

Indian B2B Marketplaces to drive USD 125 billion by 2027, growing at a CAGR of c.45% over the next 5 years: Avendus Capital Study

Mumbai, April 12, 2023

Avendus Capital, India's largest Investment Banking franchise, launched a report that takes a deep dive into India's B2B e-commerce sector. According to the report, Indian B2B marketplaces are expected to drive the next leg of tech-led growth, growing at a CAGR of c.45% over the next five years and addressing a USD 125 billion market by 2027. These marketplaces have the potential to become multi-billion-dollar vertical outcomes across categories, addressing the huge whitespaces in the value chain with no large sophisticated traditional incumbents or horizontal ecosystems, unlike US and China.

Launching the report, **Varun Gupta, Managing Director, Digital and Technology Investment Banking, Avendus Capital** said, "India is the 7th largest manufacturing hub and 5th largest retail distribution market globally, presenting a USD 2 trillion+ B2B opportunity that is yet to see meaningful disruption with <1% tech penetration. Traditional supply chains still operate in a highly inefficient, fragmented, and localized manner through multiple intermediaries. We expect B2B marketplaces to drive exceptional growth, driving tangible benefits for all stakeholders across the value-chain and potentially benefiting 10mn+ SMEs. We anticipate strong value creation in the sector leading to 6-7 IPOs over the next five years."

According to **Ekta, Vice President, Digital and Technology Investment Banking, Avendus Capital**, "B2B marketplaces saw a baseline shift in growth post COVID with structural tailwinds supporting the tech disruption. Since then, the market has grown over 5x with 2/3rd of the total funding coming in and creation of nearly all unicorns in the segment. The models have evolved from pure-play discovery to full-stack integrated marketplaces with category leaders displaying sustainable economics at scale. Going forward, we expect to see continued private interest along with public market debut of leading players."

As per the report, global supply chain de-risking, China+1 policy and government PLI schemes are pushing the expansion of the domestic and exports opportunity. Leveraging favourable macro backdrop, vertical marketplaces are scaling up across categories such as industrial materials, contract manufacturing, medical supplies, FMCG etc. and solving for challenges unique to the individual supply chains from discovery to delivery. B2B marketplaces have demonstrated strong capital efficiency as the category leaders have demonstrated profitable growth.

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