

# MATRIMONY.COM LIMITED

ANNUAL REPORT 2016-17

# MATRIMONY.COM LIMITED

BOARD OF DIRECTORS	Mr. C K Ranganathan - Chairman Mr. Murugavel Janakiraman – Managing Director Mr. Avneet Singh Kochar Mr. Nikhil N Khattau Mr. Milind S Sarwate Mr. George Zacharias Mr. Vishal Vijay Gupta Mrs. Deepa Murugavel
BANKERS	HDFC Bank Limited
AUDITORS	M/s. S R Batliboi Associates LLP – Statutory Auditors M/s. R.G.N Price & Co. – Internal Auditors
CHIEF FINANCIAL OFFICER	Mr. K Balasubramanian
COMPANY SECRETARY	Mr. S.Vijayanand
ADVOCATES	M/s Luthra & Luthra M/s. Mohan Associates M/s. Fox Mandal
REGISTERED & CORPORATE OFFICE	94, TVH Beliciaa Towers, 10 <sup>th</sup> Floor, Tower - II, MRC Nagar, Mandaveli, Chennai - 600 028

## BOARD REPORT

To the Members,

Your Directors have pleasure in submitting their Sixteenth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2017

### 1. FINANCIAL RESULTS

The Company's financial performance both Consolidated and Standalone for the year under review along with previous year's figures are given hereunder:

In INR Millions

	Consolidated		Standalone	
Particulars	2016-2017	2015-2016	2016-2017	2015-2016
Total Income	<b>2929.30</b>	2,554.29	<b>2676.83</b>	2,537.26
Total Expenses	2337.26	2,481.98	2299.48	2,410.82
Earnings before exceptional items, Interest, tax and Depreciation	592.04	72.31	377.35	126.44
Finance Charges	44.28	29.86	44.15	29.52
Depreciation & amortisation expenses	103.81	97.54	103.45	97.13
Finance Income	(37.74)	(42.24)	(39.43)	(42.32)
Profit before exceptional items	<b>481.69</b>	(12.85)	<b>269.18</b>	42.11
Exceptional Items	43.72	737.66	43.87	273.14
Profit/(Loss) Before Tax	<b>437.97</b>	(750.51)	225.31	(231.03)
Provision for Tax	0.14	0.04		-
Profit/(Loss) for the year	<b>437.81</b>	(750.69)	<b>225.31</b>	(231.03)
Earnings per share (Basic) In INR	23.13	(50.80)	11.90	(15.63)
Earnings per Share(Diluted) in INR	20.40	(50.80)	10.50	(15.63)

### 2. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

Your Directors wish to present the details of Business operations done during the year under review:

The Company's business comprises of three segments viz matchmaking services, marriage services and related sale of products and other services.

The Company achieved a standalone turnover of Rs. 2674.67 million for the period ended March 31, 2017 as against Rs. 2,529.57 million for the period ended March 31, 2016. The Company has earned a profit before exceptional items of Rs. 269.18 million during the year under review as against Rs. 42.11 million for the period ended March 31, 2016. The Company has made significant improvement by earning profit after tax of Rs. 225.31 million as against a loss of Rs. 231.03 million during the previous year.

The Company achieved a consolidated turnover of Rs. 2928.19 million for the year ended 31<sup>st</sup> March 2017 as against Rs. 2548.20 million for the period ended March 31, 2016. The Company has earned a profit before exceptional items of Rs. 481.69 million during the year under review as against a loss of Rs. 12.85 million for the period ended March 31, 2016. The Company has made significant improvement by earning profit after tax of Rs. 437.81 million as against a loss of Rs. 750.69 million during the previous year.

The Company believes that in order to sustain future growth and development, it will employ the strategy to expand the user base by further strengthening the brands, continue investment in mobile platform and continue to expand into marriage services and to further strengthen the brands.

### **3. DIVIDEND**

No Dividend was declared for the current financial year due to loss incurred by the Company.

### **4. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

### **5. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE ENDS OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which this financial statements relate on the date of this report

### **6. SIGNIFICANT EVENTS**

The Company has filed updated Draft Red Herring Prospectus before the Securities Exchange Board of India on 18<sup>th</sup> November, 2016 during the year and their approval for filing Red Herring Prospectus with Registrar of Companies. However, due to adverse market conditions the Board has decided to defer the launch of the initial public offering and to relaunch it in the year 2017-18.

