

May 17, 2024

**Corporate Relationship Department**  
BSE Ltd.,  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001

Dear Sir/Madam,

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

**Ref: Scrip code (BSE: 540704)**

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 14<sup>th</sup> May 2024 is attached herewith.

The aforesaid information is also being hosted on the website of the Company viz., [www.matrimony.com](http://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 Limited  
Q4 FY '24 Earnings Conference Call”  
May 14, 2024

**matrimony.com**

**ICICI Securities**



**MANAGEMENT: MR. MURUGAVEL JANAKIRAMAN –MANAGING  
DIRECTOR AND CHIEF EXECUTIVE OFFICER –  
MATRIMONY.COM LIMITED  
MR. SUSHANTH PAI – CHIEF FINANCIAL OFFICER –  
MATRIMONY.COM LIMITED**

**MODERATOR: MR. PRADYUT GANESH – ICICI SECURITIES.**

**Moderator:** Ladies and gentlemen, good day, and welcome to the matrimony.com Q4 FY '24 and FY '24 earnings conference call. As a reminder, all participants' lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pradyut Ganesh from ICICI Securities. Thank you, and over to you, sir.

**Pradyut Ganesh:** On behalf of ICICI Securities, I would like to welcome all of you to Q4 FY24 earnings call of matrimony.com. From the company, we have Mr. Murugavel Janakiraman, MD and CEO, and Mr. Sushanth Pai, the CFO. Over to you, Mr. Janakiraman, for his opening remarks.

**Murugavel Janakiraman:** Thank you so much. Good evening, everyone. I'm happy to share that in FY '24, we have crossed a significant milestone of over 1 million paid subscriptions. Also, including other income, our revenue crossed INR 500 crores for the first time. This is an outcome of our focus initiatives on segmentation and customer-centric methods in enhancing the products. Coming to quarter four, on a consolidated basis, we achieved a billing of rupees INR 121.2 crores, a growth of 4.3 percent quarter-over-quarter, and 0.2% year-on-year. Revenue at INR 109.2 crores, a growth of 1.7% quarter-over-quarter, and 4.1% year-on-year. For the full year, we achieved a billing of INR 479 crores, a growth of 4.6 percent, and revenue at INR 481.4 crores, a growth of 5.6 percent.

The key highlights for the matchmaking business in Q4 are as follows. In Q4, the billing was at INR 119.2 crores, a growth of 4.3% quarter-over-quarter, and 1.4% year-on-year. Revenue at INR 117.7 crores, a growth of 2.1 percent, quarter-over-quarter, and 5.5% year-on-year. For the full year, revenue was at INR 472.4 crores, a growth of 5.9 percent. We added 2.7 lakhs paid subscriptions during the quarter, a growth of 2.1 percentage, quarter-over-quarter, and 2.9 percent year-on-year. We added 10, 74,000 paid subscriptions during the year, which was a growth of 8 percent.

The average transaction value, ATV, for the matchmaking business grew by 2.4 percent quarter-over-quarter, and declined by 1.4% year-on-year, in line with our customer acquisition strategy. For the full year, ATV declined by 2.5 percent. In the quarter, you may know that we had an issue with Google. All our matchmaking apps were removed from the Play Store for almost four or five days, and then we were able to get the apps back on the Play Store, thanks to the intervention of the government.

It also caused some disruption in terms of downloads and the marketing expenses have gone up. Now things have been streamlined, we are back to the level where it was earlier. In spite of the disruption we had in terms of business for one week, we still managed to achieve the growth and we were able to achieve profit better than the corresponding quarter last year.

Now coming to the marriage services business, the billing was INR 1.95 crores, a decline of 7.5% quarter-over-quarter, and 41.4% year-on-year. The revenue was INR 1.52 crores, a decline of 34.2% quarter-over-quarter, and 47.6% year-on-year. Basically we are taking steps to achieve

a break-even in the business. The reason for the decline was on account of change in what we are doing to get the business to achieve profitability at the end of the year.

