redseer
Strategy Consultants

Industry Report

India 3rd Party Logistics Market

Client: Shadowfax

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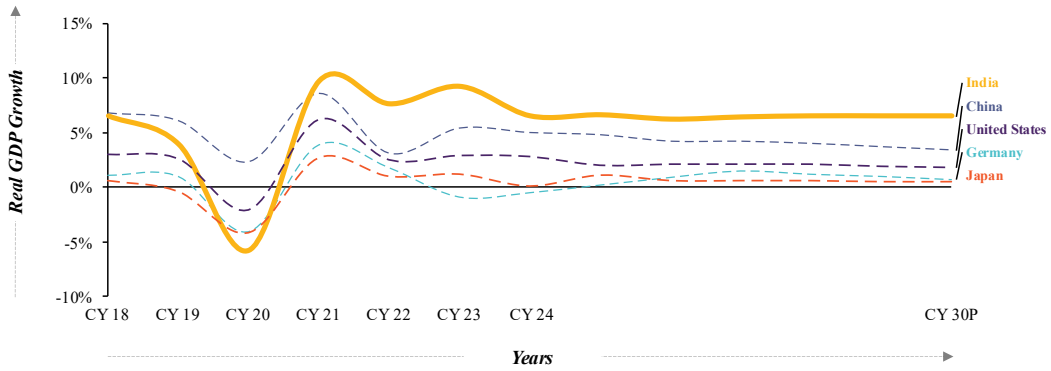
Chapter 1: India's Macroeconomic and Retail Outlook

1.1 India, one of the fastest-growing large economies, is transitioning into a consumption-led market, heralding substantial growth for its retail sector

India's Macroeconomic Context

According to the IMF, India is the fastest growing large economies in the world, standing fifth, with a nominal GDP of ₹332 trillion (US$3.91 trillion) in FY 2025 and ₹351 trillion (US$4.1 trillion) in FY2026. It has steadily grown by over 6.5% annually since FY2022, post Covid-19 period. Having overcome the disruptions caused by COVID-19, India is now on a strong growth trajectory, driven by substantial infrastructure investments, a favorable demographic dividend, improvements in ease of doing business, and deeper global economic integration.

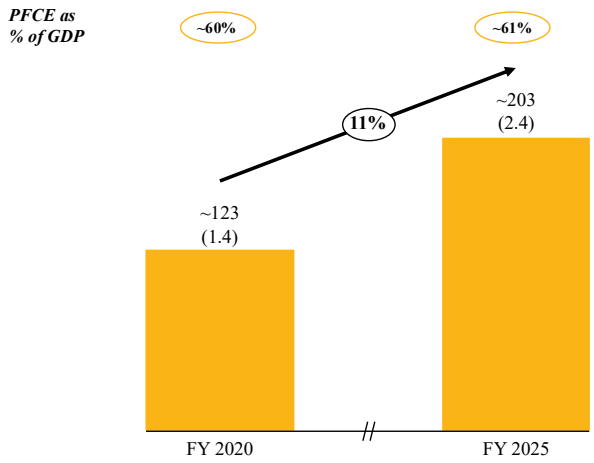
Figure 1: Real GDP growth – India, China, Germany, Japan and United States
In %, FY 2019 – 2025, FY 2031P (India), CY 2018 – 2024, CY 2030P (Other economies)



Note(s): Conversion rate: 1 US$ = ₹85
Source(s): International Monetary Fund (IMF)

With a large consumer base of ~1.5 billion people, India is gradually transforming to a consumption-led economy. According to the Ministry of Statistics and Program Implementation (MoSPI), PFCE as a % of GDP rose from ~60% in FY 2020 to ~61% in FY 2025. In India, PFCE grew at 11%, faster than the nominal GDP which grew at ~7% during the same period.

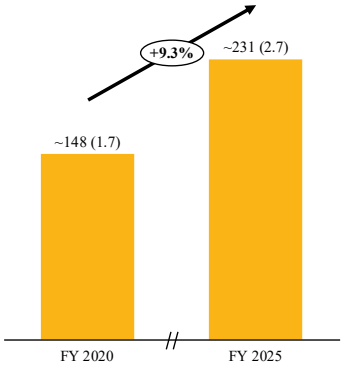
Figure 2: Private Final Consumption Expenditure (PFCE)
In ₹ trillion (US$ trillion), FY 2020, FY 2025



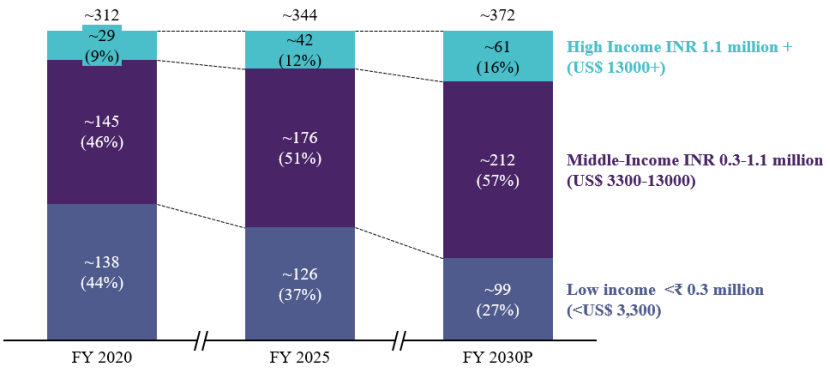
Note(s): 1. Second revised estimates ("2nd RE") have been considered for Fiscal Year 2020, and Provisional Estimates ("PE") have been considered for Fiscal Year 2025, 2. Conversion rate: 1 US$ = ₹85
Source(s): Ministry of Statistics and Programme Implementation (MoSPI)

One of the key drivers of this rising consumption expenditure is the rise in disposable incomes. India's disposable income (GNI per capita) has steadily grown at ~9.3% CAGR between FY2020-2025. This is largely sustained by the expanding high-income and middle- income households, which spend over three times more on food and retail per capita than low-income households. The number of high (earning INR 1.1 million +, US$ 13000+ per annum) and middle-income households (earning INR 0.3-1.1 million, US$ 3300-13000 per annum) in India has increased from ~174 million in FY 2020 to ~218 million in FY 2025. An additional ~55 Mn households is projected to be added in this segment by FY 2030.

Figure 3: GNI per capita - India
In ₹ 000 (US$ 000), FY2020, FY 2025



Household split by income groups in India
In Millions, FY 2020, FY 2025, FY 2030P

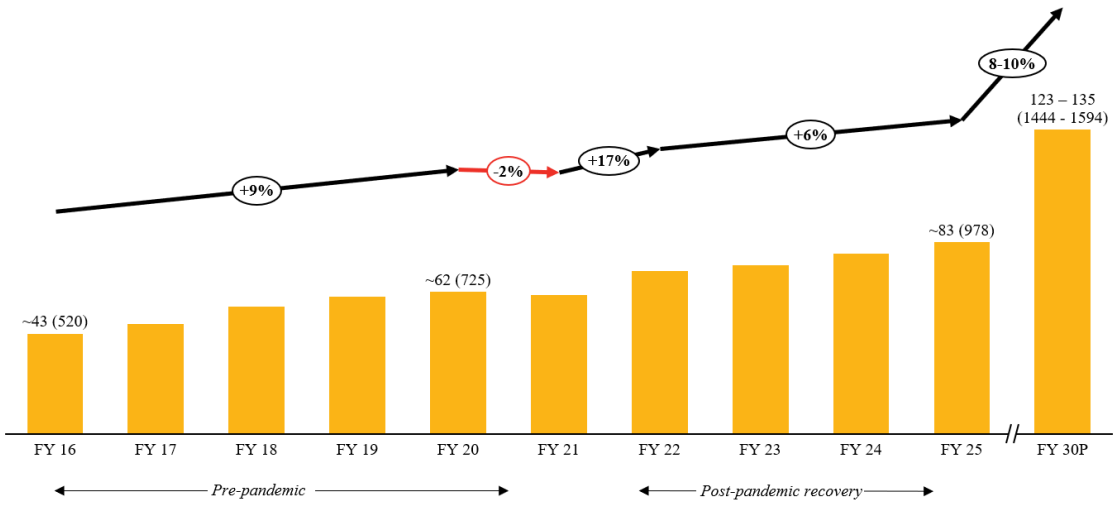


Note(s): 1. GNI per capita is at current prices, and Second revised estimates ("2nd RE") have been considered for Fiscal Year 2020, and Provisional Estimates ("PE") have been considered for Fiscal Year 2025, 2. Conversion rate: 1 US$ = ₹85, 3. Incomes are calculated based on real wage growth and account for wage inflation
Source(s): Ministry of Statistics and Programme Implementation (MoSPI), Redseer research and analysis

India's Retail Market

Indian retail market had observed a steady growth of ~9% between FY 2016 and FY 2020 before the momentum was disrupted by the pandemic. When COVID-19 restrictions eased, pent-up demand initially led to a surge in retail sales in FY 2022, with ~17% growth from FY 2021 before consumers gradually reverted to pre-pandemic spending patterns. The market is projected to grow at 8-10% CAGR from FY 2025 to FY 2030 due to the rising consumption trend.

Figure 4: Overall India retail market
In ₹ trillion (US$ billion), FY 2016 – FY 2025, FY 2030P



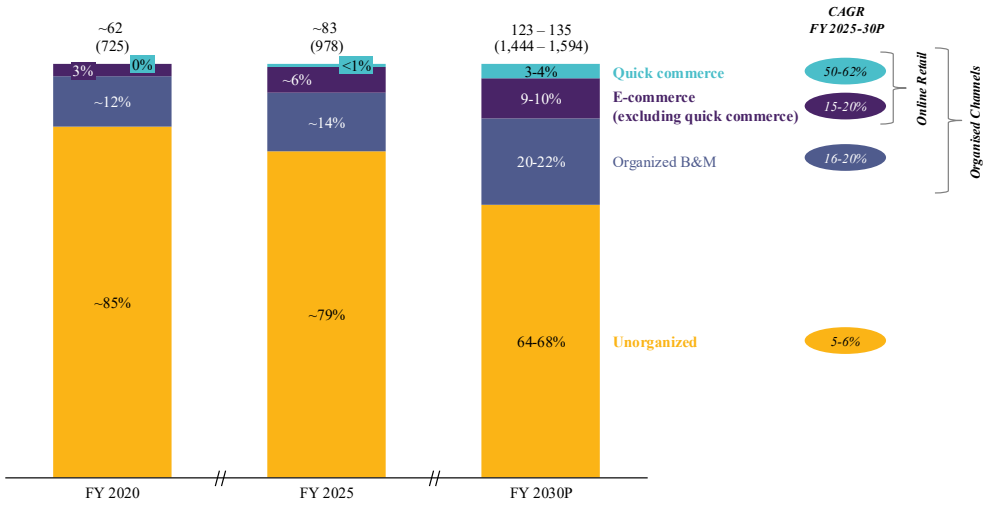
Note(s): Conversion rate: 1 US$ = ₹ 85
Source(s): Redseer research and analysis

1.2 India retail market is becoming more organized and is projected to grow at 8-10% CAGR till FY 2030, with organised channels expected to grow at higher rates

India's retail landscape is transitioning towards a more organized structure. Both organized channels (online and offline) are projected to grow symbiotically, attracting a new consumer base and converting users from unorganized retail through enhanced service offerings and operational efficiency.

On the supply side, organized players offer a diverse selection of quality products at competitive prices. They continue to strengthen their supplier networks, supporting ongoing enhancements in product quality and variety. Their scale enables them to negotiate favourable procurement terms, which can help them provide better and transparent value to customers through pricing and promotional offers.

