janakiraman: The volume grew by four plus percentage year-on-year. It's not a double-digit basis; however, we look at that ARPU, it was 4,400, grew to 4,700, again, we look at compared to Q1, the upward similar level. So in one hand, we are trying to grow the volume, at the same time, we also think that ARPU also can be driven. So we're trying to balance between the volume growth as well as on the ARPU growth. So that's what we're trying to do. And that's where we are in the mix of both ARPU growth as well as on the volume growth. So we are kind of trying to do this and we sort of expect there will be a mix of volume growth and ARPU growth. I think going forward ARPU reach a certain level, because last year was Rs.4300, moved to Rs.4,700 for last couple of quarters. We want to maintain at this level. Then from this level, we're trying continue to grow the volume also. Last year taken a hit on the ARPU. If you look

at yearly, ARPU is Rs.5,000, come down to Rs.4,300 level, we want to slightly move the ARPU as well. Basically, the strategy is to try both.

V Subbaraman: Is it possible to give us some color on how your ARPU would be for the various markets, is it at a very significant discount in the competitive northern market versus your pricing in the south and how have the trends moved in the last six, nine months in these key markets?

M Janakiraman: ARPU wise, South is definitely much higher than compared to northern market, you know north is one of the highly competitive market and there's a lot of discounts taking place at market, we also try to play accordingly. ARPU wise, definitely vary from market-to-market. We play to our strength in some other market and try to compete in some other market. So that's where ARPU kind of playing out. But again, within this segment, we still try to see maximize the ARPU with that segment of the customer, we will try to do that in across the markets?

V Subbaraman: My last question is with respect to some of the premium services that you have which have much higher ARPU levels. Is that seeing traction now that economic activity and the unlocking is now underway because if I remember correctly, some quarters ago, you had mentioned that assisted services and matchmaking services were impacted because of the lack of travel or travel restrictions due to COVID?

M Janakiraman: Yes, we see that personal services started to grow.

Moderator: Next question is from the line of Shub Joshi from Isle of Wealth. Please go ahead.

Shub Joshi: What kind of competition we are getting for the northern India and what are we doing because northern part is very competitive and we have a large part of stake in the northern India?

M Janakiraman: North is the only market where we are not a strong number one, we are one of the leaders, not a strong leader as in the rest of the market. So we are looking at various things, continue to improve our marketing spend and continue to launch new offerings. So sometimes this year we launched Rajasthani Matrimony, we launched Bihari Matrimony, we are looking at penetrating market wise. We continue to execute our strategies, continue to execute our plan; however, we have two players in the market – Shaadi and Jeevansathi. So, it's going to be a little longer for us to kind of become a strong player because we have a two player and we are investing a lot in that market. But as I said, we continually increase our marketing spend, continue execute our strategies to kind of further improve our thing. I think we are growing, but still we have a kind of couple of years to go out, maybe longer also to kind of further increase our market share to become a strong player or strong number one in that market.

Shub Joshi: So the marketing spend will much more increases or it will be consolidated?

M Janakiraman: Marketing spend what we are sharing is a consolidated marketing expenses; however, the marketing spend on a quarterly basis is continuing to grow on a quarter-over-quarter, again it

depends on how the other things going to work out but at this point of time the marketing spend is 40-plus crores level, that may continue to increase on a quarter-on-quarter basis.

Shub Joshi:

So actually we had started marriage services. Can you tell me what type of margin we are getting and what type of under penetration we are doing on the marriage services? It's a B2B services. So we are hiring. The vendors are coming in our platforms and they are selling your products, it's kind of this or it's like IndiaMART kind of?

M Janakiraman:

It's likes of IndiaMART. It's a subscription basis model. We have various types of vendors from photographer, make up party, jewelers, and apparels. We have various packages based on the different categories. So, it's not one single price for the vendor. So, depends on the cities, depends on the category, we have different subscription models. There are multiple packages. Yes, there are customers paying money. Revenue what you take is mainly from the subscription, vendors and wedding services paying for it. The thing is that we have to increase the number of vendors paying for it. So, with the acquisition, we believe that we will be able to increase the number of overall listing and also able to increase that number of leads which we could deliver for the paid vendors. So, we believe that growth will get better on wedding services.

Shub Joshi:

What kind of margins we are expecting from this services?

