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Financial Performance of Practo and Tata 1mg (2020–2024)

Practo (Digital Healthcare): Practo's revenue spiked during the pandemic (FY21–22) – its Annual Letter reported **188% growth** in FY2021–22 [1] – but has since leveled off. In FY2022–23 its revenue was roughly flat (~₹190–210 Cr) [2] [3]. Crucially, losses have shrunk sharply: Practo's consolidated net loss fell from about ₹211.9 Cr in FY22 to ₹93.7 Cr in FY23 [4] (a ~56% reduction), and its EBITDA margin improved from –106% to –39% [5]. The company reports exiting Q4 FY23 with positive cash flow and targets a profitable full-year in FY24 [6] [7].

- **Revenue & Growth:** Grew ~188% in FY21–22 (to ~₹189 Cr) [1], then ~+3% to ₹194.5 Cr in FY22–23 [3].
- **Profitability:** Losses dropped from ₹211.9 Cr (FY22) to ₹93.7 Cr (FY23) [4]; FY23 EBITDA margin ~–39% [5]. Management expects full-year FY24 profit (first time) [7].
- **Funding & Investors:** Raised ≈US$230 M over multiple rounds through 2020 [8] (investors include Tencent, CapitalG, etc.). No major external round since 2019, but backers remain in place. Co-founder Abhinav Lal has publicly stated an IPO is planned in ~12–18 months and that "investors are not looking to exit" – proceeds will fund growth [7].
- **Business Model:** An integrated "healthtech" platform (doctor appointments, telemedicine, labs, medicines). The firm is shifting to a "phygital" (franchise + digital) model [9] and focusing on efficiency. In FY23 it cut marketing/consultation costs heavily, spending just ₹1.69 to earn ₹1 [5].

Overall, Practo has largely stabilized scale post-pandemic and is aggressively trimming costs. Its key metrics show modest revenue growth but sharply improving margins. The planned IPO and focus on profitability suggest investor confidence is steady (backers like Tencent are staying on), but Practo's absolute scale (~₹200 Cr revenues) is small compared to e-pharmacy peers, making "success" relative.

Tata 1mg (Online Pharmacy): Tata 1mg (formerly 1mg) is one of India's largest e-pharmacy platforms. Backed by Tata Digital (now ~63.5% owner) at a reported valuation of **$1.25 billion** [10], it has rapidly scaled. Revenue from operations grew ~21% in FY23–24, to **₹1,968 Cr** (FY23: ₹1,627 Cr) [11]. The business mix is heavily pharma: medicine sales were ~81% of FY24 revenue [12]. Importantly, 1mg has sharply cut losses by focusing on cost control: FY24 net losses were **₹313 Cr**, down ~75% from ₹1,255 Cr in FY23 [13]. Its FY24 EBITDA margin was ~–10.9% (vs –71.7% in FY23), and it spent ₹1.17 to earn ₹1 in FY24 [13].

- **Revenue & Growth:** ₹1,627 Cr (FY23) → ₹1,968 Cr (FY24), ~+21% [11]. (Earlier, revenue jumped from ₹309 Cr (FY21) to ₹627 Cr (FY22) [14].) Management estimates FY25 at ~₹2,500–2,600 Cr (30–35% growth) [15].
- **Profitability:** Losses ₹1,255 Cr (FY23) → ₹313 Cr (FY24) [13]; FY24 EBITDA margin –10.9% [13]. The company has controlled costs (unit expense fell from ₹1.78 to ₹1.17 per revenue rupee [13]) and aims for break-even.
- **Funding & Investors:** 1mg has raised roughly **$230 M** by 2022 [16]. Tata Digital has been the principal investor (acquired 58.7% in 2021, raised to 63% by end-2021, paying ~₹720 Cr) [17]. In

Sept 2022, Tata 1mg raised another **$40 M** at unicorn valuation (led by Tata) [18]. Now it is planning a large external round (~$300 M) [19] to fund offline expansion and omnichannel growth. Tata's commitment (investment and continued stake increase) indicates strong confidence in the model. The company's enterprise-value/revenue was ~4.9× in 2024 [10].
- **Business Model:** Primarily e-pharmacy (online medicine sales) plus diagnostics and patient services. After a period of heavy discounting to gain market share, 1mg's focus has shifted to sustainable growth and profitability [13]. It plans to expand offline ("omnishop") presence [19], signaling a broader retail play.