Figure 5: India retail market – by channel
In ₹ trillion (US$ billion), FY 2020, FY 2025, FY 2030P



Note(s): 1. Calculated at the selling price before cancellations and returns. 2. CAGR figures and Market size figures might vary due to rounding adjustments 3. Conversion rate: 1 US$ = ₹85
Source(s): Redseer research and analysis

Online retail is the fastest growing channel and is significantly contributing to the growth of the organized retail market in India. Online retail is projected to grow at a 20-25% CAGR from FY 2025 to FY 2030. Of this, quick commerce is the fastest growing category with a growth rate of 50-62% till FY 2030. E-commerce (excluding quick commerce) accounted for approximately 6% of the Indian retail market in FY 2025 and is projected to grow at a CAGR of 15-20%, reaching a 9-10% share of overall retail by FY 2030. Online retail is expected to grow on the back of providing consumers competitive pricing, extensive selection, and convenience, emerging innovations like quick commerce- focusing on speed, simplicity, and ease- are gaining traction and growing even faster than traditional online retail.

This increasing scale of online transactions has accelerated demand for express logistics, as businesses prioritize seamless supply chain management. Additionally, the rapid rise of quick commerce is fueling demand for ultra-fast, hyperlocal deliveries, with consumers expecting near-instant access to both essential and discretionary products.

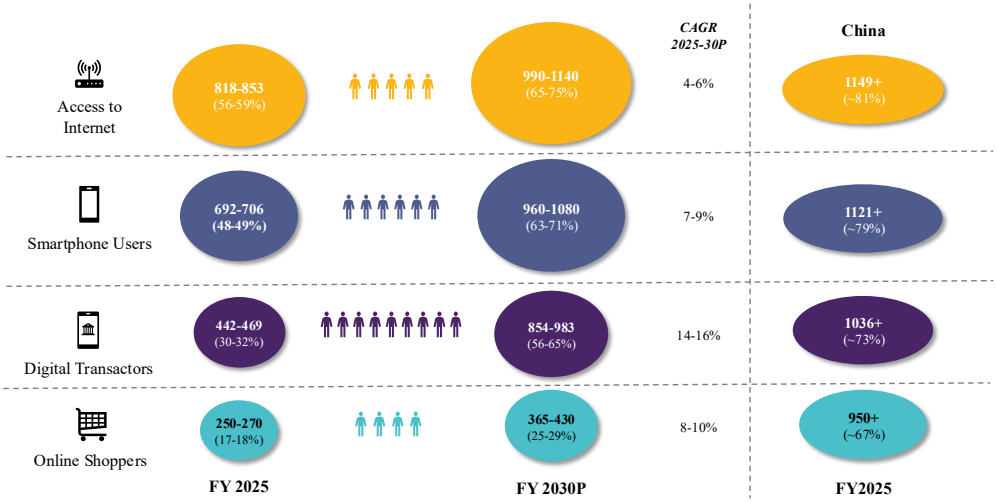
In comparison to global markets, India continues to show substantial room for growth in online retail. As of CY 2024, online retail contributed to ~32% and ~19% to the overall retail market in China and the USA respectively. In comparison, India's online retail only contributed to ~7% in FY 2025.

1.2.1. India's expanding digital funnel and shifting demographics are fuelling the growth of the online retail market and convenience led consumption

Today, an increasing number of consumers are turning to online channels not just for shopping but also for services for ordering food, groceries and booking cabs, among others. This digital penetration is being driven by multiple structural growth drivers, including a young population and expanding digital funnel with growing internet users, smartphone users, online transactors and shoppers:

1. **Expanding digital adoption:** Online shoppers in India are projected to increase at 8-10% CAGR from FY 2025 to reach 365-430 million by FY 2030. This growth has been spurred by affordable smartphones, priced at an average of US$ 222 compared to US$ 440 in developed markets alongside low data cost, with an average price of ~US$ 0.16 per GB, compared to ~US$ 6 in the USA and ~US$ 0.36 in China. Additionally, regulatory reforms, such as the Digital India, India Stack, etc. have boosted consumer confidence in digital transactions. When compared to countries like China which boast 80-85% penetration of online shoppers as percentage of internet users in FY 2025, India presents huge room for growth. Additionally, widespread adoption of online services and digital commerce has also boosted this growth in online shoppers. The digital commerce market encompasses all consumer purchases made online for products and services through websites, mobile apps, or other platforms, using varied payment methods like digital wallets, cards, etc.

Figure 6: Digital internet funnel
In million (as % of population), FY 2025, FY 2030P



Note(s): The CAGR is calculated using the lower bound of the current range as the base and the lower bound of the projected range as the future value
Source(s): Redseer research and analysis

2. **Demographic developments**: The pandemic significantly accelerated the adoption of hyperlocal services as customers turned to contactless ordering and delivery to meet their needs safely and conveniently. This shift not only normalized reliance on hyperlocal channels but also reshaped consumer expectations for speed, transparency, and simplicity in services. Retail innovations like online food services and quick commerce, characterized by high purchase frequency and low average order values, are driving this trend. These models encourage low-friction, habit-forming behaviours, making them an integral part of online shopping experiences in a short time. Key demographic developments further contributing to this convenience-led consumption include:
    a. **Urbanization**: Primarily popular in the top 50 cities of India (as per population), quick commerce is fostered by these dense urban spaces of India. As of CY2024, ~535 million people resided in urban areas per United Nations estimates, a population larger than the entire United States (~345 million).
    b. **Nuclearization of households:** The average household size in India has decreased from 4.4 in CY 2018 to 4.2 in CY 2024, leading to a rise in nuclear households, with a projected increase of 49-60 million nuclear households by CY 2030. Time-constrained working couples are prioritizing convenience over traditional options, driving a surge in online shopping for essentials like groceries and ready-to-eat meals.
    c. **Increase in female labour workforce participation**: According to the Periodic Labor Force Survey (PLFS), the female labour force participation rate has grown from ~25% in FY 2019 to ~42% in FY 2024. The transformation is fuelled by several significant factors, including educational advancements, structural shifts in India's economy broadening the landscape for

female employment. Consequently, this has increased dual-income households, resulting in a noticeable increase in a growing demand for convenience-driven solutions.

d. **Digital native young demographic**: With the GenZ (those in the age category of 11–26 years) and millennials (those in the age group of 27–42 years) forming ~53% of the Indian population in CY 2024, newer consumption patterns prioritising speed and digital convenience are likely to witness continued structural growth.

3. **Potential for per capita e-commerce growth:** Compared to global markets, India's per capita e-commerce spend as % of its per capita income is 1-2% when compared to countries like China and the USA, where figures stand at 8-10% and 3-5% in CY 2023. However, India's e-commerce market (excluding quick commerce) is projected to grow at a CAGR of 15-20% from FY 2025 to FY 2030, faster than growth rates of mature markets like China and the USA.

Chapter 2: India Logistics Overview

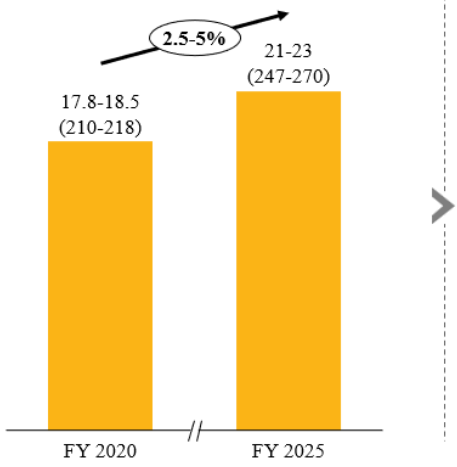
2.1 The Indian logistics market is valued at ₹21-23 Tn (US$ 247-270 Bn) in FY 2025

India's logistics market is a dynamic ecosystem catering to both B2B and B2C segments. B2B logistics primarily focuses on bulk movement of goods for industrial and commercial purposes between manufacturers, suppliers, distributors, and retailers. On the other hand, the B2C and C2C segments focus on smaller shipments catering directly to end consumers and individual needs.

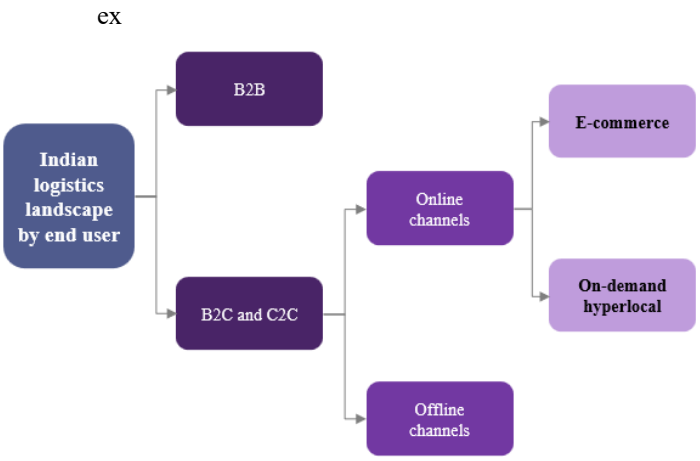
B2C logistics is divided into offline and online channels. Offline B2C logistics largely serves traditional retail channel often relying on local transport providers. In contrast, online B2C logistics, which includes e-commerce and hyperlocal delivery, is highly organized and technology-driven, featuring real-time tracking, automated supply chains, and efficient returns management. C2C logistics overlaps with B2C by enabling peer-to-peer shipments for personal needs, supported by courier services and app-based platforms.

As of FY 2025, the overall Indian logistics market is estimated to be at ₹21-23 Tn ($ 247-270 Bn) which grew at a CAGR of 2.5-5% since FY 2020.

Figure 7: India logistics market size
In ₹ trillion (US$ billion), FY 2020, FY 2025



India logistics overview
Illustrative



Note(s): 1. Logistics includes the transportation and handling of goods between points of production and consumption, storage, value addition, and allied services. 2. Conversion rate: 1 US$ = ₹85
Source(s): National Council of Applied Economic Research (NCAER), India Economics Survey 2017-18, 2019-20, Redseer research and analysis

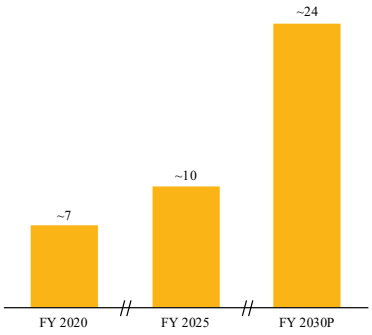
India's Logistics Performance Index (LPI) increased to 3.4 in CY 2023, ~0.3 and ~0.4 points behind China and the USA, respectively. Calculated by the World Bank, the LPI scores countries on six key dimensions, i.e., customs efficiency, infrastructure quality, shipment ease, logistics service quality, tracking ability, and timeliness.

Some of the notable developments in this market aim to reduce logistics costs, foster industry consolidation, and enable sustainable growth in the logistics market. Government initiatives such as Bharatmala and Gati Shakti are improving connectivity through extensive highway networks and corridor-based infrastructure, while digitization efforts, including FASTags, e-way bills, and digital fuel cards, are optimizing workflows. The National Logistics Policy further aims to reduce logistics costs through technology integration, multimodal logistics parks, and warehousing standardization.

