

August 14, 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 09<sup>th</sup> August 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  
Q1 FY '25 Earnings Conference Call”  
August 09, 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. ABHISEK BANERJEE – ICICI SECURITIES.**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Matrimony.com Q1 FY '25 Conference Call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

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

**Abhisek Banerjee:** Hello, everyone. Thank you for joining in. On behalf of ICICI Securities, I would like to welcome all of you to the Q1 FY '25 earnings call of Matrimony.com. From the company, we have Mr. Murugavel Janakiraman, Managing Director and CEO; and Mr. Sushanth Pai, the CFO.

Over to you, Mr. Murugavel, please proceed with your opening remarks.

**Murugavel Janakiraman:** Thank you, Abhisek. Good evening, everyone. For the first time in many years, we are a decline in Y-o-Y revenue growth -- year-on-year revenue growth, but growth was flattish on a quarter-to-quarter basis. The main reason was top of the funnel profiles have been flattish. Auspicious days have been half of what it was in quarter 1 of last year, which has impacted the growth.

Q2 revenue will dip, marginally on account of seasonality and also due to lower billing in quarter 1. We expect billing growth to come from quarter 3 onwards. Before going to the quarter 1 results, I'd like to talk about some of our initiatives to get growth back on track.

We have sought for shareholder approval to enter the newer businesses beyond the Matrimony fold. We will take advantage of over 2 decades of experience in the consumer internet space across various segments of users and also leverage our reach among millions of users.

We're exploring certain new initiatives. We'll launch these initiatives post-board review and approval and update you accordingly. We are strengthening our process and offering in personalized services, which has started showing traction due to ongoing measures such as more visibility of elite matrimony through airport experience centers.

We're also looking at various initiatives to improve our core offerings such as language version and also launching initiatives to drive growth. We already launched MeraLuv.com for the U.S. market. MeraLuv is an exclusive dating app for Indian Americans in the U.S. Luv.com will be launched in this quarter. We can observe that despite the muted growth in the quarter and salary increments, the profit after tax increased on a quarter-to-quarter basis on account of efficient operation and marketing optimization.

Now coming to the results in quarter 1. On a consolidated basis, we achieved billing of INR117.5 crores, a decline of 3.1% quarter-over-quarter and 5.6% year-on-year. Revenue at INR120.6 crores, a growth of 1.1% quarter-over-quarter and decline of 2.2% year-on-year.

Key highlights for the Matchmaking business in quarter 1 are as follows: billing at INR116.3 crores, a decline of 2.5% quarter-over-quarter and 4.8% year-on-year. Revenue at INR118.6 crores, a growth of 0.8% quarter-over-quarter and decline of 1.6% year-on-year. We added 2.64

lakh paid subscription during the quarter, a decline of 1.8% quarter-over-quarter and 5.6% year-on-year.

Average transaction value for the Matchmaking business for flattish, both on a quarter-to-quarter basis and year-on-year basis. We created about 29,600 plus success stories in the quarter.

Now coming to the Marriage Services business, the billing was at INR1.2 crores, decline of 38.3% quarter-to-quarter and 49.5% year-on-year. Revenue was INR1.97 crores a growth of 29.9% quarter-over-quarter and decline of 27.7% year-on-year. Loss in the quarter was INR2.2 crores as compared to losses of INR3.1 crores in quarter 1 of FY '24.

On the billing and revenue outlook for quarter 2, Matchmaking revenue is expected to have a slight decline on a quarter-to-quarter basis and year-on-year basis as discussed earlier. Marriage Services billing is expected to have a similar level to that of Q1.

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

**Sushanth Pai:**

Thanks, Muruga. Our EBITDA margin for the Matchmaking business in Q1 is at 22.6% as compared to 19.1% in quarter 4 and 24.1% a year ago. We had salary increments of about 6% for all eligible people in Q1. Marketing expenses for Matchmaking in Q1 are at INR47.1 crores as compared to INR47.9 crores in quarter 4 and INR43.1 crores a year ago.

Excluding marketing expenses, our margins in Matchmaking are at 62% as compared to 60% in quarter 4 and a year ago. On a consolidated basis, our EBITDA margins in Q1 are at 16.7% compared to 14.2% in quarter 4 and 17.2% a year ago. Tax rate in the quarter is at 23.8%. Profit after tax is at INR13.97 crores, a growth of 19.1% quarter-on-quarter and decline of 1.4% year-on-year. Share of loss from Astro-Vision, our associate company, is INR1.9 lakhs. Cash balance is at INR382 crores. We've had a robust cash generation in this quarter. ROCE is 16.7% annualized.

