

## **Zotality – Opportunity in the Massive Market for Astrology in India**

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### **Birth Chart Based Predictive Astrology Very Popular in India**

Around the world different cultures and societies use various belief systems and religions to structure choices in their lives, provide insight and outlook and comfort in managing life's uncertainties. Providers of these services range from structured religions to individual gurus and teachers. Few of these channels have developed into business entities that invite capital investment and equity upside for investors.

We believe that Zotality provides a unique opportunity to participate in the commercialization and scaled delivery of services relating to a belief system that is relied on daily by about a billion people worldwide. Birth Chart based predictive astrology fills a very real need of Indians worldwide for guidance on matters large and small.

Astrology, due to its recent resurgence amongst the millennials in Europe and the US, has caught the attention of venture and institutional investors. In 2019 alone, Sanctuary – an astrology app which, for \$19.95 a month, provides free daily horoscopes and a monthly one-on-one chat with an astrologer was funded by Five Four Ventures. And, a few weeks after Sanctuary was available for download, Co-Star - an app that lets people download and compare their birth charts, raised over \$5 mn in funding from the Silicon Valley venture capital firms Maveron and Aspect Ventures, as well as 14W, based in New York.

Zotality has developed a unique set of Internet-based services that dramatically streamline and scale the delivery of responses to users' questions based on birth chart information. The expert and insightful readers of birth chart information are not disintermediated by technology in this process, but technology is used to support these experts in analyzing the information. Technology allows these experts to provide many more readings in a day and work with a much wider audience than their current very localized and limited methods.

By incorporating the very best experts in the field of reading birth chart information and supporting these experts with technology Zotality has the opportunity to profit from the scaling and streamlining of this ancient belief system while maintaining the high touch, and individualized and expert nature of this service.

Zotality will provide for free many of its astrology driven daily and health predictions, and relational networking features and services such as daily astro-interactions, astro-compatibility analysis, favorable meeting time calculator and the ability to comment and remark on those predictions. The Company, however, will offer for recurring subscription fee, matchmaking/matrimonial services and also its social discovery and dating services, and through its eCommerce stores certain products and web-based services such as personalized annual life readings, sale of birthstones and other gem stones, astrology based answers to specific questions from members, astrology-based timing recommendations, financial, business and partnership related astrological consultations, arrangement of qualified Hindu priests, who generally happen to be astrologers too, for weddings, last-rites, alleviation of harmful and negative planetary affects, rituals and religious ceremonies, and books and other material. Zotality specifically plans to target the enormous Indian wedding market pegged roughly at about \$40 bn annually, through sale of products and services such as Jyotish sensitive wedding jewelry and gem-stone, wedding apparel and related items, pre-marital investigation, comprehensive wedding planning and arrangements including arrangement of qualified priests for Hindu weddings.

The \$40 bn worth religion and spirituality market, in India, is also intricately connected with astrology. The detection, and alleviation of negative, and harmful planetary affects require the services, including the chanting of mantras and prayers, of qualified Hindu priests or pundits, who

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generally happen to be astrologers too. The mantras and prayer rituals themselves require incense, prayer books and utensils, prayer candles, and many other prayer specific items. Zotality believes it'd be unprofessional to not offer such prayer items along with astro-guidance and consultation to its users.

In India alone, the astrology market in 2010 was estimated to be between Rupees 45,000 and 50,000 Crore (or between US \$10 bn and 11 bn based on the then exchange rate of Rupees 44.97 for US \$1 on March 31, 2010). That market, at 5% year-to-year growth, could be worth between Rupees 69,810 and 77,566 Crore in 2019 (or in US Dollar terms, between US \$9.83 bn and \$10.92 bn based on the significantly depreciated exchange rate of Rupees 71.03 for US \$1 on October 31, 2019).

Based on Indian Brand Equity Foundation's September 2019 update, the Indian e-commerce industry has been on an upward growth trajectory and is expected to become the second largest e-commerce market in the world by 2034. The E-commerce market is expected to reach Rs 13,97,800 crore (US\$ 200 bn) by 2027 from Rs 2,69,076.5 crore (US\$ 38.5 bn) in 2017. India's e-commerce market has the potential to grow more than four folds to Rs 10,48,350 crore (US\$ 150 billion) by 2022 supported by rising incomes and surge in internet users. Online shoppers in India are expected to reach 120 mn in 2018 and eventually 220 mn by 2025. Average online retail spending in India was US\$ 224 per user in 2017. Much growth of the industry – IBEF reports - has been triggered by increasing internet and smartphone penetration and by 2022, smartphone users are expected to reach 859 mn.

