**February 6, 2018**

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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 02nd February 2018 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**

**S.Vijayanand**
**Company Secretary & Compliance Officer**
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# matrimony.com

"Matrimony.com Limited Q3 FY2018 Earnings Conference Call"

February 02, 2018

**MODERATOR:** **MR. KULDEEP KOUL – ICICI SECURITIES LIMITED**

**MANAGEMENT:** **MR. MURUGAVEL JANAKIRAMAN - PROMOTER & MANAGING DIRECTOR – MATRIMONY.COM LIMITED**

**MR. BALASUBRAMANIAN K - CHIEF FINANCIAL OFFICER – MATRIMONY.COM LIMITED**

**MR. VAASEN V - VICE PRESIDENT - BUSINESS FINANCE & TREASURY – MATRIMONY.COM LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to Matrimony.com Limited's Q3 FY2018 Earning Conference Call, hosted by ICICI Securities. 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, please signal an operator by pressing "*"then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kuldeep Koul. Thank you, and over to you!

**Kuldeep Koul:** Thanks every one for joining us on the Q3 FY2018 results conference call of Matrimony.com Limited. We have with us the senior management of Matrimony.com, Mr. Murugavel Janakiraman - Promoter & Managing Director, Mr. Balasubramanian K – Chief Financial Officer, and Mr. Vaasen V - from Business Finance & Treasury. We will start the call with opening remarks from the management, post which we will open the call for Q&A. With that I will hand over the call to Mr. Janakiraman. Over to you Sir!

**Murugavel J:** Thank you Kuldeep. Good evening everyone and welcome to our Q3 Investor call. I will take you through initially the consolidated quarterly financial performance of the company and then we will cover the performance on the two segments we operate in. In the end, we will be happy to take questions. The company's consolidated revenue was at Rs.83.66 Crores for the quarter, a growth of 15.4%, against the corresponding quarter of the previous year. The earnings before interest tax and depreciation, EBITDA for the quarter were at Rs.17.38 Crores as against Rs.16.13 Crores for the corresponding quarter of the previous year, a growth of 7.8%.

The profit before tax and exceptional item for the quarter was at Rs.16.16 Crores as against Rs.13.4 Crores for the corresponding quarter of the previous year, representing a growth of 27%. The company's consolidated net profit for the quarter was at Rs.23 Crores, a growth of 75.1% against the corresponding quarter of the previous year. The net profit for the quarter includes a one-time receipt of Rs.12.83 Crores made by me towards the obligations as per the terms of the agreement between the defendants of the litigation in USA. Matchmaking business has witnessed a growth of 16.2% against the corresponding quarter of the previous year in the free registration, with increase in marketing spending in Q3, the revenue is expected to improve over the next two quarters. The segment results with respect to matchmaking segment - the revenue for the current quarter was at Rs.79.73 Crores as against 69.95 Crores for the corresponding quarter of the previous year resulting in a growth of 14%. Overall profiles added for the quarter were 9.5 lakhs of which 61% were posted by the prospects themselves, 17% of the profiles were added by parents, 22% of profiles were by siblings, relatives, and others. Around 78,000 success stories have been reported to the company till the Q3 of the current financial year. The matchmaking EBITDA for the quarter grew by 16% in which Rs.25.05 Crores against Rs.21.58 for the corresponding quarter of the previous year.

The matchmaking EBITDA margin for the quarter was at 31.4% as against 30.9% for the corresponding quarter of the previous year.



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The marriage services revenue for the current quarter was at Rs.3.93 Crores as against Rs.2.56 Crores for the corresponding quarter of the previous year resulting in a growth of 53.7%. EBITDA for the quarter was loss of Rs.5.06 Crores as compared to loss of Rs.3.03 Crores for the corresponding quarter of the previous year. We are now open to take any question that you may have.

**Moderator:** Thank you very much Sir. We will now begin the question and answer session. We have the first question from the line of Miten Lathia from HDFC Mutual Fund. Please go ahead.

**Miten Lathia:** Good afternoon Sir. Could you help us with what is the traction on the number of profiles or ATV, etc.?