For the full year, billing was INR 8.7 crores, a decline of 21.1 percentage, and revenue was INR 9 crores, a decline of 7.7 percentage. Loss in the quarter was INR 2.4 crores, as compared to losses of INR 3.2 crores in quarter 4 of FY '23. For the full year, the losses were at INR 10.3 crores, as compared to the losses of INR 13 crores in FY '23. We hope to achieve a break-even by the end of FY '25 in the wedding services business.

On the billing and revenue outlook for quarter 1, matchmaking and wedding service revenue will be at a similar level of quarter 4. We have launched MeraLuv.com, an exclusive dating app for Indian-Americans, and we have planned to launch Luv.com in the next couple of months, an app for serious matchmaking space to address the next-generation segment. However, this will take some time for us to achieve/ yield revenue. Probably sometime in FY '25, it will start contributing revenue.

We intend to keep it for free for some time. As a first in this segment, we have launched Elite Matrimony Kiosk at the airport across three Indian cities, such as Chennai, Bangalore, and Delhi. We expect this initiative will provide added visibility and increased attraction for elite services.

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

**Sushanth Pai:**

Thanks, Muruga. Good evening, everyone. EBITDA margin for the matchmaking business in Q4 is at 19.1%, as compared to 18.9% in quarter 3 and 21.1% a year ago. For the full year, EBITDA margin for matchmaking was at 20.9%, as compared to 21.4% in FY '23. Marketing expenses for matchmaking in Q4 are at INR 47.9 crores, as compared to INR 45.5 crores in quarter 3 and INR 45.3 crores a year ago. Marketing expenses for the full year were INR 182.5 crores, as compared to INR 178.3 crores in FY '23.

Excluding marketing expenses, our margins in matchmaking are stable at 60% in FY '24, as compared to 61% in FY '23. On a consolidated basis, our EBITDA margins in Q4 are at 14.2%, as compared to 14.3% in quarter 3 and 15% a year ago. For the full year, EBITDA is at INR 73.5 crores, which is 15.2% margins, as compared to INR 75 crores, which is 16.2% margins in FY '23, a decline of 2%.

Tax rate in the quarter is at 23.7%, as compared to 22.8% in quarter 3, and for the full year is 23.4%, as compared to 16.6% in FY '23. You would have observed last year in FY '23, we had a lower tax rate. This was due to the lower tax on realized gains on mutual funds, which were redeemed to fund the buyback amount in FY '23.

Profit after tax is at INR 11.7 crores, a growth of 5.6% quarter-on-quarter and 2.9% year-on-year. Share of profit from AstroVision, our associate company, is 7.7 lakhs. PAT for the full year is INR 49.6 crores, which is a 10.3% margin, as compared to 46.7 crores, which is a 10.1 percentage margin in FY '23, which is a growth of 6.2%. If not for the disputed Google service fee, which we have provided, our PAT margins would have been better by about 300 basis points. Also, if you recollect, we also had the profit on sale of land in FY '23 as a one-time profit

of INR 5.8 crores, which was not there in FY '24. So, considering all of this I think we've done reasonably well in profits for the year if not for the Google service fee and also the one-time sale of land which was in FY23. So, cash balance is at INR 358 crores, ROCE is 15.5%.

On the outlook for Q1 margins we expect the PAT to improve slightly in Q1 from Q4 levels. Other announcement for the quarter, the Board of Directors at its meeting held today have recommended a final dividend of 100% which is INR 5 per equity share of par value of INR 5 each subject to the approval of the shareholders. I would like to end with a 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. We can now open the floor for Q&A.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Rushabh Shah from Buglerock PMS. Please go ahead.

**Rushabh Shah:** A couple of questions from my side. Can I get an understanding of how big is this market of online marriages and what could it be in the next 5 years to 6 years?

**Murugavel Janakiraman:** What are the other questions?

**Rushabh Shah:** The other question is what could be the key entry barrier and key risks for your business?

**Murugavel Janakiraman:** These are the questions.

**Rushabh Shah:** One more question is since online marriages is yet to enter into Tier 2, Tier 3, Tier 4 cities, what are your plans to cater to that group of people since it's the majority of the people in India?