Morgan Stanley projects Indian online commerce sales to cross \$120 bn by 2020. The three principal driving factors for this growth in eCommerce sector of India are:

- Participation of niche companies in online trading
- Unmatched FDI (foreign direct investment)
- Uniform GST (Goods and Services Tax)

India's e-commerce market will grow at a 30% compound annual growth rate for gross merchandise value to be worth \$200 bn by 2026, according to investment bank Morgan Stanley. In a report titled *India's Digital Leap—The Multi Trillion Dollar Opportunity*, Morgan Stanley said this growth in e-commerce will help grow market penetration to 12% in the next nine years, versus 2% today. An increasing number of internet users, all new to e-commerce, will help lead this growth, the report said. India had 60 mn online shoppers in 2016, which is 14% of the internet user base of the country. This will rise to over 50% by 2026, the report said.

With the eCommerce sector experiencing exponential growth in India, Zotality's eCommerce services are likely to enjoy the benefits of this enormous growth too.

Many services that we could never imagine on-line have migrated to the Internet in recent years. Dating and matchmaking, job searches, and networking for example, were long seen as highly personal activities that depended on face-to-face interaction where technology could not play a role.

According to a report published by Allied Market Research in April 2019, the global online dating services market was pegged at \$6.69 bn in 2018 and is projected to reach \$9.20 bn by 2025, registering a CAGR of 4.7% during the period 2018–2025. Increase in adult population accounting for single and unmarried people, lucrative options offered by online dating services, and increase in inclination toward non-monogamous relationships have boosted the growth of the global online dating services market. Value beyond dating is also significant. Online networking company LinkedIn was bought out by Microsoft for \$26.2 bn in December 2016 and Facebook traded upwards of \$540 bn on November 11, 2019. The Company intends to launch the world's only *relational-networking platform* based on *karmic astrology* and *interpersonal relations* such as those between friends, work colleagues, husband and wife, father and son, teacher and student, niece and aunt, employer and employee, etc., in 2020.

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Even skeptics of the art of birth chart predictive astrology can appreciate the size, power and profit potential in this market. By objectively assessing the management, technology, market approach and long-term vision of Zotality we can view this opportunity for what it is: a first-mover into a massive market.

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### **The Current Market**

In the UK alone, there were 2,113,000 users of tarot and astrology related services over the phone in 2016-17. The sector experienced 4% year-on-year growth as revenues increased from £16.7 mn to £17.4 mn in FY2016-17. Tarot and astrology – and adult chat – call volumes outperformed typical voice-based services and continued to be one of the biggest chat services in the UK.

Astrology is used by people worldwide to help guide their life decisions. In the US for example there are 75 mn users of astrology and 50% of all Americans look at their daily horoscopes. According to a 2012 survey by the National Science Foundation; nearly half of all Americans say that astrology is either “very-scientific” or “sort of scientific.” Astrology is not a niche market in the US anymore, because nearly 40% of American women read their horoscope at least once a month. According to IBIS World, the psychic industry’s – comprising of palmistry, cartomancy, mediumship, aura reading, astrology and other – revenues, in 2018, were \$2 bn in the US alone.

Venture and institutional funds have finally caught up with the astrology market and, in 2019 alone, Sanctuary – an astrology app which, for \$19.95 a month, provides free daily horoscopes and a monthly one-on-one chat with an astrologer was funded by Five Four Ventures. And, a few weeks after Sanctuary was available for download, Co-Star - an app that lets people download and compare their birth charts, raised over \$5m in funding from the Silicon Valley venture capital firms Maveron and Aspect Ventures, as well as 14W, based in New York.

The recent resurgence in astrology is driven by the millennials in Europe and the US. In India, however; frequent consultation of birth chart astrology is a way of life at all ages. In addition to asking for answers on questions of education, business and politics, birth chart analysis for compatibility evaluation is a prerequisite for formalization of a Hindu marriage. There are currently about 1 bn Hindus worldwide and over 50% (500 mn) of these are under 30 years of age. In addition to India, astrology users in South Africa, Singapore, Canada, Australia, the US and UK are a target market for Zotality.