### **7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The provisions of Section 134(m) of the Companies Act, 2013 do not apply to our Company. The total Foreign Exchange Inflow was Rs.197.55 Million and Outflow was Rs. 8.95 Million during the year under review.

## 8. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The provisions of Companies Act, 2013 and rules made thereunder relating to Corporate Social Responsibility is not applicable to the Company.

## 9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The particulars of Loans, guarantees or investments made under Section 186 is furnished below

<b>Investment</b>		
<b>Name of the Company</b>	<b>No of shares</b>	<b>Amount (in Rs.)</b>
Community Matrimony Private Limited	99999	99999
Sys India Private Limited	99900	99900
Matchify Services Private Ltd	4124499	41244990
Tambulya Online Marketplace Private Ltd	3049999	30499990
Consim Info USA Inc., USA	1000	45120
<b>Guarantees</b>		
<b>Name of the Company</b>	<b>Amount</b>	
Consim Info USA Inc., USA	USD 8* Million	

\* Since the obligation to the extent of USD 5 Million has been settled by the subsidiary, the outstanding obligation on the Corporate Guarantee extended has been USD 3 million as on 31<sup>st</sup> March 2017

## 10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The particulars of Contracts or Arrangements made with related parties made pursuant to Section 188 is furnished in **Annexure 1** and is attached to this report.

## 11. PARTICULARS OF EMPLOYEES & REMUNERATION

The information required under 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure 1A

## 12. SECRETARIAL AUDIT

The provisions of the secretarial audit under Section 204 is applicable to the Company. Accordingly the Secretarial Auditor was appointed to carry out the audit. The Audit report is attached as **Annexure 2**

## 13. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

The Auditors have included qualifications with respect to certain matters in their reports on our audited financial statements provided below. These auditor qualifications do not require any corrective material adjustments in our Financial Statements. We provide below, these auditor qualifications as well as our Company's corrective steps, as applicable in connection with these remarks.

Qualifications and remarks in reports on our unconsolidated financial statements

Qualification/ Adverse Remark	Corrective steps taken / responses by our Company
<p><b>Auditor's Report for the Financial year ended March 31, 2017 – Standalone Financial Statements</b></p> <p>The Company has provided requisite disclosures in Note 38 to these standalone financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on management representations, except for the segregation between SBNs and other denominations as more fully described in Note 38 to these standalone financial statements upon which we are unable to comment, we report that the amounts disclosed in the said note are in accordance with the books of account maintained by the company and produced to us for verification.</p> <p>.</p>	<p>Pursuant to notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016, our Company established internal guidelines with respect to cash transactions during the specified period (November 9, 2016 to December 30, 2016) to ensure compliance with the applicable regulations, including intimating all its outlets not to collect cash in specified bank notes post November 8, 2016.</p> <p>This disclosure has been compiled based on the information presently available from our Company's books of accounts and other records (including cash deposit challans to the extent available). Our Company is in the process of compiling complete information with regard to the denomination-wise data of cash transactions entered into by us during the specified period having regard to the wide-spread regional operations as well as the low ticket size of cash transactions at the retail outlets and the volume of the data involved. We had also sought further information from the bankers of the Company which is awaited as of the date of approval of these standalone financial statements.</p>
<p><b>Auditor's Report for the Financial year ended March 31, 2017 - Consolidated Financial Statements</b></p> <p>The Holding Company and its subsidiaries incorporated in India, have provided requisite disclosures in Note 34 to these consolidated financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on management representations, except for the segregation between SBNs and other denominations as more</p>	<p>Pursuant to notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016, our Company established internal guidelines with respect to cash transactions during the specified period (November 9, 2016 to December 30, 2016) to ensure compliance with the applicable regulations, including intimating all its outlets not to collect cash in specified bank notes post November 8, 2016.</p> <p>This disclosure has been compiled based on the information presently available from our</p>

Qualification/ Adverse Remark	Corrective steps taken / responses by our Company
fully described in Note 34 to these consolidated financial statements upon which we are unable to comment, we report that the amounts disclosed in the said note are in accordance with the books of account maintained by the Group and produced to us for verification by the Management of the Holding Company.	Company's books of accounts and other records (including cash deposit challans to the extent available). Our Company is in the process of compiling complete information with regard to the denomination-wise data of cash transactions entered into by our Company during the specified period having regard to the wide-spread regional operations as well as the low ticket size of cash transactions at the retail outlets and the volume of the data involved. Our Company has also sought further information from the bankers of our Company which is awaited as of the date of approval of these consolidated financial statements.