**Murugavel Janakiraman:** No, sorry. I'm not getting that question. What was that question?

**Rushabh Shah:** The third question is since online marriages is yet to enter into Tier 2, Tier 3, Tier 4 cities, what are your plans to cater to that group of people since that's being most majority of the people in India?

**Murugavel Janakiraman:** So we expect at this point of time online matrimony which is among the organized players will be around probably INR 1,000 crores. So we are around INR 500 crores put together other players and small players. It's only I'm talking about online matrimony per se. I'm not including dating and other categories.

Only matrimony in my view there are a lot of small players may be around INR 1,000 crores. And we've been growing CAGR around 7% to 10% in the last 5 years. So, we expect a similar kind of trend may continue. That's the outlook for the matrimony business. When it comes to the second question, what are the entry barriers? It's very easy to launch a matrimony product. Launching it is easy, but the challenge is to acquire customers.

I think that's a challenge that many people face while trying to enter in this segment and fail to make a significant mark, not on launching a product but on profile acquisition. It is because why would someone want to create a profile in matrimony group sites when we as a Company have a large number of profiles and more chances of someone getting married and that leads to the success rate.

Today, a large part of our customer acquisition profiles are organic. Even the profile that you get through Google is also intended for brands that are coming through Google as a platform. So, what you are able to achieve is the organic acquisition that's contributing to the growth and profitability. It's very difficult for the player to acquire the profile. It's not about the product launch. It's about acquiring the profile. It's a challenge for the people. That's a very strong entry barrier for people who want to get into this segment because we have the established players and matrimony.com being a strong player in most of the markets.

So, what is the risk we see in the matrimony business? Matrimony business per se we are not seeing any key risk in all those things. However, in the long term, we have to see whether changing consumer preferences anything will have an impact on the new members coming to online matrimony. That's something you need to keep an eye on otherwise we say don't think because culturally matrimony has improved in India as a country may be still is a matrimony is going to be very, very strong and continue to grow. However, there is a segment of users that may prefer a serious relationship route.

That's the reason we intend to launch Luv.com in the next couple of months or so. So with this actually as a company, we have a product for all categories. That's what you have in terms of Tier 2, Tier 3. You may know that we have launched a product called Jodi. First in this segment to target the people who are non-degree holders because majority of the people are non-degree holders in Tier 2, Tier 3.

Now we have Jodi which is a very simple product free for females and targeting diploma, plus 2 and below non-degree holders. So, basically, we have various products to cater to various segments. So, that way, as a company, we sort of see the opportunity and try to serve that segment or opportunity through a differentiated product offering or exclusive product.

**Rushabh Shah:** Okay. And last question online managers into the Tier 2, Tier 3, Tier 4 cities?

**Murugavel Janakiraman:** That's what I told you. Jodi is a product to cater to the large number of people in Tier 2, Tier 3 who are non-degree holders in vernacular and in the Indian language. So, that's the product Jodi I spoke about and getting the support of Jodi we have been promoting it. And the product is free for females also.

**Rushabh Shah:** Okay. Thank you, sir. I'll join back in the queue.

**Moderator:** Thank you. The next question is from the line of Aryan Sangvi an individual investor. Please go ahead.

**Aryan Sangvi:** Yes, sir. My question was that the marketing expenses have been around INR186 crores just to generate an EBITDA of INR72 crores. So, is it ideal to spend so much on marketing expenses

that people renew the market expenses like the EBITDA margin would be better? And for the second question I wanted to know what the status of the Google case is. Are we still keeping the provision and are we going to keep the provision?

**Murugavel Janakiraman:** So, in terms of marketing expenses today marketing spend is at an elevated level because of the increased competitor spend in the various markets. If you see that the marketing spends on the competitor intensity goes down, then we may obviously reduce the marketing spend. That will increase our EBITDA margin. At this point in time, we see that the marketing is going to get similar levels. We don't see any reduction in marketing because the marketing spend or competitor intensity is still at a higher level. That's on the marketing spend.