Quite different from the passive consultation of astrology that people in the US might be used to such as reading their horoscopes, birth chart driven Indian astrology, called “Jyotish” in India, is viewed as predictive or karmic astrology. The birth chart, in Jyotish, is also considered the map of a person's past accumulated karma. People ask direct questions that require an answer. In birth chart driven astrology, an individual's time date and place of birth are used to determine the constellations that are referred to as a person's birth constellation. A person's birth constellation is the constellation in which the natal Moon is placed at the time of birth and provides insight into one's thinking patterns and characteristics and helps calculate the planetary periods within one's lifetime. These constellations and their interrelationships are tracked by astrologers allowing them to make more accurate predictions. The 360° of the circular zodiac is divided into 27 constellations. Each sign of the zodiac covers 2 1/4 constellations. Each constellation is ruled by a planet. The transition of moon to a constellation, at the time of the birth of a child, determines the birth constellation of that child.

Properly analyzing birth chart is a very complex and specialized skill. It is worth noting that in India astrology is considered a science by legal courts, and various reputed colleges and universities offer bachelors and master level equivalent courses and degrees in the subject.

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Currently believers who are seeking an expert's opinion will have a local group or expert to whom they will provide the details of their birth and the question they want answered. To analyze the data and properly answer a question takes 20 to 30 minutes and can cost anywhere from \$5 to \$40. Millions of these interactions take place face-to-face or over a phone call in India every day.

This analysis is especially important when it comes to weddings. The tenants of the synastry of birth chart driven compatibility matching of the 8 important astrological categories comprising of 36 total astrological qualities dates back over 2000 years. There are approximately 10 million registered marriages in India each year. Approximately 80% of these are Hindu marriages and about 90% of these Hindu marriages are arranged or loosely arranged marriages where astrological compatibility matching is an indispensable prerequisite for the formalization of the marriage. There are many million more marriages annually among the Indian Diaspora and Indian communities worldwide where this matching would also be taken into consideration. A detailed birth chart compatibility analysis for a wedding can easily cost between \$20 and \$45.

Online matrimonial matchmaking is a proven business model in India today. The estimated revenues of the online matrimony market in India in 2017 was estimated to be worth \$250 mn, as reported by the Associated Chambers of Commerce and Industry in India. The market is expected to reach \$318 mn by 2020, as per Ken research report in 2016. Some existing matrimonial services however offer limited versions of astrological compatibility analysis as an add on for additional cost, Zotality, on the other hand, offers a comprehensive evaluation of the birth chart of the prospective bride and groom for matrimonial purposes and uses the tenets of the Synastry of Astrology as the primary form of compatibility for both paid subscribers and as well as free members. The existing matrimonial/matchmaking services focus on the much easier factors of religion, caste and geographic or regional background as well as age and education level and financial considerations, which, as a matter of fact, are equally well addressed by Zotality's matrimonial/matchmaking services too.

The popular Indian matrimonial matchmaking sites charge \$25-\$40 for 3 months memberships and in total there were some 50 mn online subscribers who registered their profiles in 2012. In a transaction in late 2011 Google sold their minority stake in the leading online matrimony site in India valuing the company at approximately \$170 mn. More recently, Matrimony.com's IPO for \$77 mn, in Sept 2017, was valued at \$342 mn and 47 x Earnings, and oversubscribed by 441%.

The social discovery/dating market in India is still in its early stages, however with the loosening of cultural and traditional restrictions it is positioned for unprecedented growth. According to the data site Statista, there were 20.87 mn paid users and 18.72 mn free users of dating apps as of February 2019. Even in its very early stages, the Indian dating applications market is the fourth largest and one of the fastest growing markets, according to Statista, in 2019. Tinder, Happn, Truly Madly, and Woo are some of the popular dating apps in India.

India has about 600 mn of its 1.2 bn people below 30 years of age and over 300 mn in India are between 18 and 35 years of age, and those demographics bode well for the dating market. Popularity of Tinder and other recently launched social discovery and dating site, within the last 24 months, simply goes to show that Indians may be ready to embrace online dating much like they have online matrimony.

