

Revenue Models and Funding Dynamics of Healthcare-Technology Startups in India: An Empirical and Analytical Study

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Abstract:

India's healthcare-technology (HealthTech) startup sector has changed into one of the most volatile segments of the Indian startup economy since the COVID-19 pandemic. Due to these recent and rapid changes, it becomes pertinent to analyse the trends prevailing in this sector. This paper focuses on examining the revenue generation and funding behaviour of Indian HealthTech startups. The study collected secondary data from funding-intelligence platforms such as Tracxn, Inc42 Datalabs, Entracker/TheKredible, regulatory and industry literature, and company financial disclosures from firms such as PharmEasy, Tata 1mg, Practo, Pristyn Care, MediBuddy, Innovaccor, Cult.fit and MFine. The study maps annual funding trends and firm-level cumulative funding raised. Furthermore, it analyses revenue performance through mix of monetisation strategies such as e-pharmacy/marketplace commission, teleconsultation subscription and lead-generation fees, enterprise healthcare SaaS/data-platform subscriptions, elective-procedure marketplace fee-sharing, wellness-subscription-plus-diagnostics-commission models. The pilot survey was conducted with a structured questionnaire administered to practising Chartered Accountants, finance faculty, and healthcare-startup finance professionals to gauge perceived determinants of fundability in the post funding winter environment. The survey data was further examined through correlation, reliability (Cronbach's alpha), exploratory factor analysis, and OLS regression to identify respondents' perception and their association with overall fundability. Findings indicate that Indian HealthTech funding has followed a non-linear path surging during the pandemic to ₹7,590 crore in 2022, collapsing by more than half to ₹3,461 crore in 2023, and then rebounding sharply to ₹9,436 crore in 2024. A volatility pattern distinct from the steady decline observed in India's FinTech sector over the same period. A detailed case study of PharmEasy, whose valuation fell from ₹41,720 crore in October 2021 to ₹3,967 crore in 2025 rights issue (a decline of roughly 90 per cent), illustrates the sector's acute correction in capital intensive e-pharmacy models, while more capital efficient, recurring revenue models (enterprise SaaS, elective-procedure marketplaces) have shown comparative resilience. The paper argues that regulatory uncertainty (e-pharmacy rules, telemedicine guidelines, data-privacy compliance) functions as a distinctive risk factor for Indian HealthTech relative to other startup categories. Revenue-model diversification and a credible path to profitability are now weighted more heavily by both investors and practitioners than growth alone. The study also observed that

funding is increasingly concentrated among a small set of category leaders and diagnostics/enterprise-SaaS niches. The study concludes with suggestions for founders, investors, regulators and accounting academics, and identifies avenues for further empirical and longitudinal research.

Keywords: Healthcare technology, HealthTech startups, digital health, e-pharmacy, telemedicine, venture funding, India, revenue models, PharmEasy, Practo, Innovaccer, Pristyn Care.

1. INTRODUCTION

Healthcare delivery in India has historically been characterised by fragmented supply stemming from a shortage of qualified doctors and specialists relative to population, concentrated disproportionately in urban centres, an unorganised retail pharmacy and diagnostics sector, and low insurance penetration. Over the past decade, a wave of tech-enabled ventures has sought to address these structural gaps by digitising medicine delivery (e-pharmacy), enabling remote doctor consultations (telemedicine), aggregating diagnostic testing, building marketplaces for elective surgical procedures, and providing software infrastructure (electronic health records, care-coordination platforms) to hospitals, insurers, and health systems. This paper refers to this category collectively as "HealthTech" startups. HealthTech includes several distinct business models whether consumer-facing (B2C) e-pharmacy and teleconsultation, provider-facing (B2B) enterprise SaaS, or hybrid marketplace models connecting patients with hospitals or specialists.

The COVID-19 pandemic led to excess demand and funding shock: Indian HealthTech funding rose sharply during 2021–2022 as telemedicine and e-pharmacy usage surged, several firms (Tata 1mg, PharmEasy, Innovaccer, Cult.fit) attained unicorn status, and late-stage investors underwrote aggressive growth-at-scale strategies. Since late 2021, however, the sector has experienced one of the sharpest and most volatile funding corrections among major Indian startup categories: funding fell by more than half in 2023 before rebounding strongly in 2024, and PharmEasy once India's most highly valued HealthTech startup at over ₹41,000 crore saw its valuation marked down by approximately 90 per cent in a 2025 rights issue. This volatility, and its divergence from the comparatively steadier funding decline observed in India's FinTech sector over the same period, makes HealthTech a particularly instructive setting in which to study the relationship between revenue-model design, capital intensity, and startup financial sustainability.

This paper observed that, notwithstanding extensive coverage of individual HealthTech funding rounds, there is comparatively limited academic literature particularly from an accounting and commerce perspective that systematically analyses the revenue models, funding trajectories, and financial-performance disclosures of Indian HealthTech startups as a category. The paper attempts to partially address this gap through a structured, data-driven examination of secondary financial and funding data, supplemented by primary survey evidence.

2. REVIEW OF LITERATURE

The literature relevant to this study spans two broadly overlapping streams: (a) literature on determinants of startup funding and business-models; and (b) the HealthTech literature on adoption, regulation, and capitalisation

2.1 Determinants of Startup Funding

Colombo and Grilli (2005) showed that founders' human capital, prior functional and industry experience materially shapes the growth trajectory of new technology-based firms, a finding particularly relevant to HealthTech, where clinical credibility is a stronger signal to investors than in more generic consumer-technology categories. Debrulle et al. (2014) demonstrated that a founding team's human and social capital affects a young venture's capacity to identify and deploy resources, including capital. Bandera and Thomas (2018) extended this to the ecosystem level, showing that incubator and accelerator mediated capital improves early-stage venture survival, given the sector's reliance on hospital, insurer, and regulatory relationships that are often brokered through such networks. Nigam et al. (2020) suggested that networking behaviour and digital traction influence financing outcomes more strongly than founders' human capital variables, given the sector's mix of consumer-driven models (e-pharmacy, teleconsultation) and credibility-driven models (enterprise SaaS, elective-procedure marketplaces). Hazra and Bora (2025), frame the "capitalization" of Indian digital healthcare, investment flows, and long-term sustainability as the central question facing the sector, tracing India's digital-health market from US\$1.5 billion in 2020 toward a projected 25 per cent compound annual growth rate, while flagging unresolved concerns around algorithmic bias, transparency, and data privacy accountability in AI enabled digital health tools. Tyagi (2018), surveyed India's digital-health start-up landscape across wearables, telemedicine, genomics, and AI, and explicitly framed "the challenge of scale" as the main problem facing Indian digital-health ventures. Pfitzer et al. (2024), in a systematic literature review found that the survival of growth-stage digital health technology (DHT) companies depends jointly on internal factors (business-model design, product and operations, team composition) and external factors (the regulatory environment and health-system fit), and cite the bankruptcies of two global digital-health ventures Pear Therapeutics and Proteus Digital Health. The study concluded that funding scale and early validation alone do not guarantee survival. Mathew et al. (2024), in a bibliometric analysis covering 1,118 documents from 1991 to 2024, found a rise in eHealth business-model research after 2007 that peaked during the COVID-19 pandemic, with telemedicine, digital health, and information management emerging as the dominant research themes. Bhattacharyya and Mandke (2022), applied a Push–Pull–Mooring framework to a study of 24 doctors and 32 patients and 251 online survey respondents, concluding that the resulting insights into awareness and switching behaviour could directly influence telemedicine business model and pricing.