**Murugavel J:** Yes, for Q3, we added 0.95 million profiles and respect to ATV, ATV for Q3 was 4371, which when compared to the corresponding Q3 there is a growth of 7.7%. The paid subscriptions we have added 187,000 paid subscription, which was a 10.8% growth compared to the corresponding quarters.

**Miten Lathia:** And that would have taken our active users to what number on this quarter?

**Murugavel J:** The active users moved up to 3.29 million.

**Miten Lathia:** Great Sir. We have stepped our spending on the marriage services side, any specific initiative that you took this quarter or the same activities that were there?

**Murugavel J:** With respect to the marriage services, yes, we stepped up a little bit on the marketing, particularly on the photography. We have done some marketing activities because this business is operating across certain markets, we have stepped up our marketing in order to drive the branding visibility. So, more of TV campaign we have done in Q3.

**Miten Lathia:** Sorry, so you did sort of marketing campaign for the marriage services business in Q3 is that right?

**Murugavel J:** Yes, that is right.

**Miten Lathia:** That is it from my side. Thank you, Sir.

**Moderator:** Thank you. We have a next question from the line of Shashidhar K from Ken Securities. Please go ahead.

**Shashidhar K:** Sir, I just wanted to get a little bit colour on the marriage services side, there are three sections correct Sir, one for photography, one for marriage hall, and one for assisted commerce. So could I get a little colour on these three services, like how many weddings have you booked or something like that over the quarter?



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**Murugavel J:** Marriage services, we have three businesses, which is matrimony photography, matrimony bazaar and matrimony mandaps. Most of our revenue on marriage services is coming from matrimony photography. Other two businesses are still in the early stage by and large, matrimony bazaar is largely limited to Tamil Nadu, so other businesses are still in the early stage. Even entire marriage services is still in the early stage. Among the marriage services, photography contributed a large part of revenue. In terms of events, what we get here is over 1000 plus events in the wedding photography across all the states put together.

**Shashidhar K:** Could I get in terms of percentage, how much photography contributed through the services?

**Murugavel J:** Sorry, not getting the question.

**Shashidhar K:** Could I get a little bit, what was the percentage of photography in services?

**Murugavel J:** A significant part of revenue on the wedding services are coming from the photography, over 1000 events were executed in Q3, so significant part of revenue is from these services.

**Shashidhar K:** And how much does matrimony usually charge for and say two-day wedding event?

**Murugavel J:** For photography service?

**Shashidhar K:** Yes.

**Murugavel J:** Photography service, we have various packages, till recently we had a budget package. The budget package costs around Rs.40,000 and the standard package is around Rs.50,000. One of the things what we have done in the current quarter is we have moved to the standard package, removing the budget package which was Rs.30000, Rs.40000. The standard package is what we want to make as a basic package going forward. The budget package and standard package both packages is for the two-day, it includes the reception as well as the wedding.

**Shashidhar K:** For the reception and wedding, say if it is for a longer period is it customizable, say if weddings go around for like three days or something like that?

**Murugavel J:** It depends; people can have additional days and photographer and additional videographer. The standard package is, one photographer and one videographer for two sessions, which also includes edited video, printed photo album. The thing is that in photography we do everything, as in photo editing and video editing is done in-house while the album printing is outsourced. As said, we have various options, customer wants the extra photographer or the candid picture or other facilities, we will provide those facilities as well and the corresponding cost will be added to the package. So it is not only offering of standard package or budget package we are flexible on what we are offering to the customer. In fact we have the highest package as well, it goes upto 2 lakhs package.

**Shashidhar K:** And generally what has the response been, what are customers usually asking for?



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**Murugavel J:** Till recently, we had both the packages, the budget package and standard package, now we have moved only to the standard package.

**Shashidhar K:** Sir, a little bit colour on the mandaps and everything, could I understand how the business model kind of works over there in terms of commissions for the marriage halls and what the customers are charged?

