

# Manivannan Kannan

Private investor



### MOI GLOBAL

# Asian Investing Summit

2025

**Manivannan Kannan** 

### Introduction



Engineer and MBA by educational qualification



Lives in Chennai,
India. 'The Omaha of
India'



Experience with early-stage startups. Last assignment with Uber.



Investing full-time since 2021. Focused on Indian markets.

# **Investing Philosophy**

1 Long Term Investing

Shaped by Warren Buffett and Charlie Munger.

Indian Context

Influenced by Nalanda Capital's thoughts and actions

3 Approach in short:

Avoid Big Risks

Buy Great Businesses in attractive industries led by exceptional management

Buy at super attractive prices





# **Avoid Big Risks**

### What is Risk? Permanent Loss of Capital

#### **Poor Governance**

Avoid companies with poor governance history

### **High Leverage**

Stay away from highly leveraged businesses.

### **Lousy Past, Rosy Future**

Past behavior indicates future actions.

Avoid the above. Helps skittle down the list from 5000 odd companies in India

# Attractive Industries, Great Business, Exceptional Management

#### **Attractive Industries**

All players make money

Low governmental regulations, price

controls, unfavourable surprises

Low risk of obsolescence

#### **Great Businesses**

Terrific return on capital

Competitive edge to maintain

high returns in the future

Potential for growth

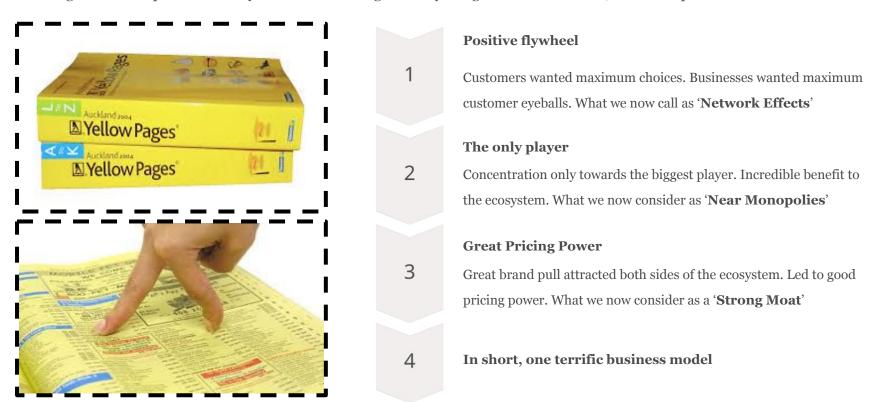
### **Exceptional Management**

Leadership you can trust

You will know one when you see it

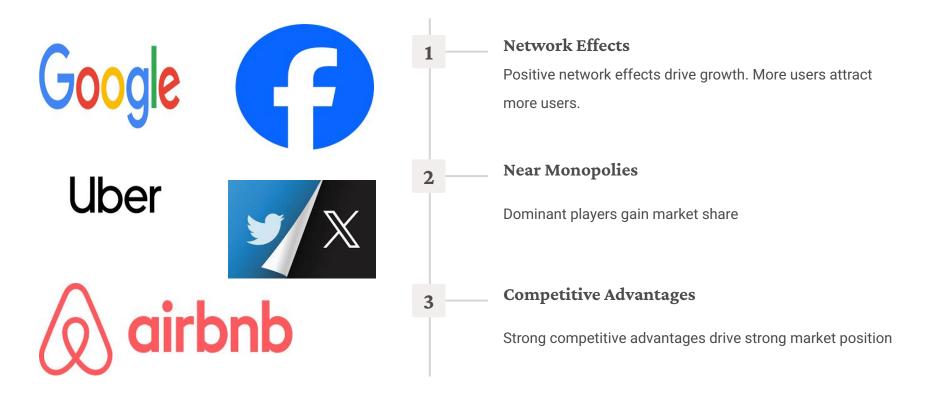
## Let's roll back years and look at one known business model

Yellow Pages was a telephone directory of businesses - Organised by categories. And we know, It was ubiquitous



Yellow pages is no more, but the business model strengths exist in various forms

### The Internet has made them even stronger. **Generally, Winner takes all**



# matrimony.com

Searching for such a strong business model led to Matrimony business - Leader in Indian matchmaking.