2.2 Digital Health and HealthTech Literature

Regulatory ambiguity emerges as the most consistently documented barrier in the Indian e-pharmacy literature. Apte et. al, (2024), searched MEDLINE, Scopus, ProQuest and grey literature covering 2011–2021, screening 1,464 titles and abstracts down to 47 included studies. They concluded that e-pharmacy can materially improve medicine access for remote, elderly, and mobility-restricted populations, but that unresolved questions around pharmacist licensing, prescription verification, and drug quality assurance continue to constrain sector maturity. Satheesh et al. (2019), documented that regulatory ambiguity has taken in practice despite e-pharmacy accounting for only around 3 per cent of India's pharmaceutical sales at the time. The sector faced sustained opposition from organised retail-pharmacist associations such as the All India Organisation of Chemists and Druggists (AIOCD) and repeated adverse judicial intervention, an incumbent-versus-disruptor regulatory conflict that, has continued to shape the risk profile of e-pharmacy business models such as PharmEasy and Tata 1mg. Dash et al. (2021), examined telemedicine adoption and policies after India's first Telemedicine Practice Guidelines were issued by the Ministry of

Health and Family Welfare in March 2020. They argued that the guidelines needed to be expanded to address patient data privacy and storage, and that persistent gaps in internet access and telecom infrastructure would need to be closed simultaneously with regulatory clarity for telemedicine adoption to become equitable across India rather than concentrated in better connected urban markets.

3. RESEARCH GAPS

Based on the review above, the following specific gaps are identified in the existing literature:

- Category and business-model neglect: "HealthTech" is typically analysed as a single undifferentiated category in trade reporting, despite spanning at least five materially different revenue-model archetypes (e-pharmacy/marketplace, teleconsultation, enterprise SaaS, elective-procedure marketplace, wellness/diagnostics) with very different capital intensity and unit-economics profiles.
- Funding-methodology inconsistency: Different market-intelligence platforms (Tracxn versus Entrackr/TheKredible) report materially different annual sector-funding totals for the same years, yet this inconsistency is rarely reconciled in academic or trade discussion.
- Funding–performance disconnect: Funding data and financial-performance data for Indian HealthTech firms are generally reported by different sources that never comprehensively examine cumulative funding raised, valuation trajectory, and subsequent revenue and profitability outcomes for the same firms.
- Limited academic attention to down-rounds and business failure: Despite prominent cases (PharmEasy's 90% valuation markdown; MFine's wind-down despite raising substantial venture funding), rigorous academic analysis of what distinguishes HealthTech revenue models that survived the post-2022 funding winter from those that did not remains scarce.
- Regulatory-risk quantification: While the regulatory environment (e-pharmacy rules, telemedicine guidelines, data-privacy compliance) is frequently cited qualitatively as a HealthTech risk factor, few studies attempt to relate regulatory-exposure levels systematically to funding or revenue-model outcomes.
- Practitioner perception gap: Primary research captures how Indian accounting and finance professionals who increasingly advise or evaluate HealthTech ventures perceive the post-funding-winter determinants of HealthTech fundability, as distinct from FinTech or other startup categories.

This paper positions itself as an initial, exploratory response to these gaps, and explicitly frames itself as a foundation on which more rigorous, larger-sample primary research could be built by the researcher.

4. OBJECTIVES OF THE STUDY

- To examine the trend in equity funding raised by the Indian HealthTech sector over the period 2020–2024, and to characterise its volatility relative to other Indian startup categories.
- To classify and analyse the dominant revenue-models adopted by selected Indian HealthTech startups.
- To compare cumulative funding raised, valuation trajectories, and FY24 revenue performance across a sample of prominent Indian HealthTech firms, including a detailed case study of PharmEasy's valuation markdown.

- To assess, through a small primary survey, the perceived importance of various qualitative and financial factors in influencing funding decisions for HealthTech startups in the post-funding-winter environment.
- To suggest directions for founders, investors, regulators, and future researchers in accounting and commerce.

5. RESEARCH METHODOLOGY

5.1 Research Design

The study adopts a descriptive research design. This design reflects the fact that reliable, comparable financial and funding data on private Indian HealthTech startups is available chiefly through specialised funding-intelligence platforms and company disclosures, whereas practitioner perception is better captured through direct survey instruments.

5.2 Sources of Secondary Data

Secondary data were compiled from the following categories of sources, covering the period 2020–2026:

- Startup funding and company-profile databases: Tracxn, Inc42 Datalabs, and CB Insights-style aggregation via secondary trade coverage used for cumulative funding raised, round-wise history, investor lists, and reported valuations.
- Industry funding reports: Tracxn's HealthTech India Reports (2022–2026) and Entrackr/TheKredible's annual HealthTech funding and revenue reports used for sector-level annual funding trends and firm-level FY24 revenue figures.
- Company financial disclosures: YourStory, Business Standard, Entrepreneur India, Medical Buyer, and Digital Health News used for valuation history, revenue, and qualitative business-model detail.
- Academic and peer-reviewed sources: practitioner journal articles (Online Journal of Public Health Informatics, Indian Journal of Community Medicine, Indian Journal of Pharmacology, ScienceDirect) used for the literature review.

A purposive and judgmental sampling technique was used to collect data of HealthTech firms for detailed comparative analysis based on (i) prominence/market visibility, (ii) availability of comparable financial or funding data, and (iii) representativeness of different revenue-model archetypes. The core comparative sample comprises PharmEasy, Tata 1mg, Practo, Pristyn Care, MediBuddy, Innovaccor, Cult.fit, and MFine, with a wider illustrative set of twelve firms used for the revenue-model classification.

5.3 Sources of Primary Data

A structured questionnaire (5-point Likert-scale) was administered to a convenience-cum-purposive sample of 44 respondents comprising of practising Chartered Accountants, commerce/accounting faculty, and finance professionals working at or advising early-stage healthcare ventures. Respondents were asked to rate the perceived importance of six commonly cited factors in influencing whether an Indian HealthTech startup is able to raise external funding in the current environment and in a seventh item, their assessment of whether well-positioned HealthTech startups are able to currently raise adequate external funding in India (used as the dependent variable in the regression analysis)

5.4 Tools of Analysis

Data were organised and analysed using descriptive statistics and presented through trend (line) charts, comparative bar charts, a before/after case-study chart, and a composition chart. For the primary survey component, in addition to descriptive statistics (mean, standard deviation), the following inferential and multivariate techniques were applied to the dataset :- Pearson correlation analysis; Cronbach's alpha for internal-consistency reliability; the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity to assess factorability; exploratory factor analysis (principal-axis extraction with varimax rotation); and ordinary least squares (OLS) multiple regression, with variance inflation factors (VIF) checked for multicollinearity.