**Murugavel J:** Basically, the venue booking is one most tedious and cumbersome process and it is a starting point for anyone looking at getting married. Around 2500 venues across South India are part of the matrimony mandaps at this point of time, we have a contract with these venues, more like an aggregator. The customer looking at getting married; through our portal they can find the venue availability, through our relationship manager and they can book the venue. When they book the venue through us, they not only will get the benefit of saving time because they do not run around and find out which venue is available, they also book it at a discounted price and we get the commission from the venue site. The commissions vary, and it depends on the venue. They vary from few percentage up to 10%, it depends on the venues and discount for the customer will depend on the venue.

**Sashidhar K:** So what is the average price for marriage hall which matrimony is looking at?

**Murugavel J:** We have the mandaps, which vary from Rs.50,000 to even 10 lakhs; again it depends on the customer preference.

**Sashidhar K:** And you charge a commission from about 5% to 10% is it?

**Murugavel J:** A few percentage to 10%; it depends on the venue because the venues are high on demand, and they may not give high commission. If the venues are doing average booking, they are willing to give higher commission as well.

**Sashidhar K:** Thanks.

**Moderator:** Thank you. We have the next question from the line of Karan Uppal from Haitong Securities. Please go ahead.

**Karan Uppal:** Thanks for the opportunity. Sir, one question on the deferred revenue, if I look at the growth of deferred revenue this quarter as well as for nine months period, the growth is bigger than the overall segment revenue, so is it because your receivable days are increasing, any colour on that?

**Balasubramanian K:** It is not because of receivables. As you know, the sales have various products. Basically we have a three-month, six-month packages. There is a shift happening in this when compared to this previous quarter. Also remember that the revenue is recognized pro rata basis over the period of contract, so that is what is happening here and it is recognized over a period. The deferred revenue has moved up to 60 Crores.

**Murugavel J:** Basically, there is always a lag between sales and GAPP revenue, look at Q3 we had 187,000 transactions and ARPU also was 4371. All these things have not got transferred into corresponding GAPP revenue. There is a little bit of lag that is the reason we see the increase in the deferred revenue.

**Karan Uppal:** Second question is on the ATV, for nine-month it has grown by about 8%, so what is an outlook there and how much can you grow for the next one or two years considering the competition?

**Murugavel J:** As far as the competition, we have good market share, around 65% market share. In terms of most of market we have a good reach. We respect to the ATV increase, what we see is that there is ongoing increase in ATV and we are also looking at how to penetrate effectively. Recently we underwent a price increase of 7%, I think we have done for the first-time subscription and the basic packages. Then we will do the price increase of the three months package, then the price increase of six months. As we progress, we will slowly increase the rates across the packages. We not only increase the packages and what price we are selling it, but also slowly it will move up. So due to the continuous growth of price increase, at the same time we also looking at how to penetrate effectively. So that is the ATV increase, so you see there will be some increase definitely in the ATV side because of the price we have done.

**Karan Uppal:** Okay. Thank you.

**Moderator:** Thank you. We have a next question from the line of Darshan Shah from MultiAct. Please go ahead.

**Darshan Shah:** Thanks for the opportunity. Management has mentioned that Q3 is generally better than the first half of the financial year, am I correct on this?

**Murugavel J:** Sorry, what is the question?

**Darshan Shah:** Third quarter of the financial year is generally better than the first half, is my understanding correct on that?

**Murugavel J:** Usually in the third quarter we bounce back and Q2 is normally one of challenging quarters for us and the third quarter we bounce back and Q4 is one of the best quarters for us actually and also followed by Q1.

**Darshan Shah:** But when we look at there is hardly any Q-o-Q revenue growth in matchmaking services, so what led to lower growth in this quarter?

**Murugavel J:** Basically, if you look at the matchmaking, we look at the number of paid transaction that has moved up actually. Matchmaking, definitely, if you look at our transaction value definitely, there is movement, look at the Q3 of last year we had 169,000 paid transaction, look at Q3 now it is 187,000 paid transaction we are talking about a growth of almost 10.8% in the paid transaction.

Also if we look at the ATV increase of 7.7%, so we are talking about good increase both in volume as well as on the ATV, if you look at Q3 versus Q3.