In summary, Tata 1mg has achieved substantially higher scale than Practo but remains loss-making, albeit much less so than peers. The data show healthy revenue growth and improving unit economics. Backed by the Tata Group and raising more capital, investor sentiment appears strong.

Peer Comparison (Indian HealthTech and e-Pharma): In India's online pharmacy space, the market leaders are PharmEasy (API Holdings) and Tata 1mg, followed by Apollo 24/7 (Reliance/Apollo) and others. For context:

- **PharmEasy (API Holdings):** FY23 revenue ~₹6,644 Cr (+16% YoY) [20] (far above 1mg's scale), but still heavy losses. Adjusted net loss was ~₹2,290 Cr in FY23 (down ~16% from FY22) [21]. API had planned an IPO but withdrew it in 2023 and opted for a rights issue instead [22], reflecting both scrutiny on losses and cautious market sentiment. (Including one-time write-offs, PharmEasy's cumulative losses exceeded ₹10,800 Cr by FY23 [23].)

- **Apollo 24/7:** (Reliance/Apollo's combined online pharmacy/digital health arm) reported revenues of ₹661 Cr in the first 9 months of FY24 (FY23 full-year: ₹709 Cr) and an EBITDA loss of ₹483 Cr (FY23: ₹676 Cr) [24]. Apollo 24/7 is burning cash to scale – its digital operating costs rose from ₹25 Cr (FY21) to ₹658 Cr (FY23) [25] – but management expects break-even in 2–3 years [24].

- **Other Players:** Reliance also owns Netmeds (merged with Apollo 24/7), and companies like Flipkart (in health retail) and Amazon (entering pharmacy) are present. Telehealth peers (e.g. MFine, Lybrate) are much smaller: MFine clocked only ₹34–52 Cr revenue in FY22–23 and loss reduction to ~₹86 Cr [26] – dwarfed by Practo.

All major players are still loss-making, competing on scale. The trend is toward tighter cost control: PharmEasy cut losses and marketing spend, Apollo is budget-conscious, Tata 1mg slashed expenses, and Practo halved its losses. Regulatory changes (e.g. price caps on certain drugs) and market saturation are headwinds. Investors remain cautiously interested: Tata 1mg raising funds and Tata support show confidence, while Practo's planned IPO and steady backing (Tencent, others) signal faith in its recovery [7] [15]. Conversely, API Holdings' IPO pullback [22] illustrates the tougher financing climate.

Assessment: Based on these metrics, **Tata 1mg's model appears to be on a strong growth-improving-profitability path**. Its scale and steep loss reduction (75% drop in FY24) indicate it is maturing, and Tata's continued funding and high valuation suggest success. **Practo's model is stabilizing but still small-scale:** it grew in pandemic times but has seen flat revenues recently. It is now sharply reducing burn and targeting break-even (positive cash flow achieved by Mar'23 [6]), which is promising. Both face intense competition: compared to peers, Practo is no longer the clear leader in telehealth (others have surpassed it in offerings), while Tata 1mg leads e-pharmacy but still trails PharmEasy in size. Ultimately, neither business is yet fully profitable, but both show improving unit economics and strong investor backing. Their success will hinge on sustaining growth, controlling costs, and capturing market share in this capital-intensive sector.

Sources: Company reports and blogs (Practo Digest), Indian media (FinTrackr/Entrackr, ET, VCCircle, Business Today), and financial filings (ROC statements) [2] [13] [4] [11].

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