5.5 Period of Study

The secondary funding-trend analysis covers calendar years 2020–2024 , firm-level revenue analysis uses Indian fiscal year, April 2023–March 2024.

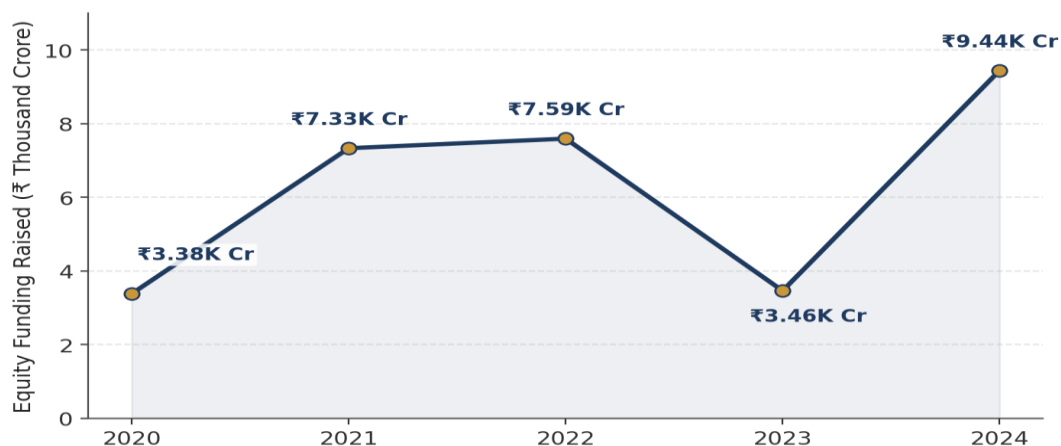
6. DATA ANALYSIS AND INTERPRETATION

This section presents the study's core empirical findings across five themes: (i) the macro funding trend for Indian HealthTech; (ii) firm-level cumulative funding raised; (iii) FY24 cross-sectional revenue performance; (iv) revenue-model composition; (v) a detailed PharmEasy valuation case study; and (vi) the primary survey results on perceived funding determinants; (vii) correlation and reliability analysis of the survey items; and (viii) exploratory factor analysis and regression analysis of the survey data.

6.1 Macro Trend: India HealthTech Equity Funding, 2020–2024

Figure 1 traces annual equity funding raised by the Indian HealthTech sector, converted to Indian Rupees using year-specific approximate average exchange rates, drawing on Entracker/TheKredible's annual HealthTech funding series (2021–2024) and Inc42's 2020 estimate. Funding rose from ₹3,378 crore in 2020 (the early pandemic period) to ₹7,328 crore in 2021 and remained elevated at ₹7,591 crore in 2022, before collapsing by more than half to ₹3,461 crore in 2023 coincident with the Indian startup "funding winter" and then rebounding sharply to approximately ₹9,436 crore in 2024, the highest level in the five-year window.

Figure 1: India HealthTech Sector — Annual Equity Funding Trend (2020–2024)

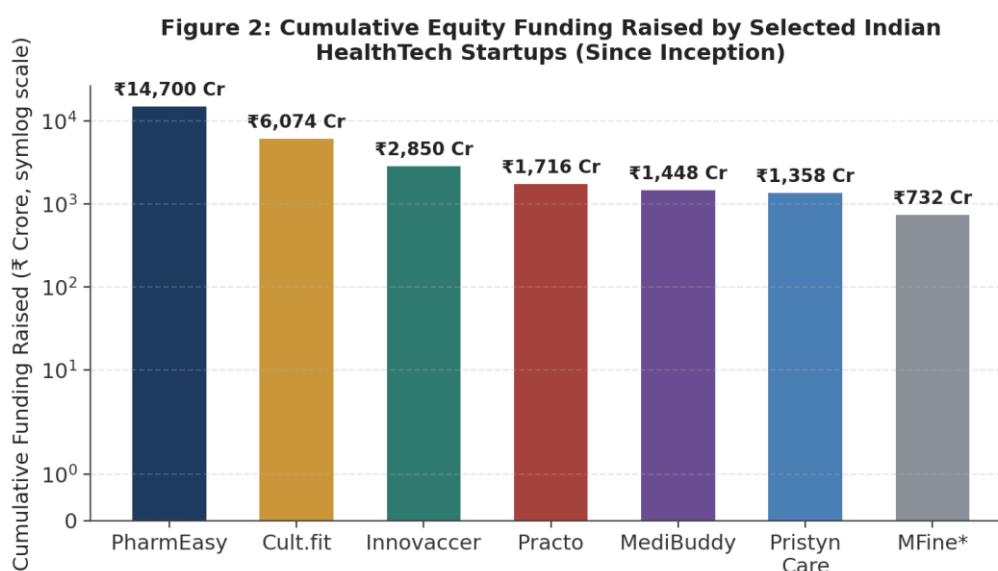


Source: Compiled by the researcher from Entracker/TheKredible HealthTech funding data (2021–2024) and Inc42 Features (2020 estimate).

This non-monotonic, volatile pattern suggests that HealthTech funding has been shaped by sector-specific shocks, the pandemic-era telemedicine and e-pharmacy demand surge, the subsequent "correction" in richly-valued consumer HealthTech models, and a renewed, more selective 2024 investor interest in AI-enabled diagnostics, enterprise healthcare-SaaS, and specialty-care marketplaces.

6.2 Firm-Level Cumulative Funding Raised

Figure 2 compares cumulative (life-to-date) equity funding raised by a set of 7 Indian HealthTech startups. PharmEasy leads the sample by a wide margin with ₹14,700 crore (US\$1.96 billion) raised across numerous rounds since 2015 from investors including Temasek, Prosus Ventures, TPG Growth, and 360 One Asset Management. Cult.fit (Cure.fit) follows with ₹6,074 crore (US\$810 million), and Innovaccer India's first HealthTech unicorn with ₹2,850 crore (US\$380 million) raised across its Series D (which valued the company at US\$1.3 billion) and subsequent Series F rounds. Practo with ₹1,716 crore (US\$229 million), MediBuddy with ₹1,448 crore (US\$193 million), and Pristyn Care with ₹1,358 crore (US\$181 million) form a second tier of well-capitalised operators.



Source: Compiled by the researcher from Inc42 Datalabs' "Top HealthTech Startups by Funding" ranking, Tracxn, Medical Buyer, and TheTechBrunch (accessed 2026); original figures in US\$.