**Darshan Shah:** No, what I am trying to say when we look at, when we see Q3 is better than the first half, but we are hardly seeing any growth from Q2 to Q3 revenue?

**Murugavel J:** Q3, actually there is increase in revenue because we are talking about that on the deferred, in terms of paid subscription, Q2 it was 1 lakh 77 thousand in the paid subscription, Q3 is moved up to 1 lakh 87 thousand paid subscription, there is a 10000 increase in the paid subscription.

**Murugavel J:** Also as I said that there is a lag between the sales and revenue, so any increase in the volume, we will see the benefit in the subsequent quarter, so there is always a little bit of lag, we will see the benefit in the corresponding quarters actually. What would increase in the volumes, the revenue would get translated in the coming quarters.

**Darshan Shah:** Okay. Thanks.

**Moderator:** Thank you. We have our next question from the line of Neerav Dalal from Maybank. Please go ahead.

**Neerav Dalal:** Thank you for the opportunity. I just wanted to have a little bit of outlook on the advertisement and business promotion, Q2 was lower, Q3 is strong, so overall how do you see this move going ahead. If you see in the last couple of yours in FY2015 – FY2016 it was at 21% to 22% it has moved down to 18%, if you see the overall number is close to 530 million so do you see absolute increase in this number?

**Murugavel J:** Yes, as far as matchmaking is concerned, we are looking at increasing the marketing spend as we progress, while in absolute terms the marketing spend is going to go up, but in the percentage term it will remain more or less as it is or probably up by 0.5%. One thing that we are definitely looking at is increasing the marketing spends to increase our market share because we have around 60% share, we will look at how to drive the market share further. We are looking at increasing marketing spend in the matchmaking business. The good thing is that matchmaking is operating around 30% to 33% segmental EBITDA margin, so we believe that since we have already operating at good EBITDA margin, we need to step up our marketing to get more market share and continue in some other market particularly in North. So we need to get into leadership position, so definitely we will be looking at increasing our marketing spend in the coming year as well.

**Neerav Dalal:** So as a ballpark percentage in revenue do you see it close to 17% to 18% or do you see it higher than that if you could give some number?

**Murugavel J:** Yes, of course it has been in the similar range, probably maybe 0.5% it can move up. Again we have not worked on the numbers and plan yet, one thing is that the number is going to go up but in percentage terms it will more or less remain same or maybe as I said it probably may move up.



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**Neerav Dalal:** Correct, and in terms of the marriage services business it has been loss making because obviously it is a new business, but when do you see this business turning around or is there when you reach a specific size that this business will start making profits, so just wanted your vision in terms of the marriage services, so where do you see this business say in the next two to three years?

**Murugavel J:** Well we are very excited about the opportunity in the wedding services, we all know that it is a very large opportunity, highly unorganized, so far no one has cracked it and we believe that we have the opportunity because considering that we are the largest player and most structured one in the matchmaking space and we got into the wedding services. The good thing is that photography has got some traction. At the same time, we have to look at how to grow this business without losing out money. We are taking steps to drive the business in way without losing lot of money in marriage services. We expect the losses in wedding services, probably will come down, so that is something we are quite confident of. So in terms of when it is going drop, the opportunity is quite enormous and currently the services are limited to one in three geographies. What we are looking at is, photography is currently operating in South, we are looking at how to get the business to a meaningful size and reduce losses before expanding to the other markets. With respect to matrimony mandaps and matrimony bazaar again still in very nascent stage, we have to get the business model right and close to the profitability, close to breakeven levels before we look at expanding to other markets. So that in terms of overall business the opportunity is quite big and we are only operating in the limited market and limited geography, so the way the management looking at the wedding services is to grow at healthy rate but reduce, or contain the losses.

**Nirav Dalal:** So, but when you say a size, what is that size that you think okay at this revenue size, the business will breakeven so if you could just elaborate on that?

**Murugavel J:** In photography, we believe that with the new model what we have launched - we are making some changes in the way we operate in the photography business. We believe that that we go upto 250 events per month, if we are able to do it, then we can become operationally profitable in the particular market. The business is in different stages in different states so every state is able to get to their size and targeted numbers then the business becomes profitable – the photography venture. Overall it depends on at what stage the business is in the particular market, if it is less than that average 250 or 300 events, the business may not breakeven.