M Janakiraman:

Margin is very thin, this is going to be a loss-making business, because it's a very-very nascent stage because once the business reaches certain critical benchmark or milestone, then it will be profitable. So when a business today is at Rs.100 crores level, definitely, it will be profitable. When we reach the Rs.300 crores level, margin can be 30%, 40% because once the subscription-based model... look at your Matchmaking in spite of being a customer don't stay beyond one year, in Matchmaking business at a scale we are able to operate at 60% gross margin and with it almost 30% even including marketing which is a little bit of we don't have a repeated customer. The advantage in the subscription business model is that once we get a certain elasticity and you get continued with the existing customers paying for the subscription and they are paying better ARPU also because it keeps increasing the revenue per customer by adding more services or keep increasing the price also. You have the customers, you are going to deliver value, you can have their life long customers also. So at a scale level, margin can be a much higher because that's one of the reasons that today the subscription business model based company and all are trading much better because they have long tenure with the customers. In wedding services business, once it reaches scale and size, the margin can be 30%, 40%, it can have a very high margin. But at this point of time, it's very-very nascent stage. I don't know at what level become profitable. So first and foremost, wants to reach a critical milestone, listing, revenue and ensure that it's going at right direction. Then we will be able to show that it's growing and kind of scaling up, then maybe we want to invest behind for wedding services growth and get to that initial milestone of Rs.100 crores in next couple of years and then we will look at how to take it further from there. So basically to answer your question, margin can be very high and at Rs.500 crores level the margin can be 40%, 50%.

- Shub Joshi:** Actually, we are opening our matrimonial offices. These are only in the tier-1 city or it will be in tier-2, tier-3 cities, metro or all over India?
- M Janakiraman:** It's a tier-1 and tier-2 cities. I think we just opened a couple of outlets; one in Chennai and one in Pune recently. So by and large in one tier-1 cities and probably the tier-2 cities too. We do not look at too many outlets getting opened up but whenever the opportunities we open some more out there.
- Moderator:** The next question is from the line of Nikhil Chowdhary from Kriis Portfolio. Please go ahead.
- Nikhil Chowdhary:** Sir, my question was with respect to the ShaadiSaga platform. I was actually going through the platform and I wanted to understand what would be our strategy on strengthening the platform because I happen to come across the other players who also provide similar type of aggregator platform where vendors are listed. So do we have some strategy where we have say for example a famous photographer who has exclusive tie up with ShaadiSaga or say for example we have some premium services because I happen to come across one start-up who is providing a photo distribution service through facial recognition where you just put your selfie and wherever you are there in the entire wedding all the photos come to your mobile through that just one selfie. So, just wanted to understand what type of differentiation strategy we are trying to implement so that we go to platform where we are having the services that probably customer is actually seeking or else it would be another case of competitive platform where we are just competing for the market share?
- M Janakiraman:** A couple of things: One is that whoever has a large number of customers coming for the services and also who have a large number of the listing. So both are very-very important. That's why that the strength of the B2B depend on these two things. The advantage of Matrimony.com is that compared to other players, while they can have a similar kind of business model and they can even try to work on listing, the strength of Matrimony.com is the richness of the members who are there or the millions of members who are there. So, today, Matrimony.com now has the millions of members. So when the people find the life partner, this can be integrated effectively in wedding services, could be able to generate the leads which is difficult for other players because for them their listing is okay, they may be able to get it already, but cost of acquiring customer is quite challenging. For us, the customer is more like forward integration. How effectively we are able to integrate? Yes, we have done the integration, we are able to generate good number of leads from the existing customers. The advantage of Matrimony.com is the millions of members looking for life partner. They are already with us. If they find a life partner, we will come to know, the person profile we know that so and so getting married. If we are able to effectively integrate without the cost of acquiring customers is almost negligent. We continue to spend money on some digital and other things may be required but however majority of the things come from the internal matchmaking. To that extent, we have compared to other players. We have obviously pan India operations, and all, it is sort of difficult for other players. However, the platform wise, yes, they may kind of have a similar kind of platform but again we continue to work on what

kind of differentiation, other things what we can have. While at the WeddingBazaar competing with the other players in this space, there is mandap.com which is in a way is very unique and we don't see any competitors in this space that we are the India's largest discovery platform, continues to strengthen the platform. With the leadership in place, we believe this segment can continue to find traction and continue to kind of growth both on the listing space as well as on the leads and all which is very difficult for other players to do because of the platform plus constraint what they have now. We don't lose to any competition

Nikhil Chowdhary:

Why don't we probably look for some premium services which the other players are not having, say for example, Jalsa like I mentioned, the photo distribution company that I happen to come across, there are a few players in the market, why don't we look to acquire because they are very small and probably we acquire them at an early stage and try to get their services or integrated with the ShaadiSaga. I think these services are very high because I happen to see in the wedding where people are uploading the selfie and getting images directly. They need not actually go through the folder or gallery and something like that.