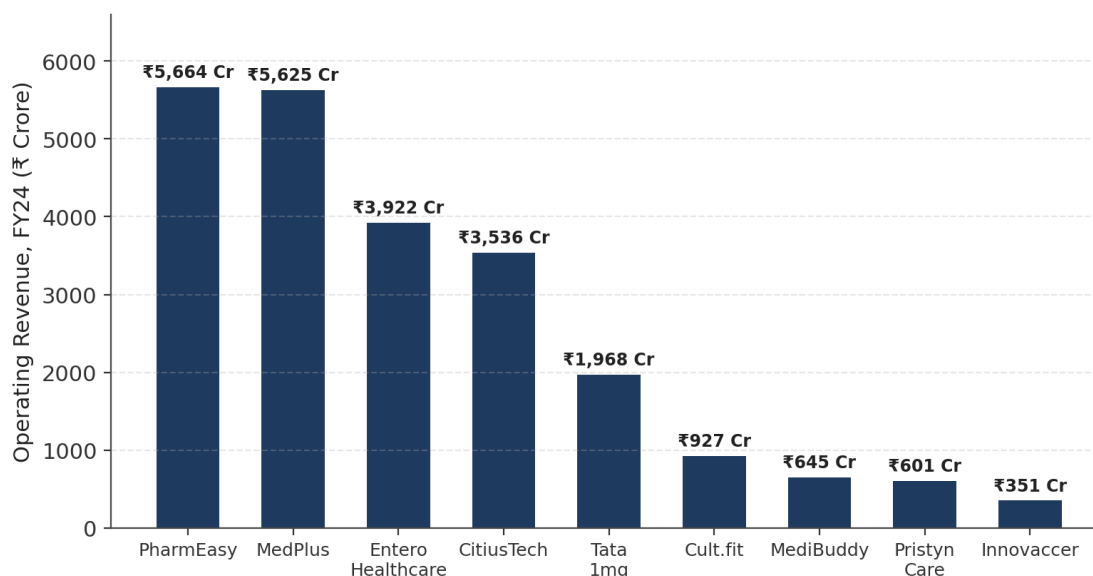
MFine, a teleconsultation platform that raised ₹732 crore (US\$97.6 million) yet ceased core operations/wound down its consumer business during 2023–24. A reminder that cumulative funding raised is, on its own, a poor predictor of venture survival, and that revenue-model sustainability and path to profitability appear to matter considerably once external capital becomes scarce. Funding in this sector is highly concentrated among a small number of category leaders, PharmEasy alone accounts for a disproportionate share of disclosed sector-wide venture funding.

6.3 FY24 Cross-Sectional Revenue Performance

Because verified, comparable multi-year revenue time series were not consistently available in the public domain for individual HealthTech firms at the time of writing, Figure 3 instead presents a cross-sectional comparison of FY24 operating revenue across the sector's largest disclosed players, based on Registrar of

Companies sourced data aggregated by Entrackr/TheKredible. PharmEasy (₹5,664.29 crore) and MedPlus (₹5,624.85 crore) led the sector on absolute revenue, followed by Entero Healthcare (₹3,922.31 crore) and CitiusTech (₹3,536.16 crore). Tata 1mg (₹1,967.75 crore), Cult.fit (₹926.66 crore), MediBuddy (₹645.4 crore), Pristyn Care (₹600.52 crore) and Innovaccer (₹350.91 crore) followed at materially smaller revenue scale.

Figure 3: FY24 Revenue Leaders — Indian HealthTech / Digital Health Companies



Source: Compiled by the researcher from Entrackr/TheKredible FY24 HealthTech revenue rankings (RoC-filed financials).

A notable observation is that the two largest revenue generators MedPlus and Entero Healthcare are primarily medicine-distribution and omnichannel-retail businesses with comparatively modest venture-funding profiles relative to their revenue scale. The sector spans a spectrum from asset heavy, thin margin distribution businesses to asset light, high margin enterprise. This distinction has direct relevance for accounting and valuation practice since revenue multiples and margin benchmarks appropriate for a distribution business (MedPlus, Entero) are not directly comparable to those appropriate for an enterprise-SaaS business (Innovaccer) or an asset-light marketplace (Pristyn Care), even though all are classified under the same "HealthTech" umbrella.

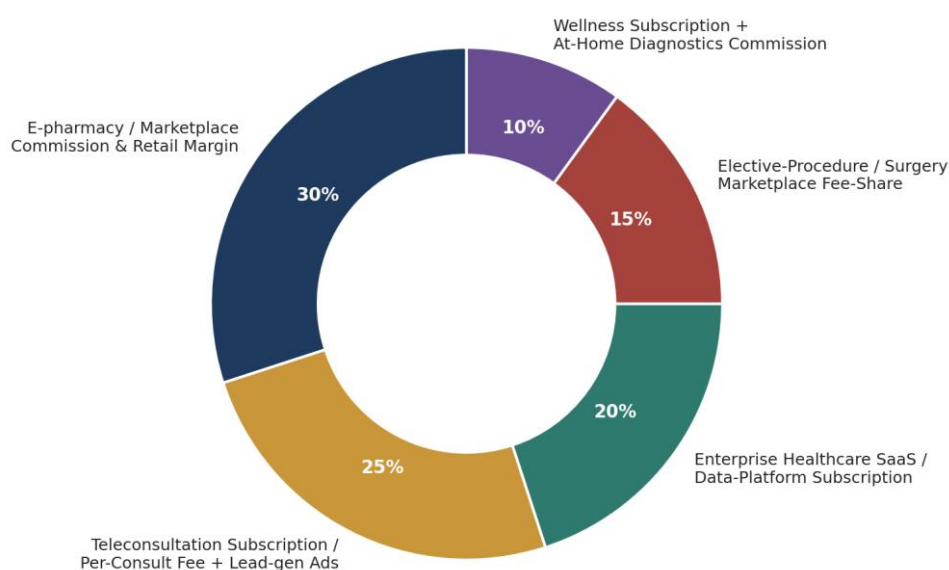
6.4 Revenue-Model Classification

Based on a qualitative content analysis of business descriptions, monetisation disclosures, and trade reporting for twelve illustrative Indian HealthTech firms (PharmEasy, Tata 1mg, Netmeds, Truemeds, Practo, DocsApp, MediBuddy, Pristyn Care, Innovaccer, Qure.ai, Cult.fit, and HealthifyMe), the study classifies each firm's dominant monetisation approach into one of five archetypes:

- E-pharmacy / marketplace commission and retail margin (30% of sample): Revenue from medicine sales margin, supplier/brand listing commissions, and delivery/logistics fees, the model underlying PharmEasy, Tata 1mg, Netmeds and Truemeds. This is the most capital and working capital intensive archetype, given inventory and last-mile logistics requirements.