With respect to Google, there are things that are going on in various forums, be it the CCI, be it the Supreme Court. And so also the government also plans to come into the digital competition law. There are various things that are happening at this point in time. We also sort of changed the business model to overcome the challenge. So, yes. At this point in time, we don't have any provision with respect to Google.

**Sushanth Pai:** I think just to add, for the last year, we have made a provision based on a best estimates basis, based on what we consider is based on the developer distribution agreement. We have already made a provision for last year.

**Moderator:** Thank you. The next question is from the line of Sidharth Srikumar from I thought Financial Consulting LLP. Please go ahead.

**Sidharth Srikumar:** I have two questions. One is, for FY '24, what is the provision with regard to Google developer service in amount?

**Sushanth Pai:** See the Google case is a very sensitive case, and there are very dimensions involved in this case. So, we are not disclosing the exact amount in that case. However, I've given you an indication saying that our profitability margin at the PAT level would have been higher by about 300 basis points if not for the Google service fee, and disputed fee.

**Sidharth Srikumar:** I understand. So, the next question I have is with regard to Jodii, the new product that we launched. Approximately, what is the revenue for FY '24 that this platform has done?

**Murugavel Janakiraman:** Actually, we are not sharing the individual break-off of the businesses. But in terms of Jodii, we are getting profiles, and we are also marketing. We see some traction and growth in the segment.

**Sidharth Srikumar:** So, you have seen traction in that product since its launch?

**Murugavel Janakiraman:** Yes.

**Sidharth Srikumar:** Okay, fine.

**Murugavel Janakiraman:** It's still a small part of our revenue, and for a competitive reason, we are not sharing the details.

**Moderator:** Thank you. The next question is from the line of Ankur Jain, an individual investor. Please go ahead.

**Ankur Jain:** The first question that I have is about the provision that we have made for the Google case. And Mr. Sushanth just mentioned that it is on the best estimate basis that we have provided for it. So, I was slightly confused about it. The provision that we have made, is it on the best estimate done by the company, or is it mandated by the high court judgement which said that 4% of the sales have to be provided?

**Sushanth Pai:** Yes. The estimate is based on what we believe is under the agreement which is disputed. So, the high court only gave an interim judgment to deposit some money to Google, which was at 4%, which we have done whenever they raised the invoice. But however, the agreement says something else, and therefore, based on that agreement, we have made a best estimate basis that is internal. It is not based on the high court judgement.

**Ankur Jain:** Thank you. The second question is about the same Google case that when we read the Google guidelines about the revenue share, which they ask the companies to share, they mention 15% or 30%. So, there are a couple of categories, and two categories are 15% or 30%, and it is dependent on the subscription model of the company. So, where does matrimony fall out of those two categories?

**Murugavel Janakiraman:** So, Google, the 30% is mainly for the gaming companies, and the non-gaming companies, it is around 15%. So, there are three models. One is the Google billing payment system when you introduce that model, where you pay 15%. When you use your own third-party billing options, you have to pay 11%, and the third option is where you cannot even get payments from customers through the app. There are multiple options. So, what you see is that the people implementing these options have a revenue impact as well.

So, we respond to your question on 15%, where matrimony comes into the 15% category, if you have to go with the GPPS option. However, if you implement a user choice of billing, that's another option, where you pay 11% to Google. So, that's the way it works.

**Ankur Jain:** Okay. Thanks. And about some of the initiatives, you mentioned about Jodii, that it is getting traction. Could you also share some qualitative thoughts on the elite matrimony, where you set up the kiosk in the three airports, and also on the wedding services business, we were expecting that the wedding services business would break even sooner, but now it is postponed by another four quarters. So, what are the qualitative thoughts on these two things, Elite matrimony, and wedding services?

**Murugavel Janakiraman:** So, elite matrimony, obviously, India as a country is growing, and the number of rich and affluent people is also growing. We thought the airport was a good place to create a brand for Elite matrimony. And it's all new initiatives. We're just setting up this kiosk and hoping to get better visibility among the elite people who are traveling. So, again, it's all very new. It's all in the last few months. So, we believe it's a good place to target the elite people.