In addition, logistics industry has benefitted from large pool of gig workers, that allows logistics players to have a flexible workforce that is scalable and agile. Their ability to work on demand allows logistics companies to adjust workforce capacity in real time, reducing idle costs and improve cost efficiency. As per NITI Aayog, gig workers are broadly classified into platform and non-platform workers. Non-platform gig workers are generally casual wage workers and own-account workers working part-time or full time, such as contract workers. Platform workers whose work is based on online software apps or digital platforms typically working in sales, lower complexity on-demand services (such as e-commerce logistics, hyperlocal services such as passenger mobility, etc.). These platform workers are part of the driving force for the logistics industry.

As reported by NITI Aayog, as of FY 2025, there are ~10 million gig workers in India, including platform and non-platform workers, making up ~2% of India's workforce. This number is projected to rise to ~24 million by FY 2030, expected to make up ~4% of the total Indian workforce as per the estimates. As the gig workforce in India continues to expand, the logistics industry stands to benefit from enhanced flexibility and scalability in operations. In comparison, China has ~200 million gig workers over 2021-2024, representing ~23% of the Chinese workforce.

Figure 8: Number of Gig Workers in India
In million, FY 2020-25, FY 2030P



Note(s): As per NITI Aayog estimates considers non-agricultural workers in the top 100 cities of India within the age group of 18-45 years, education qualifications of secondary school to graduation and workers whose household consumption expenditure is below 75th percentile of monthly per capita consumption expenditure (MPSE) who have access to mobile phones and as having a bank account. These workers belong to curated list of 21 occupations (as per National Classification of Occupation 2004) ranging from finance associates to motor vehicle drivers and 15 industries (as per National industrial Classification) ranging from construction to food services
Source(s): NITI Aayog

2.2 Online B2C logistics, segmented into e-commerce and on-demand hyperlocal, are handling 8-9 Bn shipments as of FY 2025

Online B2C logistics serves both e-commerce and hyperlocal retail. E-commerce typically involves transactions across regions, cities, or even countries, relying on centralized platforms, warehouses, and logistics networks for delivery. It relatively has longer fulfilment timelines and primarily focuses on non-grocery product categories.

In contrast, hyperlocal commerce caters to immediate local demand by connecting nearby sellers/ dark stores - often within minutes to a few hours, comprising of quick commerce and other on-demand hyperlocal services. This includes hyperlocal deliveries of groceries, daily essentials, and other product categories, alongside hyperlocal food services and various on-demand deliveries.

Figure 9: B2C Online Logistics Landscape
Descriptive

	E-commerce		On-Demand Hyperlocal	
Sub-sectors	**Horizontals**	**Non-Horizontals**	**Quick Commerce**	**Food & others**
Definition	Horizontal marketplaces offer a broad spectrum of product categories, providing consumers with a one-stop platform to shop	Non-horizontal marketplaces focus on niche categories, including vertical marketplaces dedicated to a specific sector (e.g., fashion, electronics), D2C brands, and others	Quick commerce platforms deliver fast-moving consumer goods and retail essentials to consumers within ultra-short delivery windows, typically under 30 minutes.	This category primarily focuses on hyperlocal delivery services for food, meat, gifting solutions, and consumer-to-consumer (C2C) transfers.
Categories	Wide selection of categories - electronics, fashion, BPC[1], furniture, home and décor, general merchandise[2] etc	Focused product ranges like electronics, BPC[1], fashion, groceries, or niche categories (e.g., luxury items)	As of FY 24, majorly groceries. Upcoming categories are BPC[1], Electronics, Home, Fashion	Food, Meat, Gifting, Consumer to consumer transfers
Delivery timeline	Same-day to longer delivery timelines		<30 Mins	30 Mins- 2 Hr
Total Shipments (FY 2025)	4-4.3 Bn	0.9-1 Bn	1.1-1.3 Bn	2-2.2 Bn
3PL Outsourcing (FY 2025)	33-34%	~74%	~15%	~13%

Note(s): 1. BPC stands for Beauty & Personal Care 2. General Merchandise includes categories such as Books & Media, Auto Accessories, Toys, Sports & Fitness, Household Supplies etc. 3. E-commerce shipments includes the total volume of shipments including Delivered plus RTO (single parcel count for forward and return legs of RTO) plus Reverse Pick-Up shipments across eCommerce, D2C, Formalized social commerce, omnichannel by traditional brands.
Source(s): Redseer research and analysis

Different logistics models have evolved to serve the needs of e-commerce and on-demand hyperlocal services. While hyperlocal logistics must solve for last mile deliveries in very tight timelines, e-commerce logistics requires delivering shipments from warehouses to customers, over multiple centers and often across geographies. It requires logistics operators to manage a very complex environment, with a distributed seller base and extensive nationwide coverage, while also solving for speed of deliveries.

Beyond these fundamentals, evolving consumer expectations have increased the complexity of logistics operations. Companies now cater to diverse product categories, including heavy and bulky items, while efficiently managing returns and exchanges. Additionally, convenience-driven services such as open-box delivery have become essential, further shaping the logistics landscape. This highlights the diverse and complex logistics requirements of India's digital commerce ecosystem.

Traditional logistics providers, primarily focused on courier and document delivery, were not fully equipped to meet the evolving demands of the e-commerce sector. Their operations lacked the necessary scale and infrastructure to ensure faster deliveries, advanced technology integration required for real-time tracking and efficient management of high-volume, non-document shipments. They also lacked capabilities to handle the complexities of e-commerce logistics, such as managing returns, handling cash on delivery (COD) transactions, and ensuring real-time reconciliation of payments. These challenges often led to significant working capital issues for e-commerce platforms, as delays and inefficiencies in the logistics process could disrupt cash flow and inventory management.

This gap in the market created a white space for new-age logistics players who leveraged technology and innovative solutions to address these specific needs. By offering faster, more reliable deliveries, seamless tech integration, and expertise in handling high-volume shipments and COD transactions, they positioned themselves as a superior alternative to traditional logistics providers in the Indian e-commerce market.

These include the captive logistics arms of major horizontal players and Third-Party Logistics (3PL) providers, which gained prominence as e-commerce expanded into more regions and business models. Captives are in-house logistics services used by players for order fulfilment, a capability developed by large horizontal players to manage high shipment volumes, faster deliveries, ensuring greater control over operations and customer experience. However, despite multiple platforms having captive logistics arms, e-commerce platforms continue to rely on 3PL for multiple needs.

3PL providers offer extensive pin code coverage and access to broader network to manage shipments efficiently, designed to serve all kinds of online retailers. They also provide digital shipment channels to many small and emerging retailers in India, including D2C brands (D2C or Direct-to-consumer companies/brands include both new age brands websites and traditional brands websites platforms that sell products through their own websites or apps), enabling them to streamline shipments without the need for their own logistics arm or network- an investment that would have required significant upfront capital. These providers offer both comprehensive logistics solutions and manage specific segments such as first-mile, mid-mile, last-mile, and returns, thereby enhancing operational efficiency and reducing costs.

In newer online retail models, such as hyperlocal commerce, 3PL players play a crucial role in enabling seamless last-mile logistics. Hyperlocal deliveries have very short timelines, ranging from 10-15 minutes to a couple of hours, often necessitating single shipment deliveries. Hence optimizations to minimize time and cost of deliveries play a crucial role. These models require a tech-first approach, real-time fleet management, and other innovations to ensure efficiency and meet the growing demands of consumers.

Chapter 3: 3PL E-commerce Logistics Deep-dive

3.1 E-commerce logistics is a complex, multi-layered process

The e-commerce logistics value chain is divided into three primary sections:

- First-mile: picking up shipments from warehouse / sellers and bringing them to source mother hub/sortation centres
- Mid-mile: Transporting shipments from source-centers to destination centers
- Last-mile: Delivering parcels from destination centers to customers, last-mile is the most intricate stage of the process

Last-mile logistics demands precise coordination across multiple centers, timely execution for same-day deliveries, and efficient handling of goods at drop-offs and return pickups to ensure an overall smooth process. These requirements significantly increase manpower needs, driving up costs with operational complexities such as cash on delivery shipments, open-box delivery for high value goods items, etc., making a robust technological system essential for efficiency and coordination amongst all agents in the ecosystem.

Basis the last mile delivery status, a shipment can be classified into 3 main types.

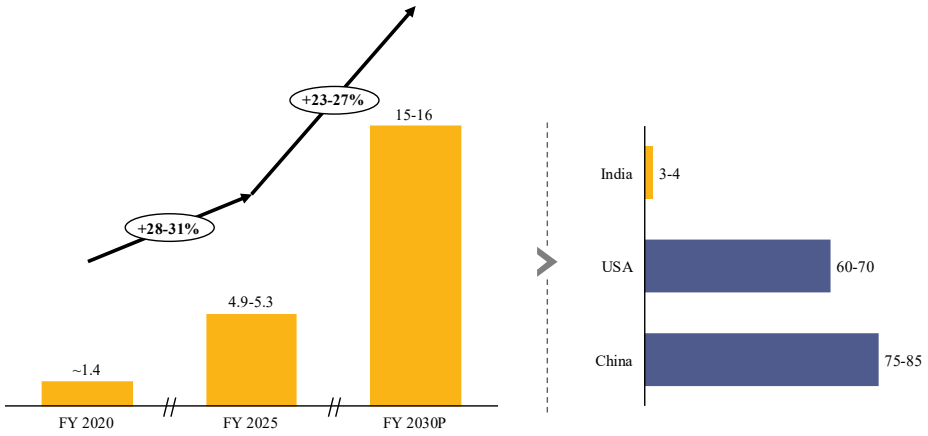
1. **Shipment Delivered**: A forward shipment that is accepted by the customer
2. **Return-to-Origin (RTO)**: A shipment that has not been delivered and returned to its origin. It has 2 legs in its journey – a forward leg towards the destination and a return leg back from the destination to the origin
3. **Reverse pickup (RVP)**: A shipment that has been picked up from the customer for return after it has been delivered

3.2 As of FY 2025, e-commerce logistics (excluding grocery) handled 4.9-5.3 billion shipments, growing at stronger pace than the e-commerce retail, mirroring trends observed in China

The e-commerce logistics ecosystem in India has seen a growth of 28-31% in the previous five financial years to reach 4.9-5.3 billion shipments in FY 2025. This is projected to reach 15-16 billion shipments in FY 2030, growing at 23-27% CAGR. As of FY 2025, India is at 3-4 shipments per capita which is much lower than global counterparts like China and the USA with 75-85 and 60-70 shipments per capita respectively, highlighting the substantial untapped growth potential within India's e-commerce logistics market.

Figure 10: E-commerce (excluding grocery) shipments
In billion, FY 2020-2025, FY 2030P

Per capita shipments
In #, FY 2025



Note(s): 1. E-commerce shipments includes the total volume of shipments including Delivered plus RTO (single parcel count for forward and return legs of RTO) plus Reverse Pick-Up shipments across eCommerce, D2C, Formalized social commerce, omnichannel by traditional brands.
Source(s): Redseer research and analysis

New-age, tech-driven logistics companies are adopting asset-light models by utilising gig workers and franchise partners, and maintaining robust control over network partners enabled by proprietary technology systems. In

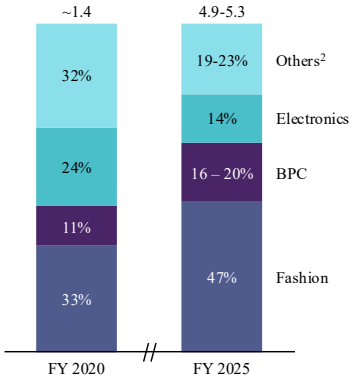
China, logistics operators primarily leverage extensive franchise partner networks for pick-up and delivery while owning mid-mile assets, resulting in varying levels of asset intensity.