**Nirav Dalal:** So currently what would be that number?

**Murugavel J:** Currently put together across four states it would be more than 1000 events, earlier we had a mix of different packages. Now we will move to different package, so if we able to put together all southern states, so 1500 events we can be at target.

**Nirav Dalal:** So currently you are doing 1000 events so if you move up to 1500 events you think that you would breakeven in this business?



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**Murugavel J:** You are right. We earlier had the budget package, we moved to the standard package, now we have to hope that people will be willing to pay for the higher package, there is a difference in the package so we have to see the adoption of the package. We are also changing the contract terms with the customers, with the contract terms and 1500 or so we can sort of breakeven.

**Nirav Dalal:** Thank you.

**Moderator:** Thank you. We have our next question from the line of Miten Lathia from HDFC Mutual Fund. Please go ahead.

**Miten Lathia:** As you mentioned that the revenue uptick from Q2 to Q3 is not very visible because of mix has changed in favour of longer duration pack and hence the deferred revenue has gone up, could you help us with the deferred revenue number and changes Q-o-Q or Y-o-Y?

**Murugavel J:** Basically, if you look at the Q2 versus Q3 our paid transaction volume Q2 was Rs.177,000 pay transaction, we moved up to Rs.187,000 paid transaction. There is almost Rs.10,000 increase in paid transaction with an ATV of Rs.4371. There is also slight increase in three months and six month packages both being reflected in the deferred revenue moving up from Rs.56.3 Crores moving up to Rs.58.7 Crores of deferred revenue. So almost Rs.2.4 Crores increase in deferred revenue. We will see the benefits in the coming quarters.

**Miten Lathia:** Okay and what would have to movement been last year from Q2 to Q3?

**Murugavel J:** In terms of deferred revenue?

**Miten Lathia:** The deferred revenue number and last year from Q2 to Q3 would have change in what ways?

**Murugavel J:** Q2 FY2017 was Rs.51 Crores and Q3 FY2017 was Rs.49 Crores.

**Miten Lathia:** That is it. Thank you.

**Moderator:** Thank you. We have our next question from the line of Sahil Desai from Hornbill Capital. Please go ahead.

**Sahil Desai:** Can you just share some details on increase that we have seen in the ad spends? Is it largely Marriage Services like Murugavel said in the beginning or have you also spending more on non-south markets for the matchmaking business and if you can give us split of where we spent this money?

**Murugavel J:** Spending was on both on matchmaking as well as wedding services in Q3. As we said we are stepping up the marketing in the northern market, so increasing marketing in the matchmaking and also there is increase in marketing spend on the marriage services. So overall marketing spend has moved up, compared to Q2, it has moved up from Rs.12.9 Crores to Rs.14.16 Crores, about Rs.1.7 Crores increase in the marketing spend.



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**Sahil Desai:** Are we spending less in the core south markets now?

**Murugavel J:** The increase in marketing spend, we are stepping up marketing in the northern markets, so we are not compromising on the core market.

**Sahil Desai:** Thanks.

**Moderator:** Thank you. We have next question from the line of Devanshu Bansal from Nirmal Bang. Please go ahead.

**Devanshu Bansal:** Sir I just wanted to delve upon a previous question asked during the call. We have seen a significant increase in our nine-months realizations and we have affected the price hike after I think two to three years so what is leading to this nine-month realizations, is that the discounts being offered on a base price have decreased or how should we take it forward?

**Murugavel J:** If you look at the price increase which happened after about two years, it was affected only in the basic package, on three months package. We have not increased package of six months or one year prices and also it is not only about increase in price, it is also about at what price we are selling the package. So while there is a slight increase in the price at which we are selling to the customer, most of our sales happen through the calling efforts and what price we are selling these packages at. We are slowly tightening those prices as well, the price increase benefits will happen over a period of time because assuming that almost close to 50% of revenue is coming from the renewal, so it is not about the first-time payments, the corresponding renewals, again initially we are offering renewals at the old process, slowly things will move up. The benefit of price increase will happen only in the third quarter so you see that there will be an increase in the ATV and it has been happening for last so many quarters and we see a continuous some improvement in the price, the ATV increase.