- Teleconsultation subscription plus lead-generation advertising (25%): Consultation fees (often shared with doctors), subscription bundles, and advertising/lead-generation revenue from pharmaceutical and diagnostic partners, the core model for Practo and DocsApp, and a significant secondary stream for MediBuddy.
- Enterprise healthcare SaaS / data-platform subscription (20%): Recurring licence and subscription fees charged to hospitals, health systems, and insurers for data-unification, care-coordination, or AI-diagnostic and support software, the model underlying Innovaccer and Qure.ai. This archetype most closely resembles the "Freemium + Tiered SaaS Subscription" and shows similar favourable capital-efficiency characteristics.
- Elective-procedure / surgery marketplace fee-share (15%): A fee or revenue-share charged to hospitals and surgeons for patient acquisition, care-coordination, and post-operative support bundled around elective surgical procedures such as dental implants and cosmetic procedures such as hair transplants, the core Pristyn Care model.
- Wellness subscription plus at-home-diagnostics commission (10%): Subscription fees for fitness/wellness content and coaching, combined with commission income from diagnostic test bookings and at-home sample collection, exemplified by Cult.fit and HealthifyMe.

Figure 4: Distribution of Dominant Revenue-Model Archetypes among Sampled Indian HealthTech Startups (n = 12)



Source: Researcher's classification from Entrackr/TheKredible HealthTech funding data (2021–2024) and Inc42 Features (2020 estimate).

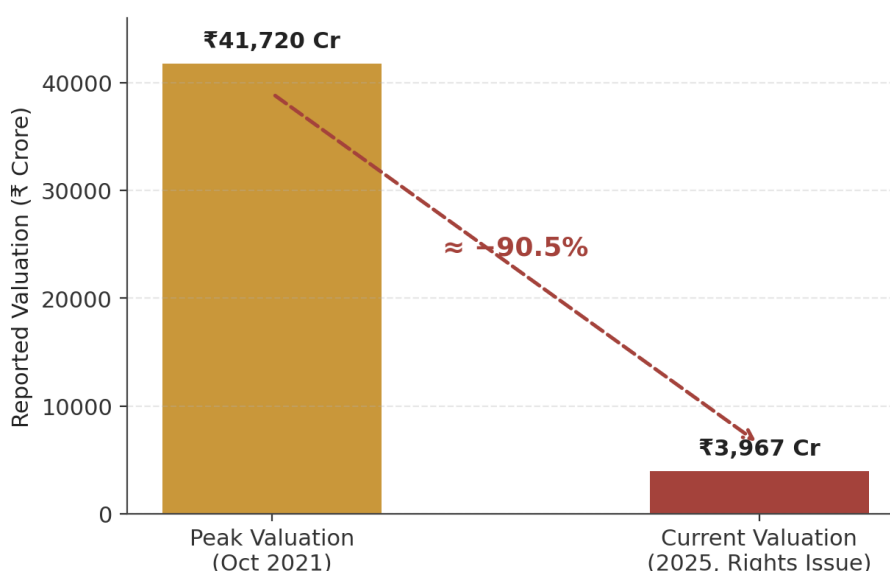
The study observed that mature HealthTech firms' layer more than one archetype for example, MediBuddy combines teleconsultation fees with e-pharmacy and diagnostics cross-sell, while Tata 1mg combines e-pharmacy with teleconsultation and lab-test aggregation. Another key sector-specific observation is that most capital-intensive archetype (e-pharmacy/marketplace) are also the one associated with the sector's most dramatic valuation correction, while the comparatively asset-light enterprise-SaaS archetype

(Innovaccer, Qure.ai) has continued to attract fresh late-stage capital even during the broader 2023 funding winter.

6.5 Case Study: PharmEasy Valuation Markdown

PharmEasy offers a particularly instructive case study in the relationship between capital-intensive revenue models, aggressive growth-stage valuations, and subsequent correction. Having raised capital across nine disclosed rounds since 2015, PharmEasy reached a peak reported valuation of approximately US\$5.6 billion in October 2021, equivalent to ₹41,720 crore at the prevailing 2021 average exchange rate making it briefly India's most highly valued HealthTech startup. Facing sustained losses, a shelved 2022 IPO attempt, and tightening late-stage capital availability, the company was compelled to raise a rights issue in 2024–2025 at a sharply reduced valuation; by 2025, Tracxn reported PharmEasy's valuation at approximately US\$456 million equivalent to approximately ₹3,967 crore at the prevailing 2025 average exchange rate, a decline of approximately 90.5 per cent from its 2021 peak.

Figure 5: Case Study — PharmEasy's Valuation Markdown, 2021 Peak vs 2025 Rights Issue



Source: Compiled by the researcher from Medical Buyer (2025, citing Tracxn) and Inc42 coverage of PharmEasy's 2021 valuation peak.

This markdown is significant for two reasons. First, it demonstrates that the e-pharmacy archetype's structural characteristics: (a) thin retail margins, (b) high working-capital, (c) logistics intensity, and (d) reliance on continuous discounting to acquire and retain price sensitive consumers. These characteristics made pandemic-era growth-stage valuations for this archetype particularly vulnerable to correction once late-stage capital availability tightened and profitability expectations rose. Second, it illustrates concretely why cumulative funding raised is a poor stand-alone proxy for current enterprise value or business-model health. It is a methodological caution directly relevant to accounting and valuation practitioners assessing venture-backed HealthTech companies, whether for financial reporting or investment purposes.

6.6 Primary Survey: Determinants of Fundability

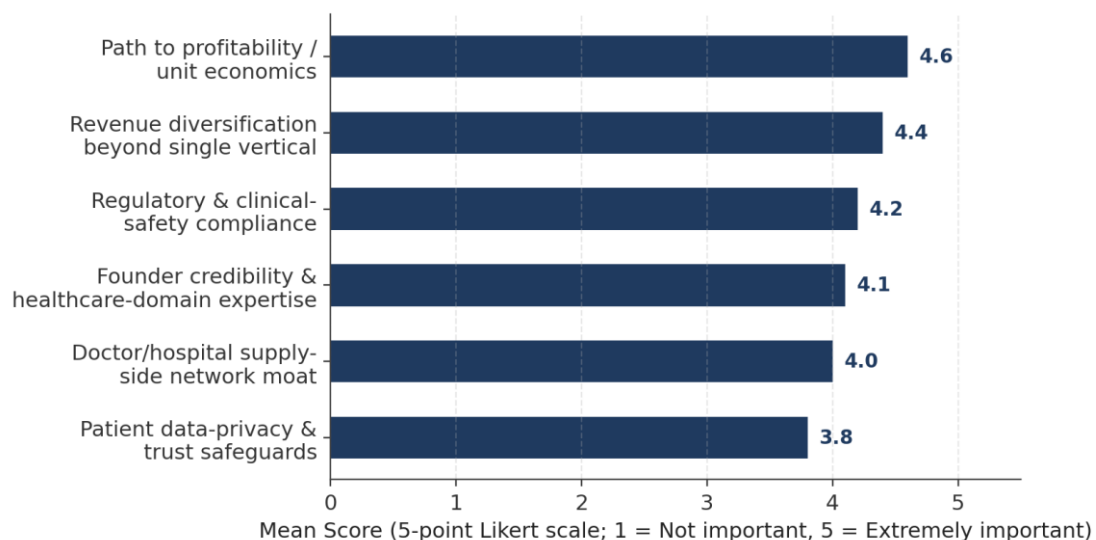
Table 1 presents the response distribution from the primary survey (n = 44) across the six statements, rated on a 5-point Likert scale (1 = Not important, 5 = Extremely important), along with the resulting mean score, standard deviation, and factor ranking for each statement. Figure 6 then summarises the importance of these six factors in influencing an Indian HealthTech startup's ability to raise external funding.