As of CY 2024, China handled ~175 billion domestic express delivery parcels, rising at a CAGR of ~22%, ~1.3x of its GMV growth. Similar trends are also observed in India where shipments volume growth also exceeds the overall e-commerce growth.

3.2.1 Growth in lower AOV categories like fashion is contributing to a faster pace of shipment growth

The e-commerce retail market is observing uptick in number of shipments with ~4-6% CAGR decline in average shipment value[1] from FY 2020 to FY 2025, primarily driven by increasing volumes of low Average Order Value (AOV) categories such as fashion, Beauty & Personal Care (BPC), etc. (constituting ~85% of the overall e-commerce shipments). With platform democratization and uptick in the online shopper base, tier 2+ cities contributed ~55% to the e-commerce GMV and ~62% of total shipments, indicating room for growth in number of shipments.

Figure 11: Shipments by category
In billion, FY 2020, FY 2025



Note(s): 1. Includes average shipment value of Delivered plus RTO (single parcel count for forward and return legs of RTO) plus Reverse Pick-Up shipments across eCommerce, D2C, Formalized social commerce, omnichannel by traditional brands. It excludes hyperlocal shipments from Grocery, Meat, B2B, BFSI, and C2C segments. 2. "Others" category here includes home & furniture, books and general merchandise, babycare,etc.
Source(s): Redseer research and analysis

3.3 3PL players cater to 40-42% of this logistics demand in FY 2025, with heavy reliance from faster growing non-horizontal categories

Third-party logistics (3PL) providers developed capabilities to serve multiple platforms, offering extensive pin code coverage. Emphasizing cost optimization and expansive reach, the 3PL sector consists of numerous players, with only a few operating as nationwide organized entities. These providers deliver end-to-end logistics solutions and also assist captive logistics by managing specific segments such as first-mile, mid-mile, or last-mile, enhancing overall efficiency and reducing costs.

In FY 25, 3PL catered to 40-42% of the total shipments. Key trends in the 3PL e-commerce logistics market are as follows.

3.3.2 Horizontal platforms continue to outsource to 3PL partners with ~33-34% of all horizontal shipments outsourced as of FY 2025

While horizontals leverage their captive arm for 66-67% of their shipments, they will continue to utilize 3PL providers due to niche and sometimes complex requirements by e-commerce platforms for wide reach, specialised requirements for large shipment and high-value deliveries, reverse logistics, etc. Key growth drivers for 3PL outsourcing include:

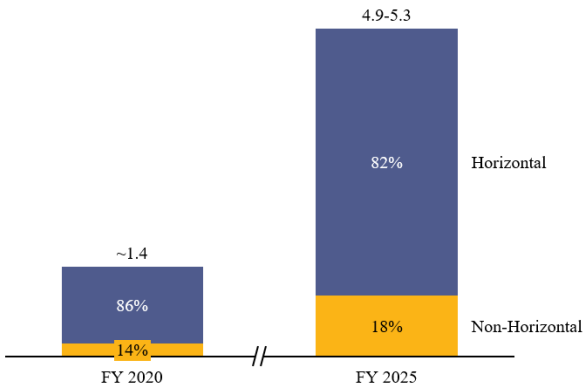
[1] Average Shipment Value is defined as E-commerce GMV/Forward Shipments

1. **Efficient handling during peak demand seasons**: The capacity of captive e-commerce logistics players is built to handle the usual demand from customers, they often rely on 3PL partners to manage peak demand periods like festive and major special sales. With 10+ indices of sales across the year, 3PL partners help optimize demand management offering a pool of flexible and variable rider base.
2. **Geographic reach**: 3PL players cater to more pin codes. With growth for these platforms coming from tier 2+ cities, e-commerce platforms rely on 3PL providers for such orders/shipments.
3. **Diversification of seller network**: The rise of e-commerce has broadened the seller base to diverse regions across India, increasing supply chain complexity. While earlier challenges were centered on demand in Tier 2+ regions, the growing seller ecosystem has shifted complexities to the supply side. Managing widespread pickups from homepreneurs now requires end-to-end 3PL operators equipped to handle these intricacies efficiently.

3.3.3. Non-horizontals outsourced ~74% of their shipments to 3PL players in FY 2025 offering them more space to focus on core competencies

Of all e-commerce shipments, ~18% shipments belong to newer, more diverse non-horizontal platforms. This includes category specific platforms and D2C brands. D2C brands include both new age brands website and traditional brands websites that sell products through their own websites or apps. This segment has outpaced the growth of horizontal platforms by ~8 percentage points from FY 2020-2025.

Figure 12: E-commerce shipments - by business model
In billion, FY 2020-2025



Note(s): 1. E-commerce shipments includes the total volume of shipments including Delivered plus RTO (single parcel count for forward and return legs of RTO) plus Reverse Pick-Up shipments
Source(s): Redseer research and analysis

3PL is the preferred logistics partner for non-horizontal platforms which typically grow faster than horizontal platforms with a CAGR of 35-37% from FY 2020 to FY 2025. Notably, captive logistics providers that cater to non-horizontal players predominantly operate for vertical marketplaces dedicated to a specific sector. These marketplace's reliance on their parent company's captive logistics arm has marginally increased the share of captives. As of FY 2025, 3PL providers handled ~74% of the non-horizontal shipments.

Following are some of the reasons why non-horizontals continue to rely on 3PL:

1. **Focus on core competencies**: Outsourcing logistics allows these platforms to focus on their core competencies such as product development, marketing, and customer service rather than building a complex logistics arm on their own.
2. **Expertise and efficiency**: 3PL providers specialize in logistics and supply chain management. They have expertise in technology, and processes needed to handle complex logistics tasks efficiently. This allows non-horizontal platforms to benefit from high-quality logistics services without having to build this capability in-house.

3. **Scalability and flexibility**: 3PL providers offer scalable solutions that can grow with the business. Whether there is a sudden surge in demand or a need to enter new markets, 3PLs can quickly adapt to the changing needs of the business. This flexibility is crucial for D2C brands, social commerce platforms, and omnichannel retailers, which often experience fluctuating demand.
4. **Cost savings and avoiding capital intensive investments**: Outsourcing logistics to 3PL providers allows platforms to avoid capital-intensive investments in warehousing, transportation, and technology. Leveraging economies of scale, 3PLs lower logistics costs while using delivery data to predict RTO occurrences and detect fraud, reducing expenses further. This is especially advantageous for smaller brands, helping them manage higher fulfillment costs as a percentage of order value and enabling express deliveries at competitive rates to enhance efficiency.

3.3.4 Captives also unbundle supply chain, outsourcing various stages of the e-commerce supply chain to 3PL partners

A significant shift in the logistics industry is the unbundling of supply chains, where even captive logistics arms increasingly outsource parts of their operations to 3PL providers. While captive players traditionally managed end-to-end supply chains in-house, the operational and cost efficiencies offered by 3PLs have led to a more fragmented yet optimized approach. This trend sees captive players outsourcing various stages of the e-commerce supply chain- including first-mile pickup, mid-mile transportation, and last-mile delivery to 3PL providers. The reasons range from cost reduction and service quality enhancement to network expansion and the ability to handle fluctuating demand efficiently. Even for captive shipments, they often integrate 3PL services at different touchpoints, leveraging their expertise in scaling capacity, improving transit times, and navigating complex fulfillment challenges.

3.4 As e-commerce grows and users mature, the demand for value-added services aimed at improving customer experience is expected to increase

As e-commerce continues to expand and consumers become more sophisticated, the need for value-added services that enhance customer experience is becoming increasingly critical. Consumers now expect tailored recommendations and offers that cater to their individual preferences, not only for products but also for the overall shopping experience, including delivery timelines and post-purchase services. Efficient last-mile delivery is crucial in meeting these expectations, ensuring timely and accurate order fulfillment. Additionally, easy returns, responsive customer support, and loyalty programs significantly enhance the overall shopping experience, encouraging repeat business and fostering long-term relationships with the marketplaces/brands. One of the key drivers of the next wave of growth for 3PL providers will be solutions that enhance the end-customer experience.

3.4.1 Evolving customer expectations for faster deliveries are driving improvements in overall customer experience

India's e-commerce sector is evolving rapidly, with same-day delivery emerging as a critical factor in enhancing customer experience. Drawing inspiration from China's fast delivery ecosystem, Indian companies are investing heavily to meet the rising demand for quicker order fulfilment. Consequently, e-commerce platforms and retailers are leveraging same-day delivery as a key differentiator to address growing consumer expectations for speed, especially during peak periods. Delivery speed plays a crucial role in ensuring a high-quality end-consumer experience, a factor that has become even more significant with the growing adoption of quick commerce.

Leading e-commerce platforms are now offering same-day deliveries across major metropolitan and tier-I cities. This shift is facilitated by the establishment of urban fulfillment centers and dark stores, which enable brands and retailers to position products closer to consumers, thereby reducing delivery times. As the e-commerce sector continues to evolve, same-day delivery is expected to become a standard offering, reshaping consumer expectations and setting new benchmarks for service excellence in India's dynamic market.

3.4.2 With fashion projected to contribute to almost one-fourth of the online retail market by FY 2030, post-purchase services like reverse pick-ups will help enhance customer experience

A reverse pickup shipment refers to an order collected from the customer for return after delivery. Managing reverse pickups requires careful attention to factors such as efficient order collection from diverse locations, timely pickups, conducting quality checks, accurate tracking, reliable communication, and minimizing customer inconvenience, all while controlling associated costs. Any discrepancy in this process can result in the seller

rejecting the returned goods, or the need for refurbishment- such as reintegrating the product into stock in cases of customer misuse. These issues increase costs for logistics players, making reverse logistics an area that requires extra attention to minimize avoidable expenses.

The addition of services like simultaneous exchange item drop-offs and reverse pick-ups further complicates the process. 3PL providers solve this with their advanced quality control systems and extensive reach extending across city tiers. Reverse pick-ups and exchange logistics are highly complex operations that demand strict control and quality checks and incur additional costs. Due to this, players across business models continue to rely on 3PL partners for such deliveries. Also, the need for specialized checks and specific capabilities typically pushes the yield for a reverse pick-ups shipment higher.

As of FY 2025, 3PL providers executed ~0.2 billion reverse pick-ups, having grown at ~27% from FY 2020 to FY 2025, closely mirroring the growth of fashion in online retail.

The highest return rates, in terms of volume, in the industry is attributed to the fashion product category. This along with fast growth of the category is projected to drive returns in the future. With the increase in purchases from e-commerce platforms from new-to-online customers, returns from such categories can also be expected to increase. Return shipments would invite specialized logistics services which incorporate stringent quality checks, parcel pickup from customers, etc.

Chapter 4: 3PL On-Demand Hyperlocal Delivery Deep-Dive

Hyperlocal market refers to the rapid and localized delivery of goods and services within a specific geographic area, often within hours or even minutes. It enables quick commerce for fast-moving consumer goods, groceries, electronics, and fashion, as well as hyperlocal services such as food delivery, gifting solutions, and consumer-to-consumer (C2C) transfers. By harnessing technology, streamlined supply chains, and real-time demand forecasting, hyperlocal logistics enhances convenience and efficiency for businesses and consumers alike, transforming dense urban areas into self-sustaining market hubs.