**Devanshu Bansal:** Sir so to go forward do we expect such kind of 7% increase in realizations to come in FY2019 and 2020?

**Murugavel J:** We do not know. There will be some increase, we cannot say what will be that increase.

**Devanshu Bansal:** Thank you Sir.

**Moderator:** Thank you. We have the next question from the line of Harit Shah from Reliance Securities. Please go ahead.

**Harit Shah:** Thank you. Sir my question was as far as we know the deferred revenue numbers that you have given out so any kind of color that you can give as to how many quarters or how many kind of quarters that revenue would be realized. Majority of we recognized the next quarter or what would be like split in the next couple of quarters how will that work basically?

**Murugavel J:** Most of it will happen in the subsequent quarter.



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**Harit Shah:** I mean majority you are saying it would be mostly realized within the fourth quarter right?

**Balasubramanian K:** Yes. It is a continuous cycle and depends on the sales mix. Broadly the deferred revenue will be in this range.

**Harit Shah:** My second question is that as far as you have increased your marketing spent quite substantially for reasons you have mentioned so going forward can you like this quarter was about almost Rs.15 Crores was ad expenditure so would you going forward are we expected to remain at this level in absolute term or will that also again rise further as you keep on investing especially in the northern region so come color on that would be quite helpful. Thanks?

**Murugavel J:** We are looking at stepping up marketing to increase our market share, we will be doing increased marketing campaigns so that will increase our absolute marketing spend but in percentage it will be probably more or less the same or probably may be 0.1% increase.

**Harit Shah:** In the last quarter you had mentioned that in the marriage services business you will be able to sustain may be Rs.30 million a quarter as the losses, this quarter of course has gone up substantially due to I think you are marketing expenditure so can we know in the last quarter or may be new few quarter expect that it would trend down or Rs.50-odd million kind of normal in terms of losses for this business?

**Murugavel J:** I don' think we will be having that kind of losses in marriage services. We believe that we can go back to Rs.30 million losses.

**Harit Shah:** So generally Q4 is quite stronger than Q3 right?

**Murugavel J:** Yes Q4 marriage services losses will get contained.

**Harit Shah:** Can you hope that may be in Q4 at least your losses in this business will reduce in your core business can we expect some improvement in EBITDA margin because this quarter of course it fell because of the marketing spend?

**Murugavel J:** Marketing spend on matchmaking continue going to go up so because as I said say we want to step up our marketing but again deferred revenue, benefit will come. Again, Q4 one of the best quarter for us so we expect to do well in the Q4 and we are looking to continue to do well in marriage service.

**Harit Shah:** My question was in Q4 can we expect this Rs.5 Crores loss in marriage services to may be reduced in the Q4 itself?

**Murugavel J:** It will happen in the fourth quarter itself.

**Harit Shah:** Right. Okay thanks.

**Murugavel J:** Loss will be contained at around Rs.3 crores

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**Harit Shah:** Right and basically in your core business can we expect some improvement in your EBITDA margin because this quarter of course it fell a little bit on sequential basis.

**Murugavel J:** There will be growth but again we are talking about increasing market spend again; it will definitely be a better quarter.

**Harit Shah:** That is it from my side. Thank you.

**Moderator:** Thank you. We have the next question from the line of Rathi Menon from Elara Securities. Please go ahead.

**Rathi Menon:** Thank you for the opportunity. I just wanted to check on the rise in other expenses you seem to go up from 20.8% to about 21.1% of revenue year-on-year just a moderate growth of 16% so what will be the main components that causes this to move up Y-on-Y?

**Balasubramanian K:** We are talking about other expenses?

**Rathi Menon:** Advertising and employees.

**Balasubramanian K:** Predominantly other expenses includes web hosting charges, rentals insurance and other corporate expenses. Expense control has happened in terms of web hosting and all other expense will broadly in line with the inflation.