Table 1. Primary Survey Response Distribution, Mean Scores, and Factor Ranking (n = 44)

Statement	1	2	3	4	5	Mean	SD	Rank
Path to profitability / unit economics	0	0	2	13	29	4.61	0.58	1
Revenue diversification beyond single vertical	0	1	3	16	24	4.43	0.73	2
Regulatory & clinical-safety compliance	0	2	6	17	19	4.20	0.85	3
Founder credibility & healthcare-domain expertise	0	2	8	18	16	4.09	0.86	4
Doctor/hospital supply-side network moat	1	2	8	19	14	3.98	0.95	5
Patient data-privacy & trust safeguards	1	4	9	17	13	3.84	1.03	6

Note: 5-point Likert scale (1 = Not important, 5 = Extremely important). Source: Primary survey conducted by the researcher, July–August 2026.

Figure 6: Primary Survey — Perceived Importance of Factors Influencing Funding Decisions for HealthTech Startups (n = 44 respondents)



Source: Primary survey conducted by the researcher, July–August 2026 (n = 44, Mean score rounded up).

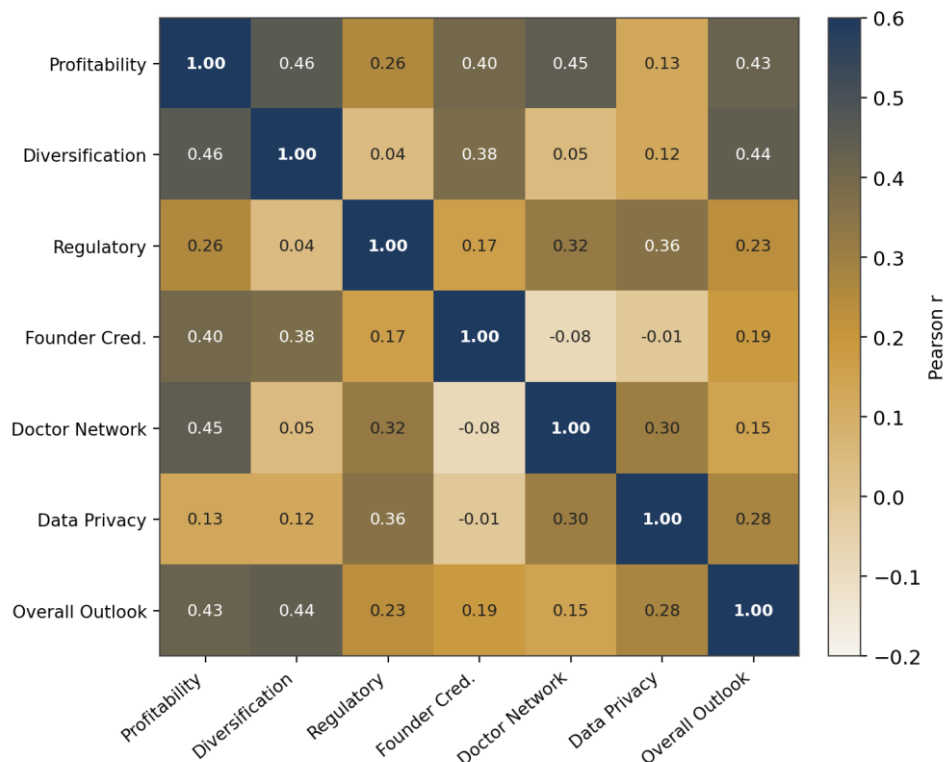
Respondents rated "path to profitability / unit economics" (mean = 4.61) as the most important determinant of HealthTech fundability today, ahead of "revenue diversification beyond a single vertical" (mean = 4.43) and "regulatory and clinical-safety compliance" (mean = 4.20). "Founder credibility and healthcare-domain expertise" (mean = 4.09) and "doctor/hospital supply-side network moat" (mean = 3.98) were rated as moderately important, while "patient data-privacy and trust safeguards" (mean = 3.84), though still rated positively, was the lowest-ranked factor.

The standard deviations in *Table 1* also show that agreement was highest for the top-ranked statement (path to profitability, SD = 0.58) and progressively more dispersed for lower-ranked statements (data-privacy, SD = 1.03), suggesting consensus on profitability as a Fundability determinant than on the relative importance of regulatory and data-privacy safeguards. It suggests that respondents, treat regulatory compliance as a baseline operating requirement rather than a primary differentiator when choosing between competing HealthTech ventures.

6.7 Correlation Analysis

To examine how the six fundability-factor ratings relate to one another and to respondents' overall outlook on HealthTech fundability, Pearson correlation coefficients were computed across all seven survey items (the six factors plus the overall-outlook item) on the respondent-level dataset. Figure 7 presents the resulting correlation matrix.

Figure 7: Pearson Correlation Matrix — Primary Survey Items (n = 44)



Source: Computed by the researcher from the primary survey dataset

Three patterns are notable. First, "path to profitability" and "revenue diversification" are moderately correlated with each other ($r = 0.46$) and each correlates moderately with "overall fundability outlook" ($r = 0.43$ and $r = 0.44$ respectively), the two factors respondents rated most important individually (*Table 1*)

are also the two most strongly associated with a more optimistic overall funding outlook. Second, "founder credibility" correlates near zero or negatively with "doctor/hospital network" ($r = -0.08$) and "data-privacy safeguards" ($r = -0.01$), suggesting respondents view founder-level credibility as conceptually distinct from institutional/relationship-based and compliance-based fundability drivers. Third, the three factors hypothesised to reflect a "trust and compliance" dimension, regulatory compliance, doctor/hospital network, and data-privacy correlate moderately with one another ($r = 0.30$ – 0.36) but less with the "capital efficiency" cluster (profitability, diversification, founder credibility), hinting at an underlying two-factor structure.

6.8 Reliability and Exploratory Factor Analysis

Internal-consistency reliability was assessed using Cronbach's alpha. For the full six-item fundability factor scale, $\alpha = 0.60$, ($\alpha \geq 0.60$ – 0.70). When the six items are split according to the two-factor structure hypothesised in Section 6.7. Factor A ("Capital Efficiency & Track Record": path to profitability, revenue diversification, founder credibility) and Factor B ("Trust & Compliance Infrastructure": regulatory compliance, doctor/hospital network, data-privacy safeguards) reliability is comparable across the two sub-scales (Factor A: $\alpha = 0.66$; Factor B: $\alpha = 0.59$), consistent with two related but distinguishable underlying constructs rather than a single unidimensional scale.