By their very nature, all online matchmaking and matrimonial services tend to immediately lose the subscriber that is successful in finding a match either through them or some other means. Zotality's social discovery/dating and matrimonial/matchmaking service however will be able to extend the astrological guidance and consultancy aspect of its offering to even the married couples! This unique ability of the Company's social discovery/dating and matrimonial/matchmaking service to retain married couples as members or paid subscribers stems directly and solely from the Company's birth-chart driven astrology focus. In the Indian context, the larger the family the more the need and demand for astrological guidance; and the

extension of the family resulting from addition of various in-laws and the arrival of children only strengthens the case for a greater need for post wedding astrological consultancy and guidance. In fact, it may not come as much of a surprise for the Company's social discovery/dating and matrimonial/matchmaking site to have as large a member and subscriber base in its married couples' section as in singles!

#### **Future market potential**

It is notable that the reliance on astrology has remained strong over centuries and the recent successes of online matrimonial sites have come with just a percentage of the Indian population accessing the Internet. Focusing on just the social discovery/dating and matrimonial part of the market the favorable demographics of India and Hindus worldwide and loosening of cultural and traditional restriction and increasing westernization of the society in not just the metros but 2<sup>nd</sup> and 3<sup>rd</sup> tier cities in India supports the view that the number of daters and marriages will continue to grow.

India was estimated to have 566 million Internet users in December 2018 and expected to cross 627 mn by the end of 2019. India had the second largest Internet user base and about 500 million people online accessing services through mobile by 2017 (Study by the Internet and Mobile Assn of India (IAMAI) and KPMG). 'The Future of Internet in India' report by NASSCOM and Akamai Technologies estimates India's Internet users to reach 730 mn by 2020.

#### **The broader vision**

The astrology market in India is vast and highly fragmented, and for every, one, qualified astrologer there are numerous charlatans without the experience and educational background in birth chart based Indian astrology (Jyotish). Zotality uses the equivalent of postgraduate and doctorate degree holders in Jyotish for creation of all the content on the site and as well as for answers to specific questions or customized consultations. Zotality believes that by offering ease of accessibility to qualified, experienced and degree holding astrologers, and authentic and credible astro-content and predictions through its websites it will eventually establish itself as the very first and premier destination for credible astro-content, predictions, and other astrological products and services in not only India but worldwide. Zotality intends to establish itself as the world's foremost online marketplace for credible astro-guidance and authentic astro-products.

#### **Zotality**

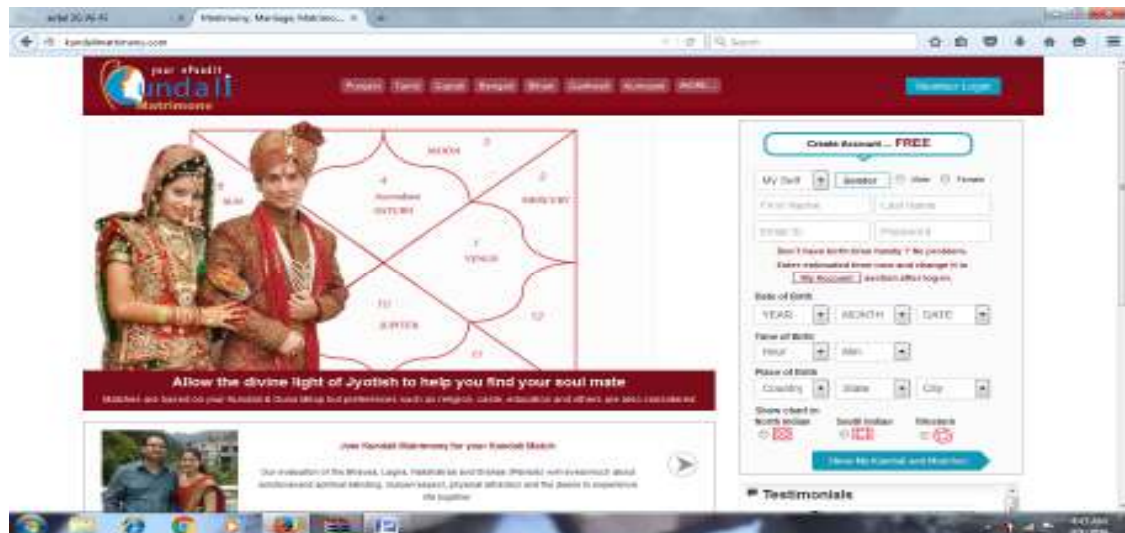
Zotality was founded by Naresh Belwal, US educated entrepreneur of Indian background. Mr. Belwal has considerable public company experience. The company was founded in 2009 and is registered in Delaware with business presence and operations outsourced to India. The Company's matrimonial site is launched and can be accessed at [www.kundalimatrimony.com](http://www.kundalimatrimony.com), and its social discovery and dating site which was recently released in a controlled manner is now ready to be marketed and can be accessed at [www.zomatch.com](http://www.zomatch.com). The Company also intends to launch an astrology based relational networking platform and eCommerce store - ZoStore. The eCommerce store will be seamlessly integrated with its matrimony, dating, and relational-networking with 24/7 astro-guidance platforms. ZoStore and the relational networking platform with 24/7 astro-guidance are, both, expected to be released in 2020.

