

Issue Details	
Issue Opens	11-Sept-17
Issue Closes	13-Sept-17
Issue Size (Rs. Crore)	501.07
Face value (per equity share)	05
Price Band (Rs.)	983-985
Lot Size (No of Share)	15
No of Shares on Offer (crore)	0.37
QIB (%)	75%
Non-Institutional (%)	15%
Retail (%)	10%
Commencement of Trading	21-Sept-17

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	56.0	50.6
Public (incl institutions and employees)	44.0	49.4
Total	100	100

Objects of issue

Objects of the Fresh Issue

1. Advertising and business promotion activities;
2. Purchase of land for construction of office premises in Chennai;
3. Repayment of overdraft facilities;
4. General corporate purposes.

Issue Date: 11th Sept – 13th Sept 2017

Price Band (Rs.) : 983 - 985

Lot Size (No. of Share) : 15

Company Background

Incorporated in 2001, Matrimony.com is engaged in providing online matchmaking and marriage services. They offers their services through Internet and mobile platforms in India and internationally. They are one of the first companies to provide online matchmaking services in India, having database comprising 3.08 million active profiles. They offer a range of targeted and customized products and services that are tailored to meet the specific requirements of customers based on their religious or caste preferences or other criteria such as marital status and age bracket.

Financials

Particulars	For the year/period ended (in Rs. Million)				
	FY-17	FY-16	FY-15	FY-14	FY-13
Total Assets	1,194	1,238	1,032	831	903
Total Revenue	2,929	2,554	2,428	2,073	1,888
Profit After Tax	438	(750)	(29)	(91)	104

Concerns

- Failure/delay in making settlement payments due to litigation.
- Failing to convert free members to paid members or retaining existing base of paid members.
- Diversification of business, other strategic initiatives may be unsuccessful.
- Adverse ruling in outstanding litigation could have adverse impact.

Strengths

- Online matchmaking industry still at nascent stage: An opportunity.
- Strong consumer brand.
- Micro-market strategy and customised/personalised services.
- Robust technology and analytics.

Our View

On higher price band of Rs. 985 and on FY17 EPS of Rs. 11.9, P/E ratio works out to 82.7x. There is no listed peers in similar line of business. However, if we compare with any other Online internet based business like Just Dial which is trading at a P/E ratio of 30 the asking price of this IPO for P/E ratio of 82.7x is very high. If we check the highest issue price of Rs985 which is for Rs5 face value per share and if we attribute to Rs10 face value per share the asking price would be Rs1970 per share which is very high.

Company standalone revenues grew at 9% CAGR in the last 5 years. However, it incurred losses for 3 years out of 5 years. Company issue is highly priced. Also, company's inconsistent financial performance and high valuations, makes this investment risky. We would rate this IPO as risky and thereby recommend investors to avoid this investment. If such IPOs are available at discount price after listing, one can purchase them in secondary market.