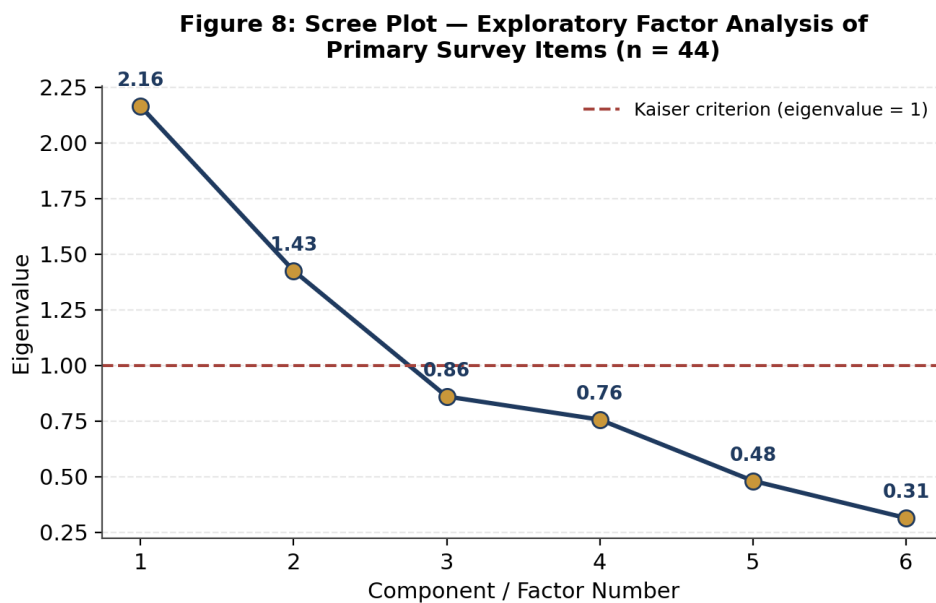
Sampling adequacy for factor analysis was assessed via the Kaiser-Meyer-Olkin (KMO) measure, which returned an overall value of 0.556 within Kaiser's acceptable range for a six-item pilot instrument and Bartlett's test of sphericity was significant ($\chi^2 = 47.94$, $p < 0.001$), confirming that the correlation matrix is not an identity matrix and that the data are suitable for factor extraction. An exploratory factor analysis (principal-axis extraction, varimax rotation, two factors retained per the Kaiser eigenvalue-greater-than-1 criterion) was then conducted. Table 2 presents the resulting factor loadings, and Figure 8 presents the associated scree plot.

Table 2. Exploratory Factor Analysis — Rotated Factor Loadings ($n = 44$)

Survey Item	Factor 1: Capital Efficiency & Track Record	Factor 2: Trust & Compliance Infrastructure	Communality (h^2)
Path to profitability / unit economics	0.721	0.424	0.700
Revenue diversification beyond single vertical	0.789	0.030	0.623
Founder credibility & healthcare-domain expertise	0.800	−0.089	0.647
Regulatory & clinical-safety compliance	0.126	0.700	0.505
Doctor/hospital supply-side network moat	0.048	0.785	0.619

Survey Item	Factor 1: Capital Efficiency & Track Record	Factor 2: Trust & Compliance Infrastructure	Communality (h^2)
Patient data-privacy & trust safeguards	-0.021	0.703	0.494

Note: Loadings ≥ 0.40 are treated as salient. Eigenvalues: Factor 1 = 2.16, Factor 2 = 1.43 (remaining four components each < 1). Together, the two retained factors explain approximately 59.8% of total variance (Factor 1: 30.0%; Factor 2: 29.8%). Extraction method: principal-axis factoring; rotation: varimax.



Source: Computed by the researcher from the primary survey dataset

The loading pattern is clean and confirms the hypothesised two-factor structure: "path to profitability," "revenue diversification," and "founder credibility" load strongly (≥ 0.72) on Factor 1 with negligible cross-loadings, while "regulatory compliance," "doctor/hospital network," and "data-privacy safeguards" load strongly (≥ 0.70) on Factor 2, with only "path to profitability" showing a moderate secondary loading (0.42) on Factor 2. The scree plot (Figure 8) shows a visible "elbow" after the second component, with only the first two eigenvalues exceeding the Kaiser criterion of 1.0, supporting retention of exactly two factors. Substantively, this suggests that Indian accounting and finance practitioners implicitly organise HealthTech fundability determinants along two underlying dimensions, a "hard" financial/operational-competence dimension and a "soft" trust/compliance-infrastructure dimension. The survey's mean scores (Table 1) indicated that the first dimension is currently weighted more heavily in practitioners' overall assessment of fundability.

6.9 Regression Analysis: Predictors of Overall Fundability Outlook

To test which of the six fundability factors best predict respondents' overall outlook on whether well-positioned HealthTech startups can currently raise adequate funding, an ordinary least squares (OLS)

multiple regression was estimated with the seventh survey item ("overall fundability outlook," 1–5 scale) as the dependent variable and the six fundability-factor ratings as independent variables. Table 3 presents the regression results.

Table 3. OLS Regression Results — Dependent Variable: Overall Fundability Outlook (n = 44)

Predictor	Coefficient (B)	Std. Error	t	p-value	VIF
(Constant)	−1.688	1.339	−1.261	0.215	—
Path to profitability	0.577	0.347	1.659	0.106	1.94
Revenue diversification	0.453	0.236	1.916	0.063*	1.42
Regulatory compliance	0.155	0.193	0.804	0.427	1.29
Founder credibility	−0.108	0.201	−0.535	0.596	1.42
Doctor/hospital network	−0.124	0.192	−0.647	0.521	1.60
Data-privacy safeguards	0.191	0.156	1.229	0.227	1.24

*Significant at the 10% level. Model fit: $R^2 = 0.319$, Adjusted $R^2 = 0.209$, $F(6, 37) = 2.89$, $p = 0.021$. All variance inflation factors (VIF) are well below the conventional threshold of 5, indicating no material multicollinearity among predictors.

The overall regression model is statistically significant ($p = 0.021$), and the six fundability factors jointly explain approximately 32 per cent of the variance in respondents' overall fundability outlook (adjusted $R^2 = 0.209$, reflecting the small sample size and six-predictor model). Consistent with the correlation and factor-analytic results in Sections 6.7–6.8, the two strongest individual predictors are both "Factor 1" (Capital Efficiency & Track Record) items: revenue diversification ($B = 0.453$, $p = 0.063$) and path to profitability ($B = 0.577$, $p = 0.106$), the latter falling just short of conventional significance thresholds at this sample size. None of the three "Factor 2" (Trust & Compliance Infrastructure) items: regulatory compliance, doctor/hospital network, or data-privacy safeguards is a statistically significant independent predictor of overall outlook once the other factors are controlled for, even though regulatory compliance was rated as individually important in Table 1. Taken together with Sections 6.7–6.8, this suggests that while practitioners regard trust-and-compliance factors as necessary considerations, it is capital-efficiency and track-record factors that most strongly drive their overall confidence in a HealthTech startup's ability to raise funding. A result that reinforces that capital-intensive, single-revenue-stream business models without a credible path to profitability face the greatest fundability and valuation risk in the current Indian HealthTech environment.