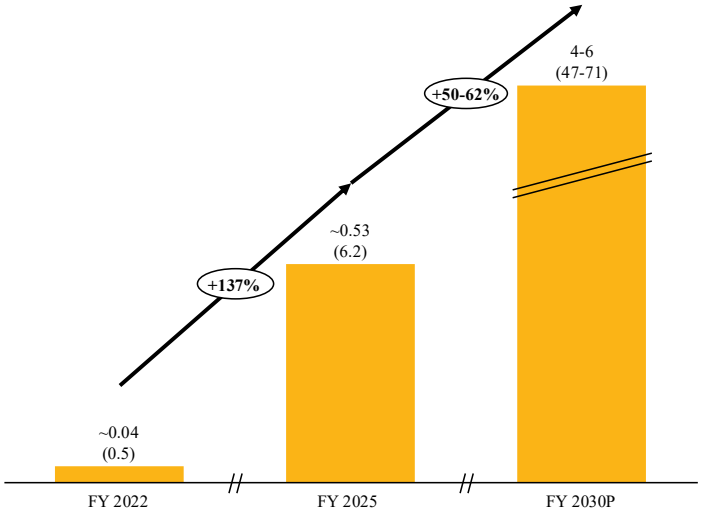
4.1 Quick commerce has been growing rapidly but is still at a nascent stage in India's large and highly fragmented retail market, which represents a significant headroom for growth in the future

While consumers increasingly shifted online wanting a wider range of options and improved access, the delivery timelines for existing e-commerce models spanned from a day to multiple days depending on several factors. Traditionally, the key offerings of these platforms centered around doorstep delivery, selection, and value for money. However, with the increasing purchasing power and time-constrained lifestyles of urban consumers, the demand for reduced delivery times, fresher products, and more 'last-minute' purchases has grown.

Quick Commerce platforms, offering product deliveries within less than 30 minutes as of FY 2025, addresses these needs. High-density demand allows quick commerce players in India to operate faster than leading players in markets like the USA and UK. Average delivery times for quick commerce players globally remain ~30 minutes.

Due to above reasons, quick commerce platforms have grown rapidly between FY 2022 and FY 2025, to reach a market size of ~₹ 0.53 trillion (US$ 6.2 Billion) as of FY 2025. Going forward, Quick Commerce market is projected to grow at a CAGR of 50-62% between FY 2025 and FY 2030.

Figure 13: India quick commerce GMV
In ₹ trillion (US$ billion), FY 2022,2025, FY 2030P



Note(s): 1) Calculated at the selling price before cancellations and returns 2) Conversion rate: 1 US$ = ₹85
Source(s): Redseer research and analysis

There are multiple drivers for the growth of quick commerce platforms in India:

1. **High adoption by users leading to rapid expansion across multiple cities:** As of July 2025, Quick Commerce platforms are present in 150+ cities in India (as per population) and are expanding rapidly beyond these as well. The strong momentum seen in Tier 1 cities highlights the broader untapped opportunity to be captured by Quick Commerce. The high adoption of users is also witnessed by the increasing number of Annual Transacting Users (ATU) rising >20x between FY 2022 and FY 2025. This is further projected to increase as city tier adoption goes up.
2. **Evolution from a grocery-only to a multi-category play:** As quick commerce players service newer categories, incremental demand across such categories (including high-value categories like

mobiles, electronics, and fashion) is shifting towards Quick Commerce. This is visible from the increasing share of non-grocery GMV rising to ~23% in FY 2025. This will drive higher average order values ("AOVs") and consumer wallet share.

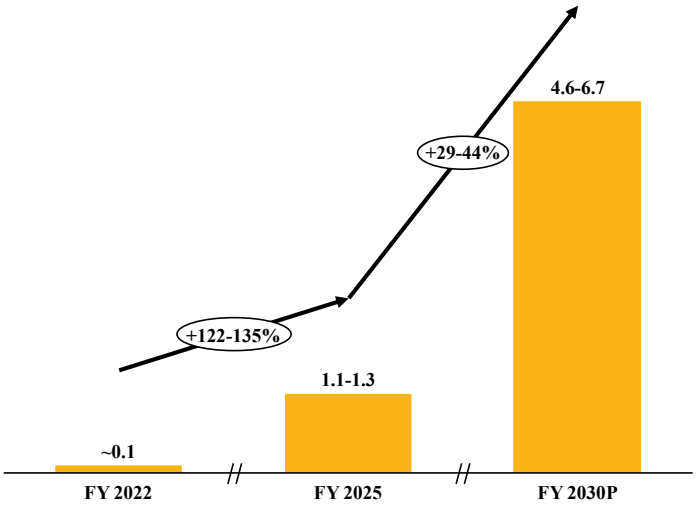
3. **High population density in urban India enables faster path to profitability:** Quick Commerce platforms benefit from economies of scale in India's urban hubs, where short delivery times are viable due to the high density of consumers with rapid urbanisation. India's early success in adopting Quick Commerce stands out globally, with the sector not only expanding rapidly but also showing early signs of achieving profitability- a challenging milestone in many other markets.

4.1.1 Quick commerce caters to 1.1-1.3 billion shipments as of FY 2025 projected to grow at a CAGR of 29-44% till FY 2030P

Quick commerce shipments are in the nascent stage in India. This market especially stands out for consumers in metro cities as seen in their significant yet growing user base and higher purchase frequency. The Covid - 19 pandemic had a positive effect on the hyperlocal delivery market as people shifted online for essential goods. This market is expected to grow significantly over the coming years as more and more people become comfortable with ordering daily needs such as milk, eggs, breads etc. online.

With high-frequency use cases, consumers rapidly gain comfort and transact on platforms while showcasing improving stickiness over time. As of FY 2025, quick commerce observed 1.1-1.3 billion shipments, poised to grow at a CAGR of 29-44% till FY 2030.

Figure 14: Number of quick commerce shipments
In billion, FY 2022, FY 2025, FY 2030P



Source(s): Redseer research and analysis

Shipments will continue to grow alongside the market, driven by evolving fulfilment methods as product category expansion and stricter timelines push for innovation. For instance, as the product range expands, orders are increasingly being split into multiple packages, with certain categories being shipped from larger dark stores.

4.1.2 As quick commerce expands and competition intensifies, players are likely to depend on 3PL partners to meet their logistics requirements efficiently

Key partnerships in the ecosystem is driving outsourcing to 3PL for quick commerce shipments. As of FY 2025, ~15% of quick commerce shipments were outsourced to 3PL partners.

Some of the key trends for 3PL players in the industry are as follows:

1. **Managing peak demand**: As quick commerce industry expands, players will continue relying on 3PL hyperlocal delivery service providers to cater to their increasing demand, peak hours and high demand seasons.

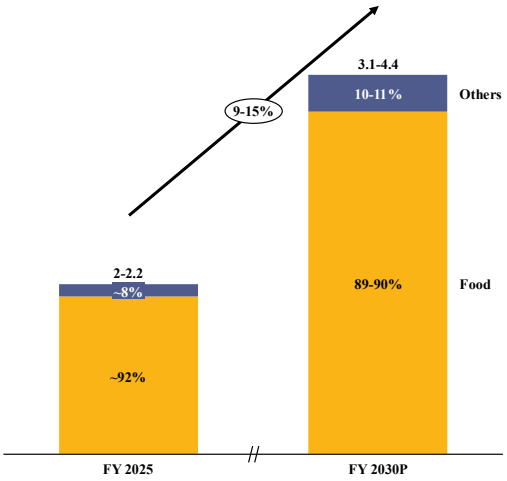
2. **Unlocking Growth in Emerging Markets**: With >60% of new internet users coming from Tier 2+ cities as of FY 2025, and quick commerce planning to enter this market in next 2 years, there is significant potential for growth. Quick Commerce can leverage 3PL solutions in these markets where demand density is not as high, ensuring cost-effective and scalable operations.
3. **Expansion of product category and consequent need for specialised shipments**: As product categories diversify, the demand for specialized shipments like reverse pick-ups will also emerge - capabilities that quick commerce players currently have not developed and are likely to outsource.
4. **Use of EV fleet to optimise costs**: Quick commerce operates on shorter delivery distances, making it well-suited for EV adoption. Shifting to an EV fleet helps e-logistics companies reduce fuel expenses, lower per-trip costs, and benefit from government incentives on electric mobility. Additionally, independent 3PLs can consolidate EV assets across multiple quick commerce and hyperlocal players, ensuring better fleet utilization, minimizing idle capacity, and mitigating volume fluctuations.

Shadowfax is the market leader in 3PL quick commerce solutions, based on order/shipments volume, for FY 2025 and 6 months ended September 30, 2025.

4.2 The Other on-demand hyperlocal market (Food + Others) in India contributes to 2-2.2 billion shipments in FY 2025 with food making the largest share at ~92%

The on-demand hyperlocal markets primarily consist of online services such as food and other hyperlocal shipments such as on-demand pharma, meat, gifts, and C2C shipments. These are demand driven and often time constrained. As of FY 2025, food makes up the largest share of the market at ~92%.

Figure 15: Other on-demand hyperlocal shipments
In billion, FY 2025, FY 2030P



Note(s): Here, "others" incorporates shipments across C2C, meat, >24 hours pharmaceutical shipments and other on-demand hyperlocal shipments such as flowers, gifts, etc.
Source(s): Redseer research and analysis

Most of the "others" segment consists of intra-city shipments from D2C brands, small business owners and individual customers. These deliveries often require a fast and efficient fleet to meet time-sensitive demands, typically completed within 60 to 90 minutes, though some may follow a slotted delivery format. It also encompasses the expanding online meat and pharmaceutical markets. This segment is expected to grow further as lifestyles continue to evolve towards convenience.

With significant peaks in demand during meal-times, food delivery market invites significant cross utilisation with other categories and services. Two-wheeler fleets, the popular vehicle for hyperlocal services, can be optimized by integrating last-mile logistics beyond grocery towards food delivery, C2C logistics and more. For example, cross-utilization can help enable more markets such as online mobility which has separate peak times. Rising urban congestion, fuel costs, and the need for affordable, time-efficient transport have driven the adoption of two-wheeler taxis in India. Indonesia's two-wheeler taxi market offers a strong precedent, demonstrating how

these services have improved urban mobility by navigating congestion, providing last-mile connectivity, and complementing long-distance transport modes like metros and suburban trains.

4.2.1 The online food delivery market in India is a ₹ 750-800 billion (US$ 8.8-9.4 billion) opportunity in FY 2025 projected to grow at a CAGR of 17-22%

India's Food services market, which includes food ordering and delivery segments (including dining out and takeaways), have grown substantially between FY 2019 and FY 2024. Share of organized food services in the overall food services market in India grew to 45-50% in FY 2025 and is projected to reach 60-65% by FY 2030.

Of the total organized India food services market, the online food delivery market is a 25-29% share as of FY 2025, and it grew from ~₹ 400 billion (US$ 5 billion) in FY 2022 to ₹ 750-800 billion (US$ 8.8-9.4 billion) in FY 2025. Growing at a CAGR of 17-22%, it is expected to become a ₹ 1700-2200 billion (US$ 20-26 billion) market by FY 2030.