#### **14. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in **Annexure 3** and is attached to this report

#### **15. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The details of financial performance of Subsidiary/ Joint Venture/Associate Company is furnished in **Annexure 4** and attached to this report.

#### **16. DEPOSITS**

The Company has neither accepted nor renewed any deposits during the year under review.

#### **17. BOARD OF DIRECTORS**

Mr. Vishal Vijay Gupta, Nominee Director retires at this Annual General Meeting and being eligible offer himself for re-election.

#### **18. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Company had 7 Board meetings during the financial year under review which includes a meeting of the Independent Directors held on 27/03/2017.

## **19. DECLARATION OF INDEPENDENT DIRECTORS**

The Independent Directors have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

## **20. STATUTORY AUDITORS**

M/s.S.R.Batliboi and Associates LLP, Chartered Accountants, Chennai were appointed as Statutory Auditors for a period of 5 years in the Annual General Meeting held on 30<sup>th</sup> September 2014. Their continuance of appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting. The Company has received a certificate from the above Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

## **21. RISK MANAGEMENT**

The Company has devised and implemented a mechanism for risk management. Accordingly, a Risk and Governance Committee is constituted to work towards creating a Risk Register, identifying internal and external risks and implementing risk mitigation steps. The Committee will, on a periodical basis, provide status updates to the Board of Directors of the Company.

## **22. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM**

The Audit Committee consists of the following members

- a. Mr. Milind S Sarwate
- b. Mr. George Zacharias
- c. Mr. C K Ranganathan
- d. Mr. Nikhil N Khattau

The above composition of the Audit Committee consists of independent Directors viz., Mr. Milind S Sarwate, Mr. George Zacharias, Mr. C K Ranganathan who form the majority.

The provisions of Rule 7 of Companies (Meetings of the Board and its Powers) Rules, 2013 regarding Establishment of Vigil Mechanism is applicable to the Company. Accordingly the Company has formulated a policy on vigil mechanism and whistle blower.

## **23. SHARES**

### **a. BUY BACK OF SECURITIES**

The Company has not bought back any of its securities during the year under review.

### **b. SWEAT EQUITY**

The Company has not issued any Sweat Equity Shares during the year under review.

### **c. BONUS SHARES**

The Company has not issued any Bonus Shares during the year under review.



#### **d. EMPLOYEES STOCK OPTION PLAN**

The Company has adopted the Employee Stock Option Scheme (A) 2010 to reward its employees for their past association and performance. The scheme was amended and renamed as Employee Stock Option Scheme 2014 ("ESOP Scheme"). Under the provisions of the ESOP Scheme, the Company intend to grant up to 1,785,186 employee stock options exercisable into 1,785,186 equity shares of face value ` 3 each to eligible employees of the Company and eligible employees of our Subsidiaries and associates, subject to applicable laws.

The following are the details of the Employees Stock Option Scheme 2014 during the year 2016-17.

(a) Options granted: 2000

(b) Options vested: 114429

(c) Options exercised; 77663

(d) the total number of shares arising as a result of exercise of option; 77663

(e) options lapsed during the year: 48795

(f) the exercise price: Rs. 103 and Rs.350

(g) variation of terms of options: Nil

(h) money realized by exercise of options: Rs. 79,99,289/-

(i) total number of options in force: 315426

(j) employee wise details of options granted ;-

(i) key managerial personnel;

Nil

(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.

Name of Employee	No. of options		
	Granted	Exercised	Outstanding
Mr. Praveen Nambiar	2000	-	2000

(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;

NIL

## 24. PREVENTION OF SEXUAL HARASSMENT POLICY

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder for prevention and redressal of complaints of sexual harassment at workplace.

During the financial year 2016-17, there are no complaints on sexual harassment.

## 25. ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure 5** and is attached to this Report.

## 26. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

No significant and material orders were passed by the regulators, courts or tribunals impacting the going concern status and future operation of the Company.

## 27. INTERNAL CONTROLS AND SYSTEMS

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The scope and authority of the internal audit function is well defined in the organisation. The Company has appointed an external agency as internal auditors to take care of internal audit function.

It monitors and evaluates the efficacy and adequacy of internal control systems of the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Auditors, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions suggested are presented to the Audit Committee of the Board.

Internal financial controls means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.