On the outlook for Q2 margins, we expect the profit after tax to be slightly lower than the levels of Q1. I would like to end with the customary safe harbor 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 on or behalf of the company unless it is required by law.

Now we can open the floor for Q&A.

**Moderator:**

Thank you. We will now begin the question-and-answer session. The first question is from the line of Gautam Rajesh, who is an individual investor.

**Gautam Rajesh:**

Yes. Good evening, sir. I had 2 questions. My first question is what sort of growth do we expect in the core Matrimonial Services business? Has the pricing growth being weaker because of the competitive intensity? Or is there a consumer demand issue at higher prices?

**Murugavel Janakiraman:** So growth is largely driven by 2 factors. One is that the profile acquisition, the top of the funnel and is also the conversion, the converting of free members into our paid members. So this quarter, as we mentioned, we had almost like half the number of auspicious or Muhurta dates or wedding days compared to the quarter 1 of last year.

Normally, what we've seen was during the wedding days, there is an increase in registrations and the revenue also moves up on those days because people are getting married through our Matrimony Services, there is a lot of publicity and so people choose to register also. So we have less than half of the Muhurta dates compared to what it was in quarter 1. So the top of the profile acquisition was flattish in quarter 1. So the profile growth increases that's one of the growth patterns. If we had assumed that double-digit growth on profiles, we could expect a similar level of growth going forward.

Again, it doesn't happen immediately because there's a fresh conversion, also renewal conversions... And also it's an outcome of the various segmentations, various pricing strategy to convert those users into paid users.

So our effort is to work on both sides, converting the free users into paid users, increasing the percentages going for paid users through product improvement, segmentation, and pricing strategies and also work towards the top of the funnel growth on profile acquisition.

So this is in terms of what is the growth expected, it's an outcome of these things, our ability to convert free members to paid member, how well you can improve and also getting more users to sign up on the platform. If both the things improve, the growth can be double digit or more, depends on how these both the factors gets played out.

**Gautam Rajesh:** Okay. Sir, early double digits or like closer to the 18%, 19% double digits for the...

**Murugavel Janakiraman:** No. The thing about it depends on how the profile acquisitions growth and also the conversion speed improves.

**Gautam Rajesh:** So primarily dependent on profile acquisition and conversion?

**Murugavel Janakiraman:** Yes, exactly.

**Gautam Rajesh:** Understood. And my second question was what are the new initiatives, you mentioned already but like that we are looking to drive growth because we have historically talked about astrology among other businesses that are related to wedding? So what's -- any progress on that? Is there anything that you can give to us like astrology or any other business that you're looking into to drive growth?

**Murugavel Janakiraman:** So we have a MatchAstro. So we are just working on fine-tuning some offerings. So after that, we'll be driving it. It will be effectively integrated into our core offerings matchmaking. So the members of Matrimony.com can avail astrology services. So MatchAstro, we are looking at the position will be an exclusive marriage, love and relationship app.

So we are just focusing on only on this domain, the marriage, love and relationship. So MatchAstro is going to be independent app. Also it'll be integrated into our offering. We have millions of users and people do look at horoscope as one of the deciding factors. So far, we have only automated horoscope matching as offering.

So going further -- customer is already integrated to some extent, but we have continued to fine-tune these offerings. Today, only 1-hour consulting. We are now going to reduce it to 15 minutes consulting because most of the people do prefer shorter consulting time. So basically, we're integrating astrology offering as part of our core product offering as well as MatchAstro is going to be an independent app for marriage, love and relationship.

So it's very, very early stages, but definitely we see that as an opportunity. And other initiatives are we are going to launch luv.com, an exclusive app for serious relationship. So we are looking at that as an opportunity as well. So we are working to launch luv.com for the end of quarter 2. So with that, I believe that we probably have the product offering for all segments of the users.

**Gautam Rajesh:** Yes. Sir, a clarification on horoscope, did you launch it? Or is it in a beta stage? Or like are you going to...

**Murugavel Janakiraman:** No, it's sort of beta stage only, but it's available in the play store, but we have not marketed it actually. So it's more of -- just trying to give the product offering, as I said, we are making the changes. And so once it's ready, then we can -- we'll be stepping up.

