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India’s healthcare sector records cumulative deal value of over Rs 10,000 Cr in Q2 FY26: EY Parthenon Report

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Diagnostics segment continued to outperform, with leading chains reporting 10–22% year-on-year revenue growthin Q2FY26

India’s healthcare sector delivered a resilient performance in Q2FY26, supported by rising demand for high-end clinical specialties, steady capacity expansion by hospital chains and strong consolidation in diagnostics, according to EY-Parthenon India’s Q2FY26 Healthcare Sector Update.

Mergers and acquisitions activity remained robust during the quarter. Q2FY26 saw over Rs 10,000 crore worth of announced transactions across hospitals, diagnostics and specialty care, including buyouts, minority investments and cross-border acquisitions. Private equity and strategic investors continue to favour platforms with scalable regional footprints, strong clinical depth and technology-enabled delivery models.

Average revenue per occupied bed (ARPOB) across leading hospital networks rose by 10–16% year-on-year, reflecting both pricing discipline and a shift toward higher-acuity procedures. Large hospital chains continued to expand aggressively. Collectively, leading hospital chains plan to add over 18,000 beds over the next three to five years, with a mix of greenfield projects and selective acquisitions.

Commenting on the analysis, Kaivaan Movdawalla, National Healthcare Leader, EY Parthenon India said “Q2FY26 underscores the structural strength of India’s healthcare sector. What stands out is the sustained shift toward high-acuity specialties such as oncology, cardiology and neurology. At the same time, diagnostics players are moving decisively up the value chain, with accelerated investments in genomics, oncology and AI-led testing platforms. This combination of clinical depth, asset expansion and technology adoption positions the sector well for durable, long-term growth.”

The diagnostics segment continued to outperform, with leading chains reporting 10–22% year-on-year revenue growth in Q2FY26. Growth was driven by rising volumes in Tier 3 and Tier 4 cities, rapid expansion of B2C channels and increased demand for high-complexity testing. Several diagnostics players reported EBITDA margins in the range of 25–35%, supported by operating leverage and network optimisation.

Investment focus within diagnostics shifted decisively toward advanced capabilities such as genomics, oncology and molecular testing. High-value and specialty tests now account for a growing share of revenues, while preventive and wellness programmes contributed up to 26% of quarterly revenues for some players.

EY expects sector momentum to sustain over the remainder of FY26, supported by rising healthcare utilisation, capacity additions coming on stream and continued investor interest. While near-term margin pressures may persist for newly commissioned assets, medium-term fundamentals remain strong, underpinned by favourable demographics, expanding insurance coverage and increasing demand for specialised care.