M Janakiraman:

We continue to look for opportunities which can strengthen our core offerings. We invest behind Astro-Vision and we bought ShaadiSaga. We continue to look for opportunities anything opens up to help our customers, to help our offerings.

Moderator:

The next question is from the line of Abhimanyu Vola from Growth Capital. Please go ahead.

Abhimanyu Vola:

My first question was can you sort of give a ratio as to how much we aim to grow with respect to your advertising cost? So if I look at your advertising cost this quarter, it's about 7% but your billings have only grown by 4%. Secondly, do you track as to what amount of growth is organic?

M Janakiraman:

Again, it varies from quarter-to-quarter but gradually there will be some increase in marketing. So, maybe if it's Q1 the marketing cost we reduced it. Marketing on a trend basis it's continuing to grow. So that way the marketing spend is happening. To your second question, strength of Matrimony.com is that almost majority of the profile acquisitions are organic because of the brands what we build over a period of time, over 80% of the profile acquisitions are organic for us but however we need to continue to invest behind marketing, because one thing is that it is a consumer-internet category, because while the marketing spend may not be at this level if not for the heightened competitive activity. So, yes, as I said, a good percentage of profiles are organic. Today, one is probably around less than 20% of profiles come through other means which is digital and other things, but majority of the profile acquisitions are organic.

Abhimanyu Vola:

What is the primary reason for international acquisition? Are you trying to grab your South Indian diaspora in other countries?

M Janakiraman:

Today the NRIs whether south Indians or Indians across the world use our matrimony services. That has always been part of our growth. We are with expansion in other countries. We are

targeting other nationalities. But targeting Indians across the world, we continue to target. Good amount of revenue is coming from the NRI. However, overall level, India is a big opportunity compared to the NRI part.

Moderator:

The next question is from the line of Nilesh Jethani from BOI AXA Mutual Fund. Please go ahead.

Nilesh Jethani:

Sir, my first question was on the engagement side on the ShaadiSaga.com. Just wanted to understand what are we doing to basically engage with the photographer or mandap guy, how will we continue to know we are engaging in that part now, we would be able to get more number of leads, so what are we doing on the ground level to educate the prospective vendor and as well as drive the number of vendors? I believe there are around 40,000 vendors on ShaadiSaga. So, how are we planning to grow that number?

M Janakiraman:

We are working on integration, Nilesh and that integration at right point of time will communicate, educate the vendors and making it as integrated platform. That's the approach we are taking. So, once we integrate, we will become the single largest player in the wedding services space. We are looking at series of communications that will happen over a period of time and the way we communicate either through the e-mail or other sorts of communication, calling out, all that will happen.

Nilesh Jethani:

How are you planning to actually engage with them? So one is e-mail. Are you planning to open some offices at local level adding staff, so what is your thought process over there?

M Janakiraman:

Yes. We are going to open offices at local level to reach out to the customers because feet-on-street the sales team go and communicate with the customers plus also we call and communicate. We are looking for a series of communication. Communicating is the easiest thing to do. Through WhatsApp, e-mail, there are multiple forms of communication possible. Since we are working on integration at right stage we will communicate to the customer, make it as an integrated platform. We don't see that as a problem. We are looking at how do we integrate platform which is going to enhance the value for customers. That again once we integrate we will be able to demonstrate the customers of seeing the enhanced value because two platforms coming together with the strength of matrimony.com who is able to deliver a better value for the people who are under paid subscription. The thing is that we need to look at accelerating the number of free vendors into paid vendors. We are looking at both the feet-on-street and also the tele-calling, looking at leveraging both the sales channel to increase the number of people to go for the paid subscription.

Nilesh Jethani:

Let me ask in this way say FY'21 ShaadiSaga were at around Rs.2.1 crores top line. So, are we envisaging to reach a revenue of around Rs.100 crores in next couple of years from the marriage services business, what are the typical low hanging fruits you think are available for that kind of Rs.100 crores revenue in next couple of years?

