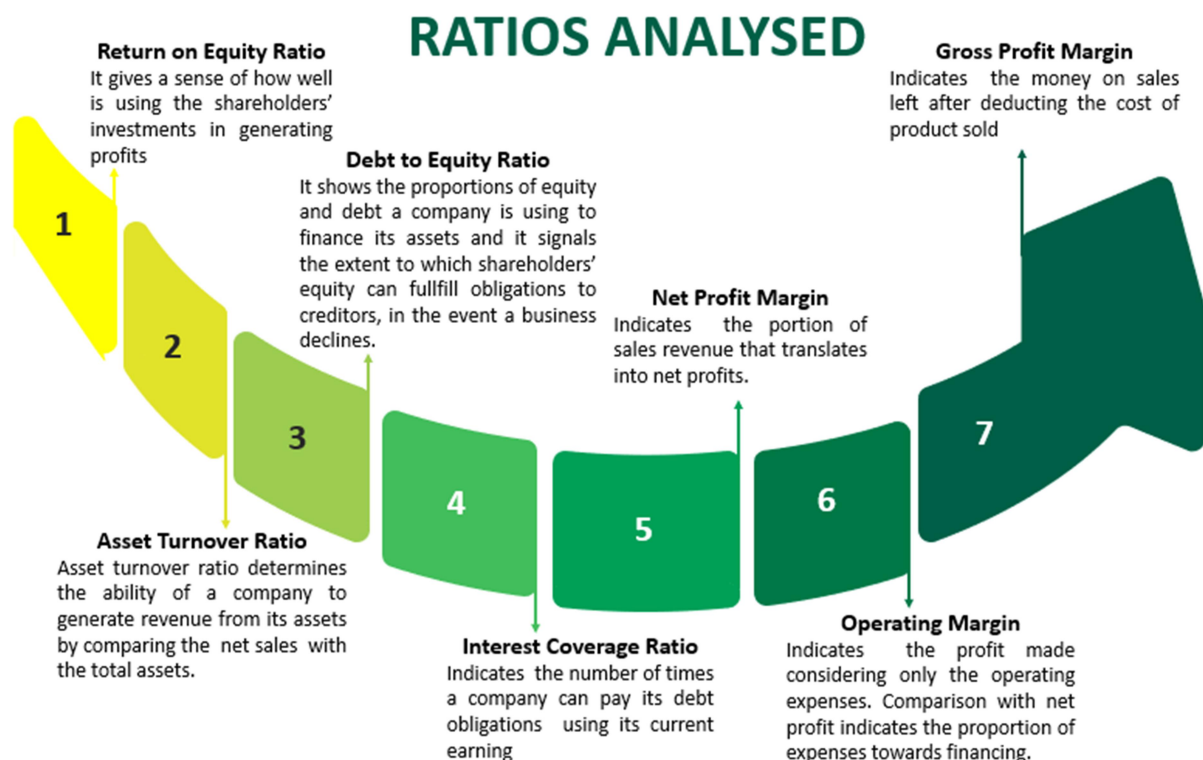


ANALYSIS OF ANNUAL REPORTS OF E-COMMERCE ENTITIES – PART 3 – B2B E-COMMERCE

Companies not investing in digital channels today are rapidly falling behind their competition. Without a move into digital commerce, companies will lose customers, struggle to compete, and see their margins shrink. Today's technologies and changing consumer expectations are raising the bar for B2B ecommerce. B2B buyers want a B2C-like shopping experience, with sleek site design and functionality for large catalogs and segmented pricing. B2B buyers are always looking for ways to better manage cash flow and reduce costs

We undertook analysis of 2 Big Indian B-2-B giants and we have summarised our insights:



Ratio Analysis of **Indiamart** & **Justdial**TM

	Indiamart	Justdial	Indiamart	Justdial	Indiamart	Justdial
RATIO	2019	2019	2018	2018	2017	2017
Ratio related to investor returns						
ROE	7.83%	20.70%	23.19%	14.62%	-0.85%	13.40%
Ratios related to margins						
Gross Profit Margin	9.50%	35.13%	-45.76%	28.60%	3.56%	27.36%
Net Profit Margin	2.37%	22.57%	-17.95%	17.78%	0.13%	16.88%
Operating Margin	4.83%	19.84%	-46.58%	15.10%	4.25%	8.62%
Ratio related to debt						
Debt to equity Ratio	Nil	0.04:1	Nil	Nil	Nil	Nil
Interest Coverage Ratio	Nil	2217.23:1	Nil	Nil	Nil	Nil
Ratio related to Efficiency						
Asset Turnover Ratio	64.68%	59.14%	73.42%	57.07%	94.84%	56.7%

INTERESTING INSIGHTS



1. Indiamart can help you penetrating your brand in the market through business promotion, subscriptions, online advertisement and online presence. Justdial can help you enhancing your business with e-commerce support. Indiamart is an online platform – a must for manufacturers. Justdial is an online platform – a must for service provider.
2. Advertisement expense of Indiamart is much less when compared to Justdial. Advertisement expense of Indiamart comprises of 0.41% of revenue from operations but that of Justdial is 6.54% of revenue from operations.
3. Indiamart and Justdial are 100% equity driven and zero debt companies.
4. The heavy negative net profit margin of Indiamart in FY 2017-18 is due to impairment of goodwill and increase in buy-back liability on remeasurement.

5. Justdial is having much higher profit margin than Indiamart. The outsourced sales cost and impairment of investment in subsidiary also amounts to this reduced gross profit margin.
6. Justdial is bigger than Indiamart from revenue perspective. Revenue from operations of Justdial is Rs 8915 million and that of Indiamart is Rs 4972.75 million.
7. Gross profit of Indiamart shows an increase of 55% from FY 2017-18 to 2018-19 at the same time Justdial shows an increase of 6.53%. This is a positive indicator about the growth of Indiamart and a signal for Justdial to concentrate and to become more competitive.
8. The asset turnover ratio shows that Indiamart is making best use of its assets as compared to Justdial. But still Justdial is raising its ATR y-o-y.

Which one is better option, Indiamart or Justdial? It depends upon the nature of your products/services. If your offering has a B2B target audience then Indiamart can be a better option due to their bandwidth throughout the various Industries & SMEs. If your offering has a B2C target audience then Justdial can help you a lot due to their reach in the Indian market. But Justdial also have B2B e-commerce platform. They are good competitors and unique in their own way.

For B2B, choosing the right eCommerce platform is not a decision to be taken lightly. The user should have a customizable marketplace template to choose from to create an intuitive and user-friendly experience. That's why it's crucial for B2B eCommerce businesses to provide a more seamless transaction, building in advanced functionality to their sites for quote management, price negotiation, easy ordering, and inventory management.

Contributions made by: Mohammed Arshaq

Sources: <https://www.justdial.com/cms/investor-relations/annual-report>

<http://investor.indiamart.com/index.htm>