7. KEY FINDINGS

- Indian HealthTech equity funding followed a volatile, non-monotonic path between 2020 and 2024, rising from ₹3,378 crore (2020) to a pandemic-era plateau of ₹7,328–7,591 crore (2021–22), collapsing to ₹3,461 crore in 2023, and rebounding to ₹9,436 crore in 2024.

- Firm-level funding is highly concentrated: PharmEasy alone accounts for a disproportionately large share (₹14,700 crore) of disclosed cumulative HealthTech sector funding among the firms studied.
- Revenue leadership does not correspond with venture-funding leadership: the FY24 revenue leaders (MedPlus, Entero Healthcare) are asset-heavy distribution businesses with comparatively modest venture-funding profiles, distinct from typical high-profile venture-backed "startups" such as Innovaccer or Pristyn Care.
- PharmEasy's valuation fell by 90.5 per cent from its October 2021 peak (₹41,720 crore) to its 2025 rights-issue valuation (₹3,967 crore), due to reduction in late-stage capital availability. The correction affected all capital intensive, thin margin e-pharmacy/marketplace revenue models.
- Revenue models in the sector cluster around five archetypes, with e-pharmacy/marketplace commission the largest sample share (30%), but the comparatively asset-light enterprise-SaaS archetype (Innovaccer, Qure.ai) appears to have shown greater resilience through the funding correction.
- MFine's wind-down despite having raised substantial cumulative funding (₹732 crore) demonstrates that funding quantum alone is a poor predictor of venture survival in this sector.
- Primary survey respondents ranked profitability and revenue diversification above regulatory compliance and founder pedigree as determinants of current HealthTech fundability, which is consistent with the sector's post-2022 shift toward valuing capital efficiency over growth-at-scale.

8. CONCLUSION

This study set out to examine the revenue models and funding dynamics of Indian HealthTech startups against the backdrop of a distinctly volatile, pandemic-shaped funding cycle. The evidence assembled from secondary funding databases, company financial disclosures, and a primary survey supports the conclusion that Indian HealthTech is a structurally heterogeneous category whose apparent unity in healthtech sector coverage masks materially different revenue-model economics: capital and working-capital intensive consumer models have proven considerably more vulnerable to the post-2022 market correction than comparatively asset light, recurring revenue enterprise, SaaS and specialty care marketplace models. The sector's overall funding trajectory spanning a pandemic-era surge, a sharp 2023 collapse, and a strong 2024 rebound, suggest that sector specific demand shocks have played a larger role in shaping HealthTech funding sentiment than the broader macroeconomic funding winter narrative alone. The study suggests that HealthTech startups constitute a rich and currently under-examined empirical setting in which to study valuation methodology for capital intensive and loss-making growth ventures. The accounting and disclosure implications of steep down-round markdowns and the comparative unit-economics and capital efficiency characteristics of different healthcare-technology revenue model archetypes are still not defined in depth.

9. SUGGESTIONS AND RECOMMENDATIONS

9.1 For Startup Founders

- Prioritise a credible, demonstrable path to profitability and unit-economics discipline over pure growth-stage valuation maximisation, given the sharp correction observed in growth-at-scale e-pharmacy models.

- Consider layering diversified revenue streams (e.g., combining core e-pharmacy or teleconsultation revenue with higher-margin enterprise-SaaS, diagnostics-commission, or data-analytics offerings) once core product-market fit is established, following the pattern observed among the sector's more resilient incumbents.
- Treat regulatory compliance (e-pharmacy rules, telemedicine guidelines, data-privacy/health-data protection requirements) as a baseline operating and trust-building requirement rather than a standalone fundraising narrative.

9.2 For Investors and Venture Capital Firms

- Recognise that "HealthTech" is not a homogeneous risk category: capital-intensive consumer e-pharmacy/marketplace models carry materially different working-capital, margin, and valuation-correction risk profiles than asset light enterprise, SaaS or specialty-care marketplace models, and may warrant differentiated valuation and due-diligence frameworks.
- Given the post-2022 investor rotation toward AI enabled diagnostics and enterprise healthcare-SaaS, there may be continued opportunity in early-stage investment in this sub-segment, subject to careful evaluation of data-privacy, clinical validation, and regulatory approval risk specific to AI driven clinical tools.

9.3 For Policymakers and Regulators

- Finalisation of pending e-pharmacy regulations under the Drugs and Cosmetics Act framework would reduce business model uncertainty for a sector segment that, already carries the highest capital intensity and valuation-correction risk.
- Long term investment in digital-health infrastructure development (the Ayushman Bharat Digital Mission, health-data exchange standards) can lower customer acquisition and interoperability costs across HealthTech business models, potentially improving sector-wide unit economics over time.

9.4 For Accounting and Commerce Academics

- There is scope for a larger-sample empirical study using audited RoC-filed financials for a larger panel of HealthTech firms over a period of 5-7 years, whether revenue-models, capital and cumulative funding are statistically associated with revenue growth, profitability, valuation stability, or survival.
- A larger, stratified primary survey of Chartered Accountants and healthcare-startup CFOs would allow more generalisable conclusions, and could usefully examine valuation methodologies actually applied to down-round and distressed HealthTech financings.
- Case-study-based research directly comparing valuation trajectories could yield rich, theoretically-grounded insight into the accounting, disclosure, and governance implications of steep startup valuation markdowns in the Indian context.

10. LIMITATIONS OF THE STUDY

- The study relies on secondary data drawn from commercial funding-intelligence platforms and figures for private, unlisted companies are often estimates and, vary materially across sources (Tracxn versus Entrackr/TheKredible versus Inc42 Datalabs), and should be treated as indicative rather than precise.
- The firm-level sample is purposive rather than random or exhaustive, and is skewed toward better-known firms. Smaller or more recently founded HealthTech ventures with limited database coverage are likely under-represented.
- The study relies on a single-year (FY24) cross-sectional comparison, which cannot show growth trajectories.

- The primary survey is a convenience-cum-purposive sample and is not statistically representative of India's Chartered Accountant or healthcare startup finance professional population.
- Given the small sample size ($n = 44$) relative to the number of survey items and predictors, the statistical power of the factor analysis and regression is limited; several coefficients that are directionally consistent with the paper's broader argument (e.g., path to profitability) fall short of conventional significance thresholds, and the adjusted R^2 of the regression model (0.21) indicates that a substantial share of variance in overall fundability outlook remains unexplained by the six factors considered.
- Findings from this component, including the correlation, factor-analytic, and regression results should be treated as indicative.
- The revenue-model classification is based on the researcher's qualitative interpretation of publicly available business-model descriptions, rather than on internal company data.

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