4.2.2. Convenience led consumption, along with increased comfort with online transactions are primary growth drivers, boosted by loyalty programs by leading food delivery platforms

Traditional cultural preferences for home-cooked food are shifting towards restaurant food consumption driven by rising disposable incomes, busier lifestyles, and increasing digitization which is driving online food ordering by consumers. From the supply side, this is supported by the increasing number of restaurants (including cloud kitchens) and Food Ordering and Delivery platforms that offer quick, accessible meals, catering to a generation increasingly accustomed to dining out and ordering in, rather than cooking at home. Some key factors driving this change are as follows:

1. **Evolving consumer lifestyles**: Consumers with busy schedules have limited access to home-cooked food, which often leads them to order food or dine out frequently. These lifestyle changes are expected to persist.
2. **Changing consumer tastes and preferences**: With evolving palates and dietary preferences, consumers are increasingly exploring global and regional cuisines beyond traditional Indian fare. Online platforms are leveraging this trend by offering curated menus, and personalized recommendations, boosting order frequency and encouraging premium spending.
3. **Untapped potential in Tier 1+ cities**: In FY 2025, the top 60 cities (metros and Tier 1) accounted for 70-80% of the total market, indicating a large untapped potential beyond these urban centers. Even within the top 60 cities, the urban consumer base remains underpenetrated, with further growth anticipated from a rise in users.
4. **Scope for aggregation owing to highly unorganized nature of market**: India's food services market remains highly unorganized (i.e. unregistered restaurants with invalid/no licenses to run food business in India), offering significant scope for aggregation and digital disruption. Unlike the USA and China, where food services form a larger share of the grocery market, India's food services market is only 0.1 times the grocery market as of FY 2025.

The online food delivery market currently caters to 1.8-2 billion shipments as of FY 2025, of this, ~13% is outsourced to third party logistics.

Some of the key drivers of this outsourcing are:

1. **Managing peak demand**: Rising order volumes and user frequency in Metro and Tier 1 cities have made managing peak orders challenging for in-house fleets, driving significant reliance on 3PL for support
2. **Expansion to smaller cities**: The market is set to grow as top 60 cities account for 70-80% of the FY 2025 market, with untapped potential in smaller cities and increasing online penetration.
3. **Demand generation across diverse platforms, including food delivery apps, open networks like ONDC, and direct fulfillment by restaurants**: Demand generation for online food delivery now extends beyond traditional aggregator apps to include restaurant-owned apps and open networks like ONDC. However, not all platforms or restaurants maintain their own delivery fleets, leading to greater reliance on 3PL providers. As demand scales, outsourcing to 3PLs is expected to rise, driven by platforms managing peak loads, restaurants handling their own orders, and through becoming logistics service providers on networks like ONDC.

Chapter 6: Right to win for 3PL

6.1 As the logistics market expands, 3PL providers must leverage robust technology and gig workforce to maintain efficiency and competitiveness

India's logistics sector is rapidly growing, driven by e-commerce expansion, quick commerce demand, and increasing consumer expectations servicing this demand.

To remain competitive, 3PL players need to adopt strategies that enhance efficiency, scalability, and customer satisfaction. Key areas of focus include:

1. **Customer Experience:** Positive customer experience is the fulcrum of all commerce. Last mile logistics players are responsible for a key customer touch-point and therefore must ensure consistent positive experience on every delivery. This requires timely deliveries, low RTOs by offering and coordinating flexible delivery times, and continuous innovations to provide newer formats like open-box deliveries, doorstep verification for exchanging items such as old mobiles etc.
2. **Value Added Services:** Rising discretionary spending, especially in high-return categories like fashion, is driving demand for efficient logistics solutions. As return and exchange volumes grow, the need for efficient reverse pick-ups logistics networks becomes critical. 3PL providers that can offer full-stack, agile services are well-positioned to meet evolving consumer expectations and retailer demands
3. **Flexible and scalable operations**: Agility and scalability are crucial in the evolving logistics landscape, and 3PL providers must quickly adapt to the changing needs of the business. One effective way to achieve this is by leveraging a large network of gig workers. With demand fluctuations, companies can benefit from efficient last-mile gig workers, ensuring timely deliveries while providing sustainable earning opportunities for the workforce.
4. **Optimizing network and route planning:** Unlike the standardized address systems in western countries, Indian addresses often lack structure and are subject to language and understanding gaps, making them prone to input errors. Logistics in India is further complicated by inaccuracies in pin codes leading to shipments being misrouted and requiring manual intervention for eventual routing to the correct pin code. The ability to continuously expand networks across India's vast and diverse landscape while strategically increasing the density of last-mile and hyperlocal delivery fleets in key demand centers through data-driven insights can drive rapid growth for 3PL players.
5. **Managing fraud:** Reverse pick-up has been steadily increasing in share, with the growth of categories such as fashion that are more prone to returns and exchanges. An important element of reverse pick-ups is detecting and minimizing fraudulent shipments. With the growing popularity of e-commerce, the sophistication in frauds has also seen a corresponding growth. Hence logistics players have had to develop more sophisticated mechanisms with category-specific checks at the customer doorstep.
6. **Technology led-innovations**: As the market expands, technological innovations are essential for two key reasons: first, to enable small and marginal retailers to transition to online sales, and second, to keep pace with evolving consumer demand. This demand is driving the emergence of new online retail models, including quick commerce, on-demand hyperlocal deliveries, and food delivery. These innovations encompass seamless digital storefront integrations, advanced inventory management systems, real-time logistics tracking, and AI-driven demand forecasting, all of which are crucial for ensuring efficiency, speed, scalability and manpower management in the evolving e-commerce landscape.
7. **Optimizing costs**: Achieving cost efficiency across the entire logistics chain, from first-mile to last-mile is crucial to succeeding in a highly competitive e-commerce market. Last-mile logistics are especially cost-intensive and can sometimes account for almost half of the delivery cost of an e-commerce shipment. Hence, cost efficiency is critical in this leg. Also, delivery cost is a key component of the cost structure for online retail companies. As customer expectations evolve, order frequency rises, and average order value declines, optimizing delivery costs has become increasingly important for logistics providers and online retailers and platforms.

6.2 Competition landscape in the B2C logistics sector

In recent years, the online retail shipments market has undergone dynamic shifts to keep pace with evolving customer demand. This transformation has been driven by the players across service segments, from e-commerce to hyperlocal deliveries, fostering continuous innovation to meet growing expectations.

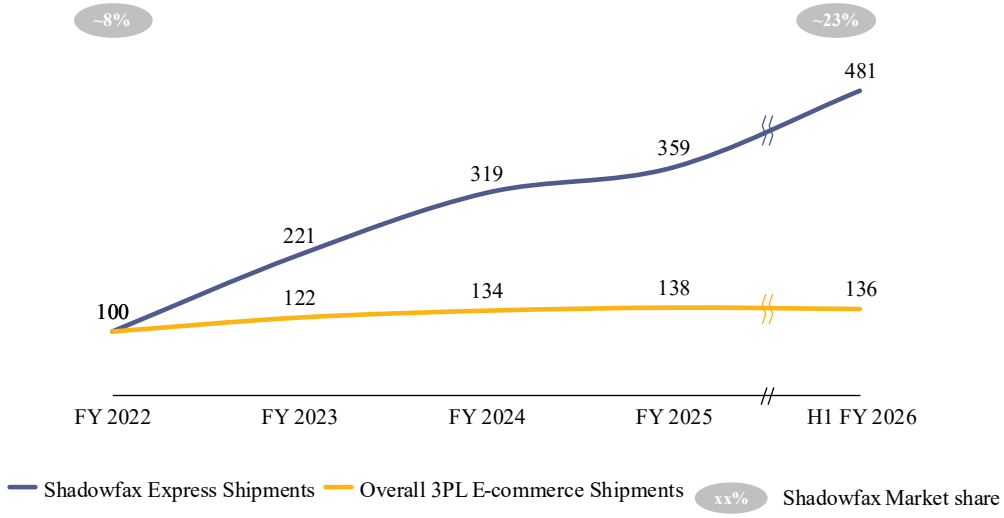
Operating across service segments requires strong operations- like an extensive and, efficient fleet- and a tech platform that easily integrates different services. As the e-commerce ecosystem evolves, diversifying service segments has become crucial for logistics players. By expanding their offerings beyond traditional parcel deliveries into areas like hyperlocal services, reverse logistics, and value-added solutions, these companies can cater to a broader range of customer needs. This diversification enables them to tap into new revenue streams, strengthen their market position, and build resilience against fluctuating demand in specific segments. Notably, the hyperlocal and quick commerce space is also seeing the emergence of smaller players focused on niche service models.

The 3PL e-commerce market, defined by significant operational costs and extensive logistics networks, is dominated by a select few players who secure most of the market share. Blue Dart, Delhivery, Shadowfax and Xpressbees- these players drive majority share of the 3PL e-commerce shipments in terms of volume as of FY 2025 (hereon referred to as the peer set). Among these, Blue Dart and Delhivery are publicly listed firms in India as of October, 2025.

In June 2025, the Competition Commission of India (CCI) approved Delhivery Limited's acquisition of at least 99.44% of the equity and preference shareholding of Ecom Express, marking a notable step toward consolidation within India's 3PL industry. The acquisition has contributed to Delhivery's growth in e-commerce shipment volumes, providing additional scale advantages. At the same time, as enterprise clients diversify volumes across multiple logistics partners to manage concentration risk, other players, such as Shadowfax, have gained market share by shipment volume in H1 FY2026, while other peers continue to maintain distinct strategic positions.

Shadowfax caters to the diverse and complex needs of digital commerce ecosystem and is the only player of scale[2] to service last mile and end-to-end delivery for e-commerce, and last-mile delivery for quick commerce, food delivery and other hyperlocal services as of H1 FY 2026. Additionally, Shadowfax is the only 3rd party logistics company amongst the peer set to offer 2W fleet to online mobility platforms. Shadowfax has emerged as the fastest-growing third-party logistics company of scale in terms of order/shipment volume from FY2022 to FY2025, expanding its e-commerce shipment market share from ~8% in FY 2022 to ~23% as of H1 FY 2026. It has consistently outpaced 3PL industry growth in shipment volumes, as reflected in its higher growth rate compared to the industry, from FY 2022 to H1 FY 2026.

Figure 16: 3PL E-commerce Orders Per Day Comparison – indexed to FY 2022
In %, FY 2022-25, H1 FY 2026



[2] Scale refers to 3PL e-commerce players with revenue from operations exceeding ₹15,000 Mn in FY 2024

Note(s): 1. E-commerce shipments includes the total volume of shipments including Delivered plus RTO (single parcel count for forward and return legs of RTO) plus Reverse Pick-Up shipments, 2. Express Shipments of Shadowfax includes comparable metrics as the 3PL e-commerce shipments
Source(s): Company Data, Redseer research and analysis

Shadowfax is the largest 3PL company among the peer set for same-day delivery and reverse pick-up shipments, in terms of order/shipments volume, as of FY 2025 and H1 FY2026.

As this shift accelerates, logistics providers are expanding beyond their core focus areas. While most new-age players have traditionally specialized in e-commerce transportation, they are working to establish a presence in the on-demand hyperlocal market. The last mile hyperlocal delivery market has seen the entry of new players which cater to 3PL demand from quick commerce and food deliveries. With rising demand, more sustainable EV-based logistics solutions are enabling cost-efficient deliveries for major platforms, with fleet cross-utilization serving as one proposition to optimize resources. Shadowfax has the largest crowdsourced last-mile delivery fleet, among the 3PL e-commerce players, in terms of average monthly transacting riders as of FY 2025 and 6 months ended September 30, 2025. As of FY 2025, Shadowfax holds the highest capital turnover ratio among listed logistics peers in India.

Figure 17: Benchmarking against peers

H1 FY 2026

The companies mentioned below may have other related entities, or might define metrics differently and hence, may not be directly comparable. Detailed definitions of each metric given in Figure 22.