#### **KundaliMatrimony.com**

[Kundalimatrimony.com](http://Kundalimatrimony.com)

The company's match-making and matrimonial site KundaliMatrimony.com targets over 1 bn followers of the Hindu faith who are serious about finding themselves a spouse, and in addition to the demographic, socio-economic, education, and other general criteria, uses the tenets of birth chart based Synastry of astrology as a primary method for compatibility matching.





This complex system of matching looks at the 8 important astrological categories comprising of 36 points or qualities to find the user the match that compliments him or her the best and maximizes the chance for a good relationship. The site will be free to use in terms of entering one's own information and looking for matches but the free users will not be able to make contact with the matches. Paid subscribers will be able to contact their matches through messages, online chat and other avenues through the website. Monthly memberships will be less expensive for those signing up for longer periods. For example, a user signing up for 12 months of service will pay just \$7.95 per month where someone signing up for just three months will pay \$14.85 per month. In addition to being able to contact matches, paid subscribers will be able to receive more in-depth analysis including a study of the very important planetary conditions, known as "Dashas," in their birth charts.

### ZoMatch.com

The company's social discovery and dating site ZoMatch.com will cater to the general dating populace in India, Australia, Europe, and the US. Like KundaliMatrimony, ZoMatch will also use the holistic method of compatibility evaluation based on the tenets of birth chart based Synastry of astrology.



ZoMatch will be free to use in terms of entering one's own information and looking for matches and to express their liking for, and if such liking is reciprocated even make contact with, certain

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limited number of matches. Paid subscribers will be able to express their liking for, and if such liking is reciprocated even make contact with, vastly more or even unlimited number of matches through messages and online chat. Monthly memberships will be less expensive for those people signing up for longer periods. For example, a user signing up for 12 months of service will pay just \$4.95 per month where someone signing up for just three months will pay \$9.95 per month. In addition to being able to contact matches, paid members will receive free access to services such as “check for favorable meeting time for romance,” select more locations and cities for matches, disable display advertisements and more. Paid subscriber will also be able to verify their identity and go back to like a profile that they accidentally skipped.

Moreover, ZoMatch and KundaliMatrimony will be able to extend the astrological guidance and consultancy aspect of their offerings to even the married couples and those in long-term or live-in relationships.

### **Online networking** **Relational Networking**

The Company intends to launch the world’s only relational-networking platform based on karmic astrology and powered by interpersonal relations such as those between friends, colleagues, husband and wife, father and son, teacher and student, niece and aunt, employer and employee, and others. Its services will help users optimize outcomes of interpersonal interactions and manage their relationships more effectively.

The relational-networking platform will help create better and more satisfying relationships for its users. Each user will not only be able to set privacy settings prior to sending and accepting an invite but also be required to assign a relationship such as friend, enemy, sister, brother, aunt, niece, teacher, boss, employee, student, etc. to each connection/contact made on the platform. The relational networking platform will offer highly customized inter-personal content and predictions based on the assigned-relationships and allow for posting of comments on those predictions and content. The highly customized and interpersonal nature of the content and predictions on the relational-networking platform will help facilitate user interactions and engagement.