So, as we progress, we have a better understanding of the whole kiosk and the attractions going to come on because of setting up kiosks in the airports. That's elite matrimony. In terms of wedding services, yes, definitely, there was a plan that we wanted to achieve break even before



the end of the FY 24. However, some of the things did not go the way we thought about it. So, we have done some restructuring. So, we see it's definitely going to optimize the cost.

And with the changes that we are making, yes, we could be able to achieve break-even this year, yes, last year was a plan, but it did not happen. We are also looking at by the way launching of a new version of weddingbazaar.com.

We also intend to launch a new version of mandap.com sometime next week or so, or maybe within two weeks. So, we are making some product changes. We are also looking at some kind of offerings that help us to have better traction in terms of some of the areas. And also that some offers which will help customers choose our services compared to what they are currently choosing.

**Moderator:** Thank you. The next question is from the line of Sanchita Sood from Robo Capital. Please go ahead.

**Sanchita Sood:** My question was, are we still on track to achieve our INR 1,000 crores top-line guidance for the next five years?

**Murugavel Janakiraman:** Yes, definitely. That's the thing we want to get there. Okay, so trying new initiatives. We already know that we intend to launch a new initiative Luv.com and we are also looking at launching, we have launched MeraLuv, exclusively an Indian-American. We are also looking at launching an astrology service. So, a lot of the initiatives are in the pipeline. So, we are trying new things. So, we hope that a combination of all these factors and some of the goals, also we hope that we can be able to get to that number. That's the goal. That's the number we want to chase now.

**Sanchita Sood:** Okay. And, sir, if you could provide us any revenue visibility for FY '25 and '26, how will Luv.com and Meraluv, and what kind of revenue can they provide us in FY '26 and FY '25?

**Murugavel Janakiraman:** At this point, we want the product, maybe first year. We may not even monetize for a couple of quarters because we want to get the users and get the traction before you monetize and all that. So, for this year, we don't see any revenue coming. If at all anything, maybe some revenue may come in quarter four of this year. So, at this point in time, we can assume that revenue coming from these businesses is only an investment for a couple of years down the line. Some revenue may come next year, definitely, but it's an investment for the future.

**Moderator:** The next follow-up question is from the line of Rushabh Shah from Buglerock PMS. Please go ahead.

**Rushabh Shah:** Sir, I have a question there have been many ups and downs in your business. So, what were the key learnings from the past failures, and how do you tackle the situation and move on?

**Murugavel Janakiraman:** Sorry, I think you... Sorry, can you just repeat again? There are some past failures and what are the learnings from the past failures? What are the other parts of the question, please?

**Rushabh Shah:** No, I was asking there have been many ups and downs in your business. So, when you had your past failures, what were the key learnings from it, and how did you tackle the situation and move on?

**Murugavel Janakiraman:** So, there are -- so, it's more of every failure we see the learning opportunity. So, that way we look at that is, we doesn't see this as a failure. We look at what are learning opportunities. As a company, we are not averse to taking a tough decision if the situation warranted or not. So, whether I can take, go back in 2000, the early days of our business, we moved to the franchise route. We realized that franchisee model is probably not the model for a matching business, considering the fact that you're not offering a product. It's a service category with a lot of emotions involved and a personal touch required.

So, that led to the change of closing the franchise or buying the franchise and launching your own outlet. So, once we had more outlets and cut down outlets. We realized that, you know, the model was not appropriate. So, every time you do something, you look at what are the learning opportunities. So, many things went, in our favor. Many things did not go. So, that way, I wouldn't say one single thing. But one thing I would say is that, yes, definitely the challenges are not so much. It's just to run a more efficient operation. So, I would say nothing like specific things. It's more of various learning over a period of the last two decades and they're first to become what we are.

So, we try to always try to be nimble and be open and now that we know it all we're always open to learn, open to change, open to trying it out, but we want to keep the energy and enthusiasm of being entrepreneurial, trying out things, figuring out. I think it's more of that culture we want matrimony.com to continue to have and continue to use those things to drive growth.

