Matrimony Makes a Weak Public Debut on D Street

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Mumbai: It's second time lucky for online matchmaking service provider Matrimony.com, which listed on the bourses on Thursday, becoming one of the very few internet companies to go public.

Matrimony.com, however, made a weak public debut, opening flat at the listing price of ₹985, with the stock falling steadily during intraday trade before closing 8.7% lower at ₹899.1/share on the NSE.

In contrast, the company saw its IPO being oversubscribed 4.4 times for the issue through which Matrimony.com raised over ₹500 crore. The firm raised ₹130 crore through a fresh issue while an offer for sale (OFS) was made for over 37.6 lakh equity shares at a price band of ₹983-985 per share. The promoters and some of the investors, including private equity firms Bessemer Venture Partners, JPMorgan Asset Management and Mayfield undertook the OFS. This has been Matrimony's second attempt at going public after the company scrapped its IPO plans in December 2016 citing weak market conditions. From an Ebitda of ₹7.2 crore in FY16, Matrimony.com has seen its Ebitda swell over eight times in FY17 to ₹59.2 crore, with the firm guiding for ₹90 crore as its FY18 Ebitda. This has led to a robust valuation for the company at about ₹2,225 crore.

Matrimony's public stint has been closely watched by market goers given the Indian internet ecosystem's poor IPO run amidst steep losses. To be sure, the last big stock market listing by an Indian ecommerce firm was that of Infibeam in April 2016. Only three other Indian internet companies have opted for IPOs over the past decade—Info Edge in 2006, MakeMyTrip in 2010, and JustDial in 2013. But unlike its peers, MakeMyTrip is listed on NASDAQ — a crucial factor for startups considering a public stint as they seek better valuations. While Matrimony's IPO has been two years in the making, industry experts are mixed on whether this is a harbinger of change for the larger ecosystem especially ecommerce, when it comes to a public listing. "Whatever the kind of company, you need profitability for public markets, at least some operating level profitability, certain sizes in terms of revenues and market capitalisation. Ecommerce seems most difficult when it comes to public markets. We are hoping the process will get faster but there's no clear pathway right now," Pranjul Srivastava, Senior VP of ICICI Securities, told **ET**.

But one camp of industry watchers also believe that the lack of IPOs is not endemic to internet businesses alone and is natural given the life cycle of these businesses reaching a decade of their existence only now. "Listing is the final stage in the life cycle of a company after angel investment, venture capital and private equity stage. Several (consumer internet) companies have grown to that level and have reached that stage (only now)," explains Pranav Haldea, MD of research firm Prime Database.

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Managing Director, Prime Database

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