Particulars	Units	Shadowfax Technologies Limited (Consolidated)	Blue Dart Express Limited (Consolidated)	Delhivery Limited (Consolidated)	BusyBees Logistics Solutions Private Limited (Consolidated)
Express Orders/ Shipments	Millions	228.41	NA	453.00	NA
Hyperlocal Orders / Shipments	Millions	66.03	NA	NA	NA
Total Orders/ Shipments	Millions	294.45	NA	NA	NA
Period-on-Period Growth of Orders/Shipments	%	50.11%	NA	NA	NA
Pin codes Reach	#	14,758.00	NA	18,830.00	NA
No of Touchpoints	#	4,299.00	NA	NA	NA
Average Quarterly Unique transacting delivery partners	#	205,864.00	NA	NA	NA
Express Revenue	₹ in million	12,387.31	NA	30,140.00	NA
Hyperlocal Revenue	₹ in million	3,593.47	NA	NA	NA
Other Logistics Services Revenue	₹ in million	2,075.66	NA	NA	NA
Revenue from operations	₹ in million	18,056.44	29,912.50	48,533.22	NA
Period-on-Period Growth of Revenue	%	68.43%	7.17%	11.26%	NA
Profit/(loss) for the period/year	₹ in million	210.37	1,302.10	405.53	NA
Adjusted EBITDA	₹ in million	515.64	NA	1,580.00	NA
Adjusted EBITDA Margin	%	2.86%	NA	3.30%	NA

Note(s): 1. No. of shipments for Shadowfax, it includes Delivered shipments plus RTO shipments (Forward plus return legs of RTO counted as a single shipment) plus Reverse pickup shipments. 2. Detailed definitions of each metric given in Figure 22.
Source(s): MCA, Company Annual Reports and Presentations

Figure 18: Benchmarking against peers

H1 FY 2025

The companies mentioned below may have other related entities, or might define metrics differently and hence, may not be directly comparable. Detailed definitions of each metric given in Figure 22.

Particulars	Units	Shadowfax Technologies Limited (Standalone)	Blue Dart Express Limited (Consolidated)	Delhivery Limited (Consolidated)	BusyBees Logistics Solutions Private Limited (Consolidated)
Express Orders/ Shipments	Millions	159.95	NA	368.00	NA
Hyperlocal Orders / Shipments	Millions	36.19	NA	NA	NA
Total Orders/ Shipments	Millions	196.15	NA	NA	NA
Period-on-Period Growth of Orders/Shipments	%	NA	NA	NA	NA
Pin codes Reach	Absolute	15,146.00	NA	18,775.00	NA
No of Touchpoints	Absolute	3,736.00	NA	NA	NA
Average Quarterly Unique transacting delivery partners	Absolute	124,132.00	NA	NA	NA
Express Revenue	₹ in million	7,872.98	NA	25,740.00	NA
Hyperlocal Revenue	₹ in million	1,968.36	NA	NA	NA
Other Logistics Services Revenue	₹ in million	879.35	NA	NA	NA
Revenue from operations	₹ in million	10,720.69	27,911.70	43,620.37	NA
Period-on-Period Growth of Revenue	%	NA	NA	NA	NA
Profit/(loss) for the period/year	₹ in million	98.36	1,162.60	645.63	NA
Adjusted EBITDA	₹ in million	256.68	NA	470.00	NA
Adjusted EBITDA Margin	%	2.39%	NA	1.08%	NA

Note(s): 1. No. of shipments for Delhivery and Shadowfax, includes Delivered shipments plus RTO shipments (Forward plus return legs of RTO counted as a single shipment) plus Reverse pickup shipments. 2. For Delhivery, the adjusted EBITDA eliminates non-cash, non-recurring or non-operating items and express revenue/shipments is mainly composed of e-Commerce shipments, speed post and document courier with individual parcel weight of less than 40 kilograms and turnaround time of less than 3 days. Adjusted EBITDA for Delivery Limited may have rounding-off error as it is calculated as summation of two quarters (Q1 and Q2). 3. Detailed definitions of each metric given in Figure 22.
Source(s): MCA, Company Annual Reports and Presentations

Figure 19: Benchmarking against peers

FY 2025

The companies mentioned below may have other related entities, or might define metrics differently and hence, may not be directly comparable

Particulars	Units	Shadowfax Technologies Limited (Consolidated)	Blue Dart Express Limited (Consolidated)	Delhivery Limited (Consolidated)	BusyBees Logistics Solutions Private Limited (Consolidated)
Express Orders/ Shipments	Millions	341.56	NA	752.00	NA
Hyperlocal Orders / Shipments	Millions	94.79	NA	NA	NA
Total Orders/ Shipments	Millions	436.36	377.26	NA	NA
Period-on-Period Growth of Orders/Shipments	%	24.56%	4.97%	NA	NA
Pin codes Reach	Absolute	14,387.00	NA	18,833.00	NA
No of Touchpoints	Absolute	3,964.00	NA	NA	NA
Average Quarterly Unique transacting delivery partners	Absolute	151,385.00	NA	NA	NA
Express Revenue	₹ in million	17,160.86	NA	53,175.16	NA
Hyperlocal Revenue	₹ in million	5,132.42	NA	NA	NA
Other Logistics Services Revenue	₹ in million	2,558.03	NA	NA	NA
Revenue from operations	₹ in million	24,851.31	57,201.80	89,319.01	NA
Period-on-Period Growth of Revenue	%	31.85%	8.59%	9.71%	NA
Profit/(loss) for the period/year	₹ in million	64.26	2,524.20	1,621.10	NA
Adjusted EBITDA	₹ in million	486.69	NA	1,475.06	NA
Adjusted EBITDA Margin	%	1.96%	NA	1.65%	NA

Note(s): 1. No. of shipments for Blue Dart includes Delivered shipments plus forward leg of RTO shipments plus return leg of RTO shipments plus Reverse pickup shipments, while for Delhivery and Shadowfax, it includes Delivered shipments plus RTO shipments (Forward plus return legs of RTO counted as a single shipment) plus Reverse pickup shipments. 2. For Delhivery, the adjusted EBITDA eliminates non-cash, non-recurring or non-operating items and express revenue/shipments is mainly composed of e-Commerce shipments, speed post and document courier with individual parcel weight of less than 40 kilograms and turnaround time of less than 3 days. 3. Detailed definitions of each metric given in Figure 22.

Source(s): MCA, Company Annual Reports and Presentations

Figure 20: Benchmarking against peers

FY 2024

The companies mentioned below may have other related entities, or might define metrics differently and hence, may not be directly comparable

Particulars	Units	Shadowfax Technologies Limited (Standalone)	Blue Dart Express Limited (Consolidated)	Delhivery Limited (Consolidated)	BusyBees Logistics Solutions Private Limited (Consolidated)
Express Orders/ Shipments	Millions	302.48	NA	740.00	NA
Hyperlocal Orders / Shipments	Millions	47.84	NA	NA	NA
Total Orders/ Shipments	Millions	350.32	359.41	NA	NA
Period-on-Period Growth of Orders/Shipments	%	35.20%	9.51%	NA	NA
Pin codes Reach	Absolute	13,169.00	NA	18,793.00	NA
No of Touchpoints	Absolute	3,093.00	NA	NA	NA
Average Quarterly Unique transacting delivery partners	Absolute	101,761.00	NA	NA	NA
Express Revenue	₹ in million	14,945.90	NA	50,765.87	NA
Hyperlocal Revenue	₹ in million	2,538.95	NA	NA	NA
Other Logistics Services Revenue	₹ in million	1,363.37	NA	NA	NA
Revenue from operations	₹ in million	18,848.22	52,678.30	81,415.38	28,313.27
Period-on-Period Growth of Revenue	%	33.19%	1 .85%	12.68%	11.84%
Profit/(loss) for the period/year	₹ in million	(118.82)	3,010.1	(2,491.86)	(1,999.32)
Adjusted EBITDA	₹ in million	192.93	NA	757.86	NA
Adjusted EBITDA Margin	%	1.02%	NA	0.93%	NA

Note(s): 1. No. of shipments for Blue Dart includes Delivered shipments plus forward leg of RTO shipments plus return leg of RTO shipments plus Reverse pickup shipments, while for Delhivery and Shadowfax, it includes Delivered shipments plus RTO shipments (Forward plus return legs of RTO counted as a single shipment) plus Reverse pickup shipments. 2. For Delhivery, the adjusted EBITDA eliminates non-cash, non-recurring or non-operating items and express revenue/shipments is mainly composed of e-Commerce shipments, speed post and document courier with individual parcel weight of less than 40 kilograms and turnaround time of less than 3 days. 3. Detailed definitions of each metric given in Figure 22.

Source(s): MCA, Company Annual Reports and Presentations

Figure 21: Benchmarking against peers

FY 2023

The companies mentioned below may have other related entities, or might define metrics differently and hence, may not be directly comparable

Particulars	Units	Shadowfax Technologies Limited (Standalone)	Blue Dart Express Limited (Consolidated)	Delhivery Limited (Consolidated)	BusyBees Logistics Solutions Private Limited (Consolidated)
Express Orders/ Shipments	Millions	209.69	NA	663.00	NA
Hyperlocal Orders / Shipments	Millions	49.42	NA	NA	NA
Total Orders/ Shipments	Millions	259.11	328.19	NA	NA
Period-on-Period Growth of Orders/Shipments	%	72.04%	24.26%	NA	NA
Pin codes Reach	Absolute	7,955.00	NA	18,540.00	NA
No of Touchpoints	Absolute	1,817.00	NA	NA	NA
Average Quarterly Unique transacting delivery partners	Absolute	140,468.00	NA	NA	NA
Express Revenue	₹ in million	10,353.53	NA	45,522.22	NA
Hyperlocal Revenue	₹ in million	2,551.85	NA	NA	NA
Other Logistics Services Revenue	₹ in million	1,245.86	NA	NA	NA
Revenue from operations	₹ in million	14,151.24	51,722.2	72,253.01	25,315.21
Period-on-Period Growth of Revenue	%	42.84%	17.27%	4.98%	32.93%
Profit/(loss) for the period/year	₹ in million	(1,426.38)	3,705.3	(10,077.79)	(1,804.02)
Adjusted EBITDA	₹ in million	(1,016.47)	NA	(4,038.66)	NA
Adjusted EBITDA Margin	%	(7.18%)	NA	(5.59%)	NA

Note(s): 1. No. of shipments for Blue Dart includes Delivered shipments plus forward leg of RTO shipments plus return leg of RTO shipments plus Reverse pickup shipments, while for Delhivery and Shadowfax, it includes Delivered shipments plus RTO shipments (Forward plus return legs of RTO counted as a single shipment) plus Reverse pickup shipments. 2. For Delhivery, the adjusted EBITDA eliminates non-cash, non-recurring or non-operating items and express revenue/shipments is mainly composed of e-Commerce shipments, speed post and document courier with individual parcel weight of less than 40 kilograms and turnaround time of less than 3 days. 3. Detailed definitions of each metric given in Figure 22.