**Rushabh Shah:** Okay. So, my second question is, do you see that going further down the road this online marriage market becoming a two-player market, that the second player acquires the third player?

**Murugavel Janakiraman:** See, internet, let's say, I think there are a lot of other players, but normally the two players have the large share of the market and all. I think number three, and number two, are all very small. If you look at any online, it's always the case and all those things. So, I think that's sort of thing to look at it. Normally number three player, number four will have less than 10% market share. So, I think that's the way it has been in most of the online categories. Yes, the other players will be there, but number one, and number two have a large share.

**Rushabh Shah:** Okay. So, my last question is what has been the transition like before?

**Murugavel Janakiraman:** What sorry.

**Rushabh Shah:** Sir how has been the transition 4 years to 5 years back more people were subscribing towards the basic packages and now the subscription has moved towards, is the subscription moved towards premium packages.

**Murugavel Janakiraman:** No, they went through various packages and most of the people tend to choose the 3-month packages. I think that's a normal thing. So, that's a case just continuing with the case.

**Rushabh Shah:** Sir just a follow up on that sir in the premium packages that is a greater ARPU business for us. So, what are your plans, what are your strategies so that more people subscribe to the premium packages?

**Murugavel Janakiraman:** You are talking about personalized services that are assisted and related and all? Means that personalized services that premium packages remain a premium packages you mean personalized services like assisted matching services?

Did you mean that when you asked about premium packages did you mean personal services or just trying to understand the question?

**Management:** The question is about because you have a package like a personal services package, so the question is what are the strategies to try the personalized services package or what is that?

**Rushabh Shah:** Sir my question is many people who were subscribing more towards the basic packages. Has the transition how has the transition been like more people subscribing towards the premium packages and what are your plans, and strategies so that people subscribe more towards the premium packages since that is a greater ARPU business for us?

**Murugavel Janakiraman:** Yes. So, yes basically we will have an online package, there is a personal services package. The personal services package is almost four times the sort or more than three times the online packages. So, basically, the strategy has always been segmenting and offering the right product to the right customer. It is an ongoing journey.

We should continue to segment, and continue to help people to choose the right package. We continue to do the product improvement, and continue to suggest the members what are the right packages to choose. So it is an ongoing journey. It's all about core strategies to help members choose the right packages or better packages.

So, I believe we benefited people choosing the personal services packages, good for members, good for us as well. We also have improved offerings so that people see benefits in the premium packages. To drive more people to go for this offer. And we continue to do so, yes. Can you move on to the next one?

**Murugavel Janakiraman :** Yes, can you move to the next question, please?

**Moderator:** Thank you, Ankur. The next question is from the line of Pulkit Singhal from Dalmus Capital Management. Please go ahead.

**Pulkit Singhal:** Thank you for the opportunity. I have three questions. One is, have we experimented with an advertisement model? There have been a lot of companies which have started off with subscription. And eventually, advertisement has kind of taken off in a major way. And we seem to have a good amount of free subscribers out there.

And they are very, targeted set of people, subscribers, who would be very good candidates and customers for Jewellery companies or, for instance, wedding wear companies, a lot of those things. So, I'm just wondering why haven't we yet started off with an ad model?

**Murugavel Janakiraman:** Okay, yes. What are the other questions?

**Pulkit Singhal:** You can take it one by one.

**Murugavel Janakiraman:** The thing is that, the experience matters. So, when you're doing well, definitely there will be a large number of users who are free users. The free users will come at a certain point of time. So, what happens when the people are coming for the matchmaking, we don't want to bombard them with advertisements.

So, while you may get some incremental revenue that may come in the way of the customer experience. That may even come in the way of converting those users. So, use some of the promotion things to communicate why should they go for paid membership. You also use this, position to communicate some of the things members need to do. Because day one, people don't give all the information.

Things like they need to add photos, or need to do the ID verification, or maybe do the ad in astrology. Basically, completely nudge the customer to take certain steps so that they can get seriously engaged and see the value in the product, and that they're going for a paid subscription. So, it's basically, do you want to trade off, some revenue?