**Rathi Menon:** Yes Sir, but it seems to have grown nearly like 16% that is why I thought we should probably see only like inflation so why would has gone up by double digit?

**Balasubramanian K:** We have started establishing marriage services across southern states, and this activity was much lower in the earlier year. We are creating an establishment for the growth so that is why they increase is happening.

**Rathi Menon:** Right Sir.

**Murugavel J:** The difference is - at the enterprise level while the matchmaking level, the infra cost is more or less stable but when you look at the photography business, as it grows there is a corresponding increase in infra and the other cost because of the cost involved in the wedding photography. So as the wedding photography busines grows there will be a corresponding increase in the other cost expense moving up.

**Rathi Menon:** Sir but structurally medium term in fact take a three to five years kind of view we should see this grow only line with inflation right. There should be nothing much more than that?

**Murugavel J:** If you look at the segment, matchmaking and marriage services, matchmaking does not have infra services move up, but wedding services infra cost will be linked to the growth of the business actually. Some of the cost of wedding services come under the infra cost, album printing that goes into infra cost.



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**Rathi Menon:** Right got it. Thank you. Best of luck.

**Moderator:** Thank you. We have the next question from the line of Devanshu Bansal from Nirmal Bang. Please go ahead.

**Devanshu Bansal:** Sir in earlier call, 2Q call we had indicated that our marketing expenses are going to be in this Rs.50-Rs.52 Crores range so what I get a feeling in during this call is that we are highlighting that as a percentage of revenue they are going to remain constant so that means that if we take the revenue growth to be around 10% to 15% so they are growing to grow 10% to 15% so what is leading to this and also you highlighted that you are sticking to the ad spends in South market and you are increasing spends in the North market while earlier you indicated that you are going to shift those spends to the North market so am I getting it right Sir?

**Murugavel J:** Let me explain, with respect to matchmaking marketing it is Rs.52 Crores or so that is more or less the marketing spend that we are looking at this year. Rs.52 Crores or Rs.53 Crores pretty much in line with what we have communicated earlier. With respect to the marketing in the northern market, yes we are not compromising on southern market, but taking away certain things that are not going to affect significantly. So some slight shift, not completely stopping south that is slight leverage we are taking from the market. We are taking about only next year what you are looking at in the future, we are continuing to increase the marketing spend, it is not just next quarter. The way we look at the matchmaking business is we want to step up our marketing in absolute terms so that we can increase our market share.

**Devanshu Bansal:** Okay Sir.

**Moderator:** Thank you. We have next question form the line of Shashidhar K from Ken Securities. Please go ahead.

**Shashidhar K:** Sir I just wanted a little color on what do you think of Jeevansathi as competition? They seem to have started to invest in a number of photography services and beautician marketplace so how do you see this space playing out?

**Murugavel J:** Sorry I did not get that question can you please repeat?

**Shashidhar K:** I am trying to understand what is make of Jeevansathi as a competition because they also have started increasing investments in a couple of other companies which are related to photography and cosmetics, which are very similar to what wedding services are there?

**Murugavel J:** We are into the direct core wedding service business. I am not sure about cosmetics and other things, but we are into the business of the booking for the mandap or services the customer avail for the wedding actually. So I do not think that they are in the wedding services, in our view.

**Shashidhar K:** Okay.

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**Moderator:** Mr. Shashidhar, are you done with your questions?

**Shashidhar K:** I am done. Thanks.

**Moderator:** Thank you. We have next question from the line of Bharti Sawant from Mirae Asset. Please go ahead.

**Bharti Sawant:** Thanks for the taking my question Sir. Sir my question pertains to marriage services business. So to what level of cash burns are we comfortable because initially we were expecting our overall cash burn to remain stable to last year levels. So when you expect the marriage services business to break even and going forward at least that is FY2018 and 2019 how much of the cash burn do you expect this business can do?

**Murugavel J:** Marriage service last Q3 was more than what we had planned and we will kind of contain in losses in Q4. I believe that the marriage services losses will be around Rs.3 Crores a quarter , that is what we are looking at. We hope to grow the business and keep the loss at this pace, until there is something changes significantly. This may change in future, but in near future overall outlook is that we are able to grow the marriage service business with the last number we talked about.