**Gautam Rajesh:** So it's launched, but it's not marketed?

**Murugavel Janakiraman:** Yes, exactly.

**Gautam Rajesh:** What was it called again, sir?

**Murugavel Janakiraman:** It's called MatchAstro, an exclusive astrology app for marriage, love and relationship.

**Gautam Rajesh:** Match...

**Murugavel Janakiraman:** MatchAstro.

**Gautam Rajesh:** Okay, thank you, sir.

**Moderator:** Thank you. The next question is from the line of Nigel, which is an Individual Investor. Please go ahead.

**Nigel:** Hi, Good evening. Sir, I have 2 questions. My first question was about over the next 2, 3 years, how do you see the margins of the business going?

**Murugavel Janakiraman:** Okay. What else, Nigel? Are -- what are other questions?

**Nigel:** That was my first question about where do you see the margin going over the next 2, 3 years. And my second question is our advertisement cost, do you expect them to continue staying high or -- and pulling down the margins? Or is there going to be any change over there?

**Murugavel Janakiraman:** Yes. With respect to margin, see, the business has operating leverage. If the revenue increases, the margin will increase. So if you look at our people costs, other operating costs, the value operating at certain range, only thing the marketing has gone up in all these years. But as you see that, there is some bit of softening on the marketing side. The trend continues, that could be a possibility of reduced marketing expenses.

However, the margins will improve if the revenue increases. So that's the response to your first question. In terms of advertisement expense, we already told. So it depends. At this point of time, we expect to operate at a similar level,. If the trend continues in the market, we may reduce the marketing spend here.

**Nigel:** All right. And is there any specific guidance to a number we can expect for the margins? Is there anything you would like to share about that for the next 2, 3 years?

**Murugavel Janakiraman:** No. 2, 3 years today, we're looking -- excluding the marketing, we are operating at gross margin of 62%. It can even move upward of 65% and above also. So that's an advantage we have in this business, actually, so...

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

**Ashish:** Hello sir, thanks for the opportunity on this call. Sir, I just want to ask you one question, right? So there are a lot of fast-growing segments, which are adjacent to your business lines, for example, online astrology, etc. Which have a much faster and higher growth rate. So why are we not exploring those kinds of business areas which are adjacent, have a larger target addressable market size, more repetitive customers, etc. So that's the only question from my side.

**Murugavel Janakiraman:** Ashish, as we said, so we don't want to be yet another player in astrology, so we have launched MatchAstro and exclusively, we want to focus on marriage, love and relationship. If you look at astrology, even the general astrology consulting, 60% of the consultations are related to marriage, love and relationship. So we did want to focus on these domains rather than being a kind of the astrology player, focusing on all segments.

So in a way, it works very well because in case of marriage, people use our horoscope, astrology consulting, so we are also launching luv.com, so a lot of youngsters, they have the questions related to how the future is going to be in terms of relationships. So we'll be integrating MatchAstro across our offerings into luv.com or in all our matrimony sites.

As I said, MatchAstro is also going to be a different app. So the thing is that we want to focus on a particular segment and want to provide offerings that fits well for the people in that segment. So we want to only focus on marriage, love and relationship, not yet another astrology app because there are players in that segment, so we want to focus only on marriage, love and relationship.

**Ashish:** Got it. One last question -- one additional question, right? So sir, last quarter, Info edge kind of indicated the fact that competitive intensity at least in terms of their ad spends, they see it coming

down or in the process of coming down, right? So I think they also have their call today. Can you share some insight on competitive intensity on online matchmaking, please?

**Murugavel Janakiraman:** Yes. Definitely, we'll see that the competitive intensity has come down significantly. There is a clear softening of advertisement spend in the market, particularly the TV advertisements. But other markets will continue to remain at an elevated level. So we continue to watch and take appropriate actions. And if we see a continuous softness or -- then we also take appropriate decisions to optimize our marketing spend or probably invest within the other initiatives.

**Ashish:** Got it, sir. And sir, what about buybacks? Are you planning anything, sir?

**Murugavel Janakiraman:** The Board will take decision based on the capital allocation policy, the Board will kind of decide at appropriate time what to be done.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to the management for closing comments.

**Sushanth Pai:** Thanks ICICI Securities for hosting this call, and thank you, everyone, for joining. If you have any questions, you can write to us, and we'll be happy to interact with you. Have a good weekend.

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