That may come in the way of customer experience but also contribute to the subscription. And while you have some spots and all those things that are non-intrusive to get people in the wedding business to advertise and all those things.

But you always see that the advertisement on the matching platform, more of brand building, because people are seriously engaged in the platform. In terms of people experiencing so many click-throughs, unlike other advertising platforms, where the people visit the platform more casual in nature and all those things.

So, they may tend to click through banners, and advertisements, which may not be the case on the matchmaking platform, because people are seriously engaged. So, it's good for brand building for people in the wedding services, while you have some spots, there's not a primary focus. We don't want that getting compromised in the way of customer experience, or subscription. So, that way, we're sort of telling you about these advertisements, spots, and promotion offers.

**Pulkit Singhal:** Yes. So, to that extent, Facebook also does a lot of advertising. There is PVR, Cinemas, who does a lot of advertising. It does affect customer experience, but then, it has still grown much larger than that. So, my sense is there are enough and more examples of companies where customer experience might have been impacted, but ad revenues and experience have not impacted them so much that you're fearing that it might.

So, you might want to just look at it again, because there was a certain thought process five years ago. I understand it was there, but now, a lot of things have changed in this aspect of advertisement, and a lot of ways of placements of ads are also there, so that it does not necessarily affect the customer experience to that great extent.

So, I would request the management to re-look at this for the simple reason that now our subscription revenue seems to have tapered off. It's a different point when you're actually doing a double-digit, and we are worried about this, so it makes sense.

But we have been growing at mid-single digits for the last five years, and if you're not going to experiment with an ad-based model, then how do we get confident that the next five years you'll do double-digit growth, which you're adding to?

**Murugavel Janakiraman:** So, we have to think it through, because, as I told you, while I appreciate your suggestion, is there any way of, without compromising the subscription revenue, you're able to get some advertisement revenue? We'll definitely look into it.

**Pulkit Singhal:** Right. The second question was on the margin. You had said that you've grown 5% to 6% revenues this year, and you claimed that if Google provision would not have been there, the PAT margin would have been 300 basis points higher.

Now, given that the Google provision is already in the base this year, why would next year be any different if you are doing a 5% to 6%? Should we not expect a similar PAT margin increase of 300 business points, or is next year very different?

**Murugavel Janakiraman:** So the thing is that you know we are also looking at investing in new initiatives, we spoke about Luv.com, so some of the initiatives may not need a significant revenue, so it's more like we were launching new initiatives that Luv.com. They are investing because of the initiative. So if you look at excluding those initiatives, yes, the profit will increase.

You have to see within overall, now we are looking at a short-term investment in these initiatives. So basically, the increase on account of not having Google, some of this thing may go into the initiative. Next year we look at growing the profit, but since the new initiative is coming we may have some bit of marketing go within these new initiatives.

**Pulkit Singhal:** Okay. But you had given the guidance that the AEP funds would be similar to this year. So when you talk about investments in new initiatives, is that more to do with the AEP spend or some other line item that I'm not capturing?

**Murugavel Janakiraman:** It's all mainly because on account of investing in new initiatives.

**Pulkit Singhal:** All right. Okay. Thank you.

**Moderator:** The next question is from the line of Rushabh Shah from Buglerock PMS. Please go ahead.

**Rushabh Shah:** Thank you for the opportunity. Do you have any idea what any of the matrimonial sites operate at a global level, and do you think globally can be a huge opportunity size for us going forward?

**Murugavel Janakiraman:** So matrimony is more likely in the Indian subcontinent. We're not seeing the matrimony in the global market. Globally, it's a dating market. So, it's completely different than the matrimony market. So, the matrimony market is very big to the Indian subcontinent. So, it's operating in differently from that dating in the Western world.

**Murugavel Janakiraman:** The opportunity that we are talking about the opportunity in nearby countries that is Bangladesh or Sri Lanka. And we already have some other brands. Again, these are still in the early stages.

**Rushabh Shah:** Yes. How difficult would it be for a new company to make a company like Matrimony by leveraging the skills of AI and matchmaking services? Would it be able to take the market share of Matrimony? Not immediately, but over the years?