**Bharti Sawant:** We are looking at something like Rs.4 Crores, Rs.5 Crores per quarter?

**Murugavel J:** Around Rs.3 Crores and we will able to do that until, something changes, in a significant way in the future. But at this point of time you are able to see that we believe that able to offer marriage service business with around Rs.3 Crores loss.

**Bharti Sawant:** Okay so incremental your losses should come down and the marriage services business because our first nine-month run rate has been roughly about an excess of Rs.4 Crores per quarter?

**Murugavel J:** That is right because the business is still in early stages. We are trying to do marketing and other things to accelerate the growth, take some calculated expense and see whether they can accelerate the growth. These are some of the experiments we are continuing to do, but we believe that is going forward at least in the coming quarter and we could end with the kind of losses what we have spoken of earlier.

**Bharti Sawant:** And Sir cash burn that you are discussing so how much of it would be like what have been the advertisement spends for the marriage services in this quarter as would of the total Rs.14.7 Crores of ad spends that we have done for the quarter how much would that would have been on the marriage services business?

**Murugavel J:** Around Rs.1.5 Crores or so.

**Bharti Sawant:** Okay and for the photography business so when you say 250 events per quarter that is one region as in one state 250 events or overall on an average you should do 250 events per quarter to be breakeven?



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**Murugavel J:** In a particular state we can become breakeven, profitable when we do 250 kind of number with the new package.

**Bharti Sawant:** So any states have you broken even so far?

**Murugavel J:** No, we have changed the payment terms. Now we have to see which state is going to achieve that number, what we are talking about, so you have to wait and see.

**Bharti Sawant:** But what exactly has changed in the way of doing business for the photography?

**Murugavel J:** Increase of the package cost that is one thing. Second thing also, one of the challenges with the photography business was getting the payment and delivery of the albums, that has been a challenge. Post the wedding, the priority changes, getting wedding album and videos is not priority for everyone post the wedding. So we are changing the model that now the customer needs to make 75% payment prior to the wedding. With that I will be able to cover our costs and we will be able to deliver the raw footage. That is the shift we are doing compared to earlier we used to collect 50% even or less to execute the events. So, the package the cost and the payment terms. These are significant steps, which will help us to collect the payment, help us to execute the delivery of the albums and videos effectively, otherwise we are stuck with wedding videos and albums where getting balance payment from the customer sometimes becomes a challenge because individual priority may change and sometimes that makes the collections difficult.

**Bharti Sawant:** What will be taken in advance and what will be the balance payment?

**Murugavel J:** 75% of the payment prior of the wedding event and balanced 25% is the time of delivering edited videos and albums.

**Bharti Sawant:** Have we increased the prices as well?

**Murugavel J:** We have not increased the price. We are various packages, we had budget package, we have standard packages, we believe that the budget package does not make sense we will move to the standard package.

**Bharti Sawant:** Okay and change on the expenditure front so are we continuing with our policy of retainer, or having retainership fees or any change on that front on the way?

**Murugavel J:** We have combination of in-house photographer, we have retainers. It depends on the business growth and volume. We have optimized the number of the photographers who are on the contract, these are the things which we do to ensure that the losses are contained so we continue to look at those costs and look at how to optimize those costs and ensure that we have what is right number of in-house photographer and the contract photographers, so that cost does not shoot up.

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**Bharti Sawant:** Of 1000 events will it be possible for you give us breakup in terms of which state like Tamil Nadu would have executed how many events or you would have executed say in Karnataka, Kerala, what will be the number of events that we would have executed?

**Murugavel J:** At this point of time we are not sharing the state wise breakup. Overall we have done over 1000 events actually.

**Bharti Sawant:** Thank you so much that is all from my side.

**Moderator:** Thank you. As there are no further questions I will now hand the floor back to the management for his closing comments.

**Balasubramanian K:** I thank all participants for participating in this call. Thank you so much.

**Murugavel J:** Wish you all a very Happy New Year as well. Thank you so much.

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

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(This document has been edited for readability)

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