### **eCommerce** **ZoStore.com**

In addition to the services provided on the sites there will be an ecommerce component to the business focused on the sale of astrology books and materials as well as birth-stones, purpose specific stones, and lucky-stones, and other products and services such as personalized annual life readings, answers to specific questions (Ask Astrologer) concerning health, illness, job, profession, litigation, injury, family, children, etc. The Company will also offer financial, business and partnership related astro-consultations and guidance, and even arrange for qualified Hindu priests for a fee. It is also important to note that in India the astrology market in 2010 was estimated to be between Rupees 45,000 and 50,000 Crore (or between US \$10 bn and 11 bn based on the then exchange rate of Rupees 44.97 for US \$1 in March 31, 2010). That market, at 5% year-to-year growth, could be worth between Rupees 69,810 and 77,566 Crore (or in US Dollar terms, between US \$9.83 bn and \$10.92 bn based on the significantly depreciated exchange rate of Rupees 71.03 for US \$1 on October 31, 2019).

The eCommerce module / component at ZoMatch.com, KundaliMatrimony.com, and the proposed relational-networking platforms will not only offer astrological products and services but also target the enormous Indian wedding market, pegged roughly at about \$40 bn annually, through sale of products and services such as astro-sensitive wedding jewelry, wedding apparel and related items based on auspicious material and colors, pre-marital investigation, comprehensive wedding planning and arrangements including arrangement of qualified priests for Hindu weddings.

The religion and spirituality market, worth \$40 bn in India, is intricately connected with karmic astrology (Jyotish). A large percentage of the religious priests (pundits) are also astrologers in India. The chanting of mantras, and prayer rituals require incense, prayer books and utensils, prayer candles, and many other prayer specific items, which Zotality would offer to support its astrologers, who – as indicated earlier - also function as religious priests (pundits).

## **A Synopsis of the obvious sources of revenues**

### **KundaliMatrimony.com**

- a. Recurring subscription fees from those seeking their perfect match or soul mate.
- b. 24/7 customized astro updates: Recurring subscription fees from subscribers of customized 24/7 astrological updates via SMS and emails.
- c. Ads: general online ads and/or affiliate marketing
- d. eCommerce: Astro-gems and other astrology related products, services and specific questions, consultations and guidance
- e. Wedding related eCommerce: Wedding planning and arrangement, astro-sensitive jewelry, apparel, pre-marital investigation, and other wedding related products and services.

### **ZoMatch.com**

- a. Recurring subscription fees from those seeking compatible dates or soul mate.
- b. 24/7 customized astro updates: Recurring subscription fees from subscribers of customized 24/7 astrological updates via SMS and emails.
- c. Ads: general online ads and/or affiliate marketing
- d. eCommerce: Astro-gems and other astrology related products, services and specific questions, consultations and guidance
- e. Wedding related eCommerce: Wedding planning and arrangement, astro-sensitive jewelry, apparel, pre-marital investigation, and other wedding related products and services.

### **The proposed relational-networking site**

- a. Ads: general online ads and/or targeted ad campaigns
- b. eCommerce: Astro-gems and other astrology related products, services and specific questions, consultations and guidance
- c. 24/7 customized astro updates: Recurring subscription fees from users for customized 24/7 astrological updates via SMS and emails.

### **Zotality's Proprietary Advantage**

Complex proprietary algorithms drive various astrology-based features and services such as Daily Astro Interaction, Astrological Gemstone Analysis, Favorable Romantic Time Calculator, Marriage Prospects Calculator and many more on the relational-networking, dating and as well as matrimonial destination. Many of these proprietary algorithms are highly complex and not only take into account factors such as the birth (natal) chart, transit horoscopes, position of primary planets, relative positions of a given planet in the natal (birth) and transit horoscope, and the incumbent planetary conditions ("Dashas") of users but also the interpersonal relationship dynamics (such as spouse, friends, and romantic) between two users.

Moreover, every line of astro-content and prediction on the platforms is not only proprietary but also verifiable for credibility from ancient authoritative Jyotish scriptures. The content was developed over a period of seven years by a team of qualified karmic astrologers ("Jyotish-Acharyas") with an equivalent of a postgraduate or doctorate in birth chart astrology.



## **Earnings Drivers and Outlook Based on the Currently Released Online Dating and Matrimonial Platforms**

Even though revenues and profitability from its relational-networking platform is expected to be substantial, and eventually surpass those from the matchmaking and social discovery platforms; we, however, for the purpose of valuation at this juncture, will not take into account the revenue and member projections of the relational-networking business as it has yet to be released.