**Murugavel Janakiraman:** It's very difficult. I think the advantage of Matrimony has been strong brand equity. Most of the profiles are organic. And we are well positioned a bit language-wise, community-wise, or physical presence. And the number of marriages, millions of people got married. Two decades of service. So, there's a lot of brand equity. It's not just a product. That's why, we don't see that someone's going to get into this thing and going to take over the matrimony market.

So, we are taking steps to further grow and all that and I'm not saying that some global companies is getting into matrimony. It's not. Even in India, understanding the cultural nuances is very difficult. It's a combination of brand equity, network effort, understanding cultural nuances, and grown presence, and we have so many matrimony sites. All these factors would make it difficult for anybody to make any significant impact.

**Rushabh Shah:** Thank you. And, sir, have you tried to see this as an opportunity to tie up with these big event planners and scale up your wedding services business?

**Murugavel Janakiraman:** We have wedding planners use our platform. So, the thing is that we want to operate as a platform play rather than getting into doing events by ourselves. So, I think that's the model we are trying to do. There are some challenges we are trying to overcome. But, yes, definitely, we work with various wedding service providers, including photographers, makeup artists, wedding planners, and catalysts.

**Rushabh Shah:** And my last question is, since the last 4-5 years, what has been a major chunk of our business? Is it the Renewals or majorly the first-time payments, the first-time subscriptions? And what proportion do you expect to increase going further?

**Murugavel Janakiraman:** The business is a combination of both first-time payment and renewal. And we have a very good renewal rate that's been sort of healthy. So, because not everyone can find a life partner within three months. So, they continue to use the platform. So, those things are very healthy trends. We're not seeing any changes happening on those trends. So, continue to grow. Yes, we need to look at the three levers which we continue to talk and match with the business increasing profile, increasing conversion, and driving the art form. So, these are three levers, and we continue to, you know, work on driving these all three levers.

**Rushabh Shah:** Okay. Thank you so much for answering my questions.

**Moderator:** Thank you. The next follow-up question is from the line of Ankur Jain, an individual investor. Please go ahead.

**Ankur Jain:** Yes. Sir, my question is about this note in the results that is mentioned that the company changed its business model and you also mentioned in your remarks also. So, could you just help me

understand better what exactly, you know, was the business or accounting model before the app store was listed? And then, what do you mean when you mentioned that the company has changed its business model?

**Murugavel Janakiraman:** See, basically, so, we look at the Google billing. If you have only an online business service, you are forced to use one of the Google billing payment systems. If you are offering a one-to-one service or some bit of human element involved, then you don't qualify under the digital services that you don't need to be with using a Google billing payment system. We made a product, you know, enhancement so that all our packages come with some of the additional benefits offered to the people. So, that way, we don't qualify to be part of the digital services. We are not compatible with a Google billing payment system. So, we are providing additional services, and additional offerings to our customers. Yes, those are the changes.

**Ankur Jain:** Okay, so this is the change that has been made after the delisting of the app from the Google Play Store?

**Murugavel Janakiraman:** This is done post that, yes. We took some time to make all those changes, yes. Yes, we did post that one. We made the product changes, we've done that, yes. Post that one, yes.

**Ankur Jain:** Okay, so now, does that mean that with this change in business model and if this stands the scrutiny of the legal litigation which is going on, then you may not have to use the Google, you know, this money that we have to pay the commissions that we have to pay to Google? Maybe completely out of that?

**Murugavel Janakiraman:** Yes.

**Ankur Jain:** Okay, thanks a lot, sir.

**Moderator:** Thank you. Ladies and gentlemen, you may press star and 1 to ask questions. A reminder to all the participants, you may press star and one to ask a question. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

**Murugavel Janakiraman:** Thank you so much and thanks for the interest I look forward to continuing the talk with you.

**Sushanth Pai:** Thank you all. I look forward to speaking with you in the quarter. If you have any questions, do write to us. Thank you.

**Moderator:** Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

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(This document has been edited for readability)

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