- M Janakiraman:** Simple you know, we have to convert the free vendors into paid vendors across the categories, be it photographers, makeup artists, jewelers, apparels. If you look at ARPU vary from in the different categories from 10,000 to 50,000. So, it's a simple thing about increasing the number of customers and increase the ARPU.
- Nilesh Jethani:** Of 40,000 how much would be paid?
- M Janakiraman:** Not it's only 40,000, there are separate listings, our goal is through combined entity we will probably become 50,000 or 60,000 plus listing. I don't know. Because once the integration, we know how many duplicates and all. We don't see much duplicates because our listings are barely in south, west and east. However, it's not about the combined entity becoming 50,000 or 60,000 listing, we continue to work on increasing the number of listing as well because Tamil Nadu as a one market alone probably has 20,000 plus listing. Wedding as a category, has a large number of vendors. So we are going to work on both the things. One is increase the number of the vendors into the platform, at the same time accelerate the number of free vendors into paid vendors. Both has to happen in parallel.
- Nilesh Jethani:** One last clarification. So you said if the business has revenue of around Rs.500 crores, the margins could be easily 30-40%. What could be a typical margin if the business reaches Rs.100 crores revenue?
- M Janakiraman:** Again, it's too early for us to say that. Rs.100 crores level, Yes, it can be profitable. And what percentage? I am not in a position to say this point of time.
- Moderator:** The next question is from the line of Swapna Kamath from Narotam Sekhsaria Family Office. Please go ahead.
- Swapna Kamath:** My question is on paid subscription. We are seeing a nice trend of growth of around six quarters and though our average transaction value has gone down and again in first half again it has started spiking up and we have reported nice growth in the H1. So, I wanted to understand that clearly it seems that our strategy of discounting in regions like north, etc., is leveling us to gain the market share. So, what is our strategy going ahead in terms of this growth and paid subscription, should we see this average transaction value growth going forward sustaining and the portfolio numbers looking into nice double digit growth over this year and going forward how do we see this?
- M Janakiraman:** That's the strategy and we are looking at driving both ATV as well as the paid transaction. We expect the ATV to kind of remain at this level or further to move up because one thing we see that is personalized services, operating at higher ARPU also moving up. So, possibly the ARPU may also go up from this level also because we used to operate around Rs.5,000 ARPU and from a strategy about discount wise required, some segment, some market and at the same time try to maximize that ARPU in such segments. So basically the combination of driving ARPU and at the same time drive volume is what we are working on it. With respect to the growth, yes, the last five quarters double-digit growth we expect the same to continue. With

the strategies and steps what we are taking, at the enterprise level, we definitely move to a good double digit growth. Now, we are looking at taking the Matchmaking to sort of the new initiative and other things. Hopefully, the plan is to take it to a sort of 15% growth and hope that happens soon.

Swapna Kamath:

On our paid subscriptions, is my understanding correct that the double digit growth is also because of this COVID, adoption of the internet and the Matchmaking services has improved, that has also helped us in terms of achieving this or is it more related to our discounting strategy which has helped us capture, that is the trend more accelerating now and we should see more sustainable going ahead in terms of the adoption where we can see the numbers meaningfully more sustainable going ahead in terms of the paid subscription conversion relative to your listings on the portal?

M Janakiraman:

I think the trend wise, we continue to see the double-digit growth and we are looking at steps and initiatives what we are taking. The plan is to kind of move from that 10%-plus percentage growth to whether it can move to a much higher growth. So, that is what we are working on. So during the COVID period, we saw the spike but that's not a sustainable level because the people who otherwise would have come at a regular trend, when they reach a certain threshold, do they come in matrimony platform. So now we see that it's become more like a regular trend. I think today whatever the growth is happening on account of we have moved to a regular level of the profile registration. So, we expect this to become sort of normalized and grow at a certain pace. However, the combination of the initiatives what we are taking plus strategies and other things... discount is not the only thing, discount in some segment is one of the plans and all, but however we are doing a lot on the products side, a lot on the business side, a combination of all these factors helping us to grow and which we expect the growth should further move up. The thing is about enterprise level, yes, moved to now with a combination of 10%-plus growth but we hope that with all the things kind of start yielding results in the coming quarters, we can hopefully move to a growth level better than the kind of growth what we have been having.

Moderator:

As there are no further questions, I now hand the conference over to Mr. Janakiraman for closing comments. Over to you, sir.

M Janakiraman:

Thank you very much Vivekanand and thank you everyone for participating in the conference call and asking questions and thanks for your interest in matrimony.com. I look forward to staying in touch. However, if any questions, anything, please feel free to reach out to me or our CFO, Sushanth Pai. Thank you, Sushanth.

Sushanth Pai:

Yes, thanks, Vivekanand, thanks Zaid, thank you all for joining and stay safe.

Moderator:

Thank you very much Mr. Janakiraman and Mr. Pai. Ladies and gentlemen, on behalf of Ambit Capital, that concludes today's conference call. Thank you all for joining us and you may now disconnect your lines.

(This document has been edited for readability)

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