The company expects to participate in the strong growth of online services in India and the success of their unique service in the market.

The company expects to reach 12.3 mn users on its matrimonial and social discovery/dating sites, with 233,000 paid users on the matrimonial matchmaking site and 477,000 paid users on the social discovery/dating site (total paid users of 710,000) in the third year after receipt of proposed funding. This subscriber base is expected to drive \$46.2 mn in revenues and \$13.6 mn in EBITDA in that year.

Zotality's revenue of approximately \$3.76 per site user annually seems like a reasonable estimate. We note that even professional and social networking sites which rely almost entirely on ad driven revenues such as LinkedIn earned \$5.3 bn in its 2018 fiscal year on 590,000,000 users (about \$ 8.98 per user) spread over 200 countries, and Statistica, in February 2019, reported a jump in Facebook's average revenue per user (ARPU) from \$20.21 to \$24.96.

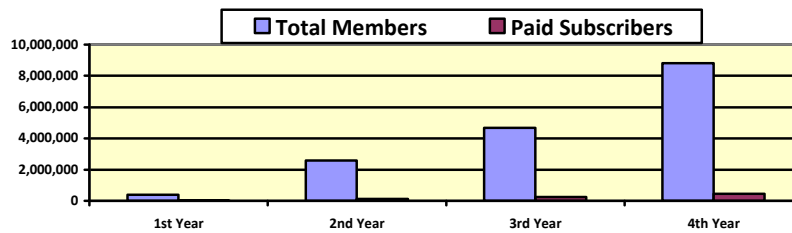
Zotality's assumption of \$72.45 per paid user per year for KundaliMatrimony and \$45.11 per paid user per year for ZoMatch is best compared with matchmaking and dating sites with quite high numbers in terms of revenue per user. Spark Networks (LOV: US), which runs dating sites targeting various groups internationally, and in the US reported average revenue per paying user of 18.44 Euros per month (about 221 Euros (US \$ 251) annually), on June 30, 2019. Shaadi a popular Indian matrimonial site charges between \$156 and \$1296 annually, and Bharat Matrimony between \$156 and \$1044 annually for their various membership plans. TrulyMadly, an Indian online dating service launched in February 2014 has membership plans ranging from Rs. 1000 (\$15.38) to Rs. 7,500 (\$115). Given the combined importance of astrology and marriage compatibility in the Indian culture we accept that a revenue per paying user in-line with US dating site averages is reasonable for both the matrimonial and as well as dating site.

If the revenue per user expectation is reasonable then we have to take a look at the user assumptions. Shaadi.com, founded in 1997 had reached 20 mn users in 2011. TrulyMadly an Indian dating app claimed to have 1.4 mn, upon receipt of funding, and in about eighteen months after its launch and by August 2015 was signing over 100,000 members per month. We note that Facebook has over 275 mn users in India.

Zotality is a new service with a unique offering so it is difficult to predict with accuracy the adoption rate, but these assumptions seem reasonable.

Once we have decided on a level of total users, we need to make an assumption about the conversion rate of these total number of users to the subset, which will be paying users. Unfortunately, the other matrimonial sites only disclose the total users – not just the paid users. As of 2015 The Match Group (which contains all of IACs dating-related sites) reported that 8% of their total users were paying users. In the second quarter of 2019, the Match Group's number of paid member count amounted to around 9 mn users. Chinese dating site Jiayuan revealed that for Q2 2015 the percentage of their users who were paying was 25%.

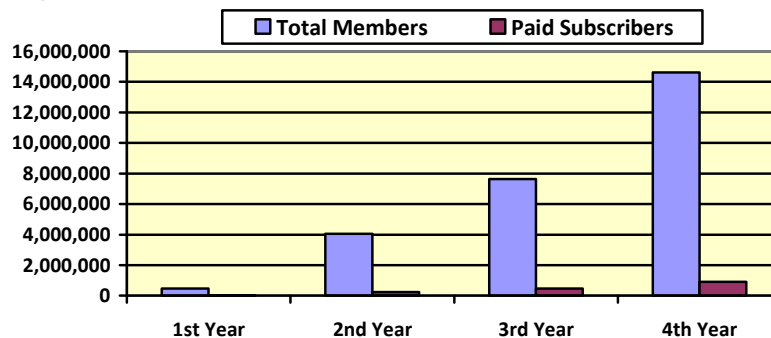
### Matrimonial Matchmaking Site - Total Members and Paid Subscribers