# Matrimony.com

- Founded in 2000 as a community portal to connect Indians looking for marriages living and working in the US
- Now operates with over 300 plus community led solutions Websites, Apps, Physical Services

Highly fragmented market space - Scaled Internet based solutions capturing less than 10% of the market

Matrimony.com is the leader in the organised space, >60% market share



### **Consumer Preferences**

- **Arranged Marriages**Over 70% of marriages in India are arranged.
- Over 90% marry within their community.

- **Family Involvement**Families involved in finding the right partner.
- 4 Serious Business

  Matchmaking is not dating. It's serious.

# **Competitive Moats to the Business**

| <b>Time-Bound Solutions</b>  | Network Effects            | Brand and Trust              | Scale of Operations        |  |
|------------------------------|----------------------------|------------------------------|----------------------------|--|
| You need a partner at that   | Liquidity of profiles is   | Important to share personal  | Leverage to spend on       |  |
| point in time. Difficult to  | critical -                 | information. This is serious | advertising. Lead the      |  |
| scale marketplaces with this | Religion/Geography/Caste.  | business                     | category with innovations. |  |
| need                         | Network effects strengthen |                              |                            |  |
|                              | the leader                 |                              |                            |  |

#### What does it translate to?

Difficult to build a scaled business - Reason why you find oligopolistic characteristics across platform businesses

# **Competitive Edge -> Solid Business Metrics**

### **Only Profitable Player**

#2 player is way behind in market share

### Low Risk of Obsolescence to the Category

People's need for meaningful companionship is as old as Adam and Eve

### Limited cyclicality in the business

Don't have to think of GDP growth, Recession, Tariffs

### **Cash Generating Machine**

Customers pay upfront. Negative Working Capital. ROIC is infinite.

### Zero Debt, Flush with Cash

Can explore allied businesses with minimal stress to balance sheet

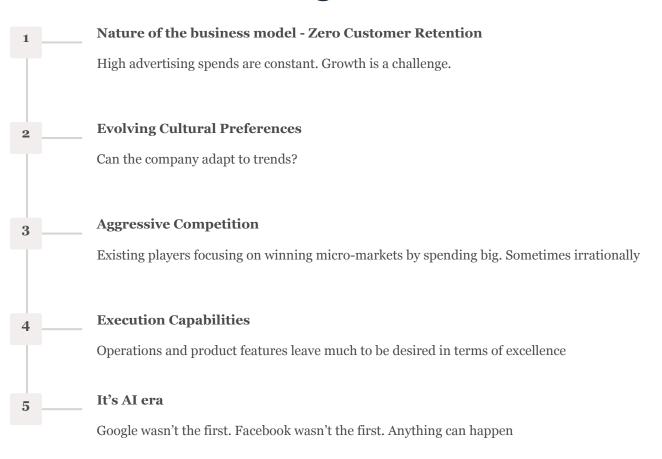
# Company in good hands

• Led by Murugavel Janakiraman, a first generation entrepreneur - Holds 53% of the company, his entire wealth/reputation/focus is on the company

• Shareholders with a long term focus - Less than .1% of open shares exchanged on a daily basis

• Sensible allocation and distribution of cash to shareholders - Dividends and Buybacks

# What are the challenges?



### Company - Key Numbers (Million INR)

|            | 2020  | 2021  | 2022 | 2023 | 2024 |                                                                                |
|------------|-------|-------|------|------|------|--------------------------------------------------------------------------------|
| Revenue    | 3720  | 3780  | 4350 | 4560 | 4810 | Not a crazy growth company, but company has a predictable revenue stream       |
| Advt Costs | 1030  | 1370  | 1620 | 1820 | 1860 | Increased short term spends on advertising not commensurate with the category  |
| PBT        | 400   | 540   | 730  | 560  | 650  | Barring advertising spends, the company has maintained its margins and profits |
| wc         | -290  | -320  | -430 | -370 | -530 | Consumers pay upfront leading to negative working capital                      |
| ROIC       | -124% | -151% | -94% | -59% | -88% | ROCE is infinite                                                               |
| Net Cash   | 2370  | 2890  | 3130 | 3250 | 3580 | Cash as a % of revenue is over 60%                                             |
|            |       |       |      |      |      |                                                                                |

# Is the price attractive?

**500** Mn

3 Bn

11 Bn

**Operating FCF** 

Cash Surplus

**Market Cap** 

Potential to reach 1 Billion INR

with normalized spending

Company has cash surplus of 3 Bn

Current market cap around 11 Bn

Market leader in an attractive industry with a strong competitive advantage. Looks worthy of consideration irrespective of valuation methods.

## **Discuss Further?**

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