Source(s): MCA, Company Annual Reports and Presentations

Figure 22: Definition of Benchmarking Metrics

Particulars	Shadowfax Technologies Limited (Standalone)	Blue Dart Express Limited (Consolidated)	Delhivery Limited (Consolidated)	BusyBees Logistics Solutions Private Limited (Consolidated)
Express Orders/ Shipments	Express orders refer to the number of shipments for the express service line	NA	E-commerce shipments with RTO counted as once with the forward leg, Reverse shipments, Consumer to consumer shipments, small parcel, heavy goods, BFSI documentation shipments	NA
Hyperlocal Orders / Shipments	Hyperlocal Orders refer to the number of shipments for the hyperlocal service line	NA	NA	NA
Total Orders/ Shipments	Total Orders refer to the total shipments for express and hyperlocal and service line.	Domestic Priority Dart Apex, Dart Surfaceline and Temperature Controlled Logistics (TCL) solutions[1] and International Shipments	NA	NA
Period-on-Period Growth of Orders/Shipments	Y-o-Y Growth of Total orders / shipments			
Pin codes Reach	Pin-codes reach refers to the count of distinct pincodes, out of the total pin codes as per India Post, where at least one order was received during the last quarter of the reporting period.	NA	Number of unique pin codes out of 19,300 pin codes as per India Post on which at least one shipment was delivered during the period	NA
No of Touchpoints	Number of touchpoints refer to our first mile, middle mile, and last mile network facilities.	NA	NA	NA
Average Quarterly Unique transacting delivery partners	Average quarterly unique transacting delivery partners refer to the number of unique delivery partners who completed at least one delivery in each quarter, averaged over the relevant reporting period.	NA	NA	NA
Express Revenue	Express Revenue refers to Net revenue for the express Logistics service line	NA	Net revenue for Express Shipments	NA
Hyperlocal Revenue	Hyperlocal Revenue refers to Net revenue for the hyperlocal service line	NA	NA	NA
Other Logistics Services Revenue	Other Logistics Services Revenue refers to the revenue from the other logistics service line, including critical logistics services, strategic insourcing of unbundled	NA	NA	NA

	services and dark store operations.			
Revenue from operations	Total net revenue for express service line, hyperlocal service line and other logistics services line as per the Restated Consolidated Financial Information for H1 FY 2026 and FY 2025, and Standalone Financial Information for H1 FY 2025, FY 2024 and FY 2023.	Revenue from integrated air and ground transportation and distribution	Revenue from sale of services including express parcel, part-truck load, truck load, supply chain, warehousing, cross-border services, others and revenue from sale of goods	Revenue from Operations as stated
Period-on-Period Growth of Revenue	Period-on-Period Growth of Revenue refers to the increase in the Revenue from operations from the previous comparable period/year.x			
Profit/(loss) for the period/year	Profit / (loss) for the period/year as per the Restated Consolidated Financial Information for H1 FY 2026 and FY 2025, and Standalone Financial Information for H1 FY 2025, FY 2024 and FY 2023.	As reported in the Statement of Profit and Loss (Profit after tax)		
Adjusted EBITDA	Adjusted EBITDA is calculated as EBITDA (Excluding Other Income) plus share-based payment expenses, adjustment on account of lease accounting as per Ind AS 116 and adjustment on account of one time RTS cancellation fees. Here, EBITDA (Excluding Other Income) is calculated as profit / (loss) for the period/year plus tax expense plus depreciation and amortisation expense plus finance costs less other income.	NA	Adjusted EBITDA is calculated as EBITDA plus share-based payment expenses and adjustment on account of lease accounting as per accounting standard Ind AS 116, until FY2025 For H1FY2026, integration Costs (Ecom Express) is also included	NA
Adjusted EBITDA Margin	Adjusted EBITDA margin refers to the Adjusted EBITDA divided by revenue from operations	NA	Adjusted EBITDA divided by Revenues from contracts with customers/ Revenue from operation	NA

Note(s): 1. Blue dart includes include Time Definite Solutions (Domestic Priority 1030, Domestic Priority 1200, Dart Apex 1200), Day Definite Solutions (Domestic Priority, Dart Apex, Dart Surfaceline) as well as the Temperature Controlled Logistics (TCL) solutions in its domestic express market.

- Domestic Priority 1030: A guaranteed door-to-door time-definite delivery of shipments by air the next possible business day by 10:30 hours, targeted at time-critical business-to-business needs.
- Domestic Priority 1200: A guaranteed door-to-door time-definite delivery of shipments by air the next possible business day by 12:00 hours, targeted at time-critical business-to-business needs.
- Critical Express: A door-to-door, day-definite express service delivering critical shipments such as passports, tenders, original papers/certificates, property documents, etc. across India, under 32 kgs per package, delivered securely and safely.
- Dart Apex is a door-to-door day-definite delivery service for domestic shipments weighing 10kgs and above. Dart Apex 1200: A guaranteed door-to-door time-definite delivery of commercial shipments by Air.
- Dart Surfaceline is an economical, door-to-door, ground distribution service to over 56,000+ locations in India for shipments weighing 10 kgs and above

Source(s): MCA, Company Annual Reports and Presentations

Chapter 7: Threats and challenges

7.1 Online retail logistics is a dynamic and evolving landscape facing multiple challenges and threats

The logistics sector faces several significant challenges that impact its efficiency and growth across online retail channels.

7.1.1 E-commerce logistics presents new challenges as customer expectations evolves and value-add services become increasingly important

As the e-commerce landscape continues to grow, logistics providers must navigate a range of challenges to meet rising customer expectations and deliver value-added services. Key areas of concern include:

1. **Infrastructure deficiencies:** Inadequate transportation and warehousing facilities limit connectivity and disrupts the supply chain, making last-mile delivery costly and complex. This also translates into high transportation costs and logistical hurdles further restricting access to goods and services. While this is especially true for the rural areas, such issues pose challenges in the urban areas for hyperlocal deliveries.
2. **Reverse logistics:** The e-commerce logistics industry is yet to completely optimise for reverse logistics, which currently remains financially and operationally challenging. With high costs for processing and reintegrating returned products, robust systems to minimize losses and maintain customer satisfaction are paramount.
3. **Seasonal demand fluctuations**: Peak e-commerce shopping seasons necessitate efficient management of warehouses, fleets, and personnel to meet increased demand. Similarly, non-peak seasons require the cost-effective utilization of resources to ensure the sustainability of the business.
4. **Evolving customer expectations:** As demand for fast and reliable delivery services rises, logistics providers face heightened complexity in optimizing deliveries across a broad geographic area, particularly within tier-2+ pin codes.
5. **Competitive intensity:** Increasing competition within the 3PL landscape threatens profit margins, pressuring providers to maintain competitive rates while managing costs. As more players enter the market and existing ones expand their capabilities, the need to offer attractive rates while maintaining service quality intensifies. Providers must continuously innovate and optimize their processes to sustain profitability and market position amidst escalating competition.

7.1.2 Hyperlocal logistics presents last-mile optimisation challenges

As hyperlocal logistics continues to grow, providers must address several key challenges to optimize last-mile delivery and meet customer expectations. These challenges include:

1. **Regulatory and policy risks:** Stricter safety regulations and changes in gig economy laws could increase operational costs for Hyperlocal Platforms which may get passed on to end consumers, potentially reducing their rate of adoption
2. **Gig workforce management:** High attrition rates in the gig workforce due to increasing competition, along with the need for consistent utilization and training to meet service standards, create operational inefficiencies. The rising competition from existing players, new entrants, and companies from other sectors leveraging their capabilities for hyperlocal services like Quick Commerce, can intensify competitive pressure. This can impact business economics, the scope and scale of categories and geographies served, and the market positions of players.
3. **Consumer expectations:** Hyperlocal services operate under tight SLAs, requiring fast and timely deliveries. Meeting these expectations consistently, especially during peak hours, can be challenging especially in context of dense urban areas, narrow lanes, inadequate warehousing facilities, etc. which make navigate and timely deliveries difficult.

Glossary

Terms in Use	Definition
3rd Party Logistics (3PL)	3rd party logistics players to who companies outsource their logistics for services such as transportation, warehousing, fulfilment and other value-added services
3PL E-commerce Players	3rd party logistics players to whom marketplaces and brands outsource their logistics for their deliveries and major source of revenue for such players come from this service
Captive Logistics	In-house logistics services that majorly cater to deliveries of its parent company.
Compound Annual Growth Rate (CAGR)	CAGR (Compound Annual Growth Rate) is the average annual growth rate of an investment or value over a specified period, assuming constant year-on-year growth.
CY	Calendar Year (January to December)
Delivered Shipment	A forward shipment that has been accepted by the customer
Delivery Centers	Centers from where shipments are delivered to the end consignees
Demographic Dividend	The demographic dividend refers to the economic growth potential that arises from changes in a country's age structure, typically following a decline in fertility and mortality rates. This shift results in a larger proportion of the population being of working age, thereby boosting economic productivity and growth.
Fashion	Fashion includes accessories, apparels and footwear.
First-mile	The transportation of goods from a seller's stores or platform's/seller's warehouse to the next hub from where the goods are forwarded.
FY	Financial year as per Indian standard which begins on 1st April of the base year and ends on 31st March of the following year. For reference, FY 24 includes time period 1st April 2023 to 31st March, 2024.
Gross Domestic Product (GDP)	Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.
Gross Merchandise Value (GMV)	Represents the total sales value of goods sold through a platform before any deductions.
Gross National Income (GNI)	Total Amount of money earned by nation's people and businesses
Horizontals	Horizontals are businesses or services that cater to a wide range of services or sectors, providing generalized solutions rather than specialized services.
Centers	Centers where shipments are bagged and sent to the destination locations
Labour Force	The labour force includes the population 15 years old and over who are either employed, unemployed, or seeking employment
Last-mile	The last leg of the supply-chain in which goods are moved from the last delivery center to the final consignee
Low-income Households	Household incomes of less than INR 0.15 million (US$ 1800) calculated based on real wage growth and accounted for wage inflation
Metro	Metro cities indicate 8 cities, namely – Mumbai (Maharashtra), Delhi (NCT), Bangalore (Karnataka), Chennai (Tamil Nadu), Hyderabad (Telangana), Kolkata (West Bengal), Pune (Maharashtra) and Ahmedabad (Gujarat)
Middle-income Households	Household income between INR 0.5 – 1.0 million (US$ 1800 – 12500) calculated based on real wage growth and accounted for wage inflation
Mid-mile	The part of the supply-chain that involves processing and movement of goods between Mother hubs, sortation centers, and delivery centers before the last-mile

Nuclear Households	Includes “couple only” households, “couple with children” households, and “single parent with children” households
Omnichannel	Refers to a seamless and integrated approach to retail that provides customers with a unified shopping experience across multiple channels, including physical stores, online platforms, mobile apps, and social media.
On-demand hyperlocal	Hyperlocal shipments which are limited by radii and are typically completed within a short time frame. This includes food delivery, 2W online mobility/ride hailing, and other related services.
Online retail	Retail business model that involves customers buying and selling goods over the internet including traditional e-commerce (also including slotted grocery), and quick commerce
Pickup and Processing Centers	Centers where picked-up shipments come and are processed for their destination locations
Private Final Consumption Expenditure (PFCE)	Expenditure incurred by the resident households and non-profit institutions serving households on final consumption of goods and services, whether made within or outside the economic territory
Quick Commerce	Hyperlocal B2C e-commerce which involves delivery of retail (groceries (fresh foods like fruits & vegetables, meat, dairy etc., staples and packaged foods), fashion, electronics, beauty and personal care, and general merchandise, home/ kitchen goods and pharmaceutical products) to consumers within 30 minutes
Reverse pickup shipment	Shipments that move from the customer back to the merchant, including returns and exchanges. Each exchange is classified as a single reverse transaction and is not accounted for in forward shipments.
RTO shipment	A shipment that has not been delivered and returned back to its origin. It has 2 legs in its journey – a forward leg towards the destination and a return leg back from the destination to the origin
Same-day-delivery shipments	Shipments delivered to a customer within 24 hrs of the customer confirming the order
SLA	Service Level Agreement is an agreement between a service provider and its internal and external customers/clients
Tier-1	Cities with a population of more than 1 million, excluding metro cities
Tier-2+	Cities with a population of less than 1 million
[Year]P	[Year] Projected