Source: Company Reports

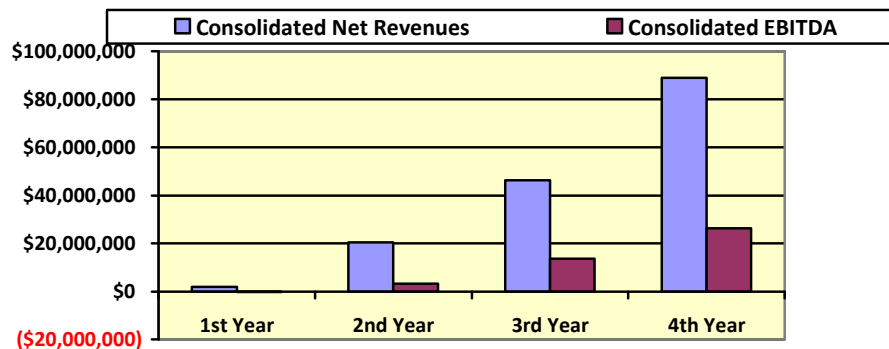
The company assumed that approximately 5% of matrimonial site members and 6.25% of social discovery and dating site members will become paid members.

### Dating Site – Total Members and Paid Subscribers



Source: Company Reports

### Total Revenues and EBITDA (US\$)



Source: Company Reports

### Valuation Based on the Online Dating and Matrimonial Businesses

We will base our estimate of company value on the Year 3 numbers in the company's model as we consider it reasonable that investors will be looking to a mid-point of normalized earnings to assess the value.

In year 3 the company expects to be earning EBITDA of \$13.6 mn and net profit of \$8.5 mn on Revenues of \$46.2 mn a healthy EBITDA margin of 29.5% and Net Profit margin of 18.5%.

Matrimony.com's IPO for \$77 mn, in Sept 2017, was valued at \$342 mn and 47 x Earnings. Zotality is projecting EBITDA of \$13.6 mn and after-tax net profits of \$8.5 mn in year 3, therefore based on the same metric Zotality would be valued at an equity market cap of \$399.5 mn.

The owner of various dating sites Match Group (MTCH), recently traded at \$68.69 per share and a market cap of about \$19.2 bn with trailing twelve months revenues of \$1.96 bn and net income of \$518.05 mn. We note that equity investors are valuing the Company at 39 x Trailing P/E. MTCH is trading at an Enterprise value of \$20.6 bn and the shares are trading at Enterprise Value/Revenue of 10.5 x, applying the same metric to Zotality with 46.2 mn in projected revenues in Year 3 gives us an equity value of \$485 mn.

Given that this relies on successful execution over three years and the market risk over that same period it stands to reason that today Zotality is worth some smaller amount today.

These two admittedly non-perfect comparables give us a Year 3 value of between \$485 mn and \$399.5 mn.

Assuming a high discount rate of 50%, to account for the risk associated with an early stage venture, would give us a present equity value of Zotality of \$143.7 – \$118.4 mn.

We note that recent acquisition and IPO activities in the space highlight the value of dating sites. In 2015, the free dating site Plenty of Fish was sold to the Match Group (MTCH) for \$575 mn cash; and prior to being acquired the US dating site Tinder was being valued at \$750 mn+ with no revenues at all. Matrimony.com's IPO for \$77 mn, in Sept 2017, was valued at \$342 mn and 47 x Earnings, and oversubscribed by 441%. We consider ZoMatch to be modeled after Tinder with the added advantage of astro-compatibility. KundaliMatrimony's business model, on the other hand, can be compared with Matrimony.com's with the added advantage of astro-compatibility, and various other related astro-products and services.

#### **Risks:**

**Execution risk** – Zotality is a small start-up company initiating a novel and untested business model with limited management experience and history within that space. Investors need to recognize that the execution risk in this type of situation is quite high.

**Large market with unknown competitive dynamics** – Zotality's success in this space would likely attract the attention of potential competitors which might have large established networks and potentially deeper pockets than Zotality. The company will have to strive to make a strong initial move to dominate the